

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

This document comprises a circular prepared in accordance with the Listing Rules and a prospectus relating to the Nil Paid Rights, the Fully Paid Rights and the New A Shares prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (the “FCA”) made under section 73A of the FSMA. This document has been approved by the FCA in accordance with section 85 of the FSMA and, together with the documents incorporated into it by reference (as set out in the section entitled “*Documents incorporated by reference*” of this document), will be made available to the public in accordance with Prospectus Rule 3.2 by the same being made available, free of charge, at www.newworldresources.eu/en and at Hackwood Secretaries Limited, One Silk Street, London, EC2Y 8HQ. NWR Plc has requested the FCA to provide a certificate of approval and a copy of this document to the relevant competent authority in the Czech Republic and Poland, with a translation into the appropriate language of the summary contained in this document.

If you have sold or do sell or have otherwise transferred or do transfer all your Existing A Shares (other than ex rights) held in certificated form before 8:00 a.m. (London time) on 4 September 2014 (the “**Ex-rights Date**”), please forward this document together with the accompanying Form of Proxy and any Provisional Allotment Letter that you may receive (duly renounced) as soon as possible to the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee except that **such documents should not be forwarded or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities law or regulations, including but not limited to the United States, Australia, Canada, Japan, New Zealand and the Republic of South Africa.** If you sell or have sold or have otherwise transferred or do transfer part of your holding of Existing A Shares held on the Rights Issue Record Date (other than ex rights) held in certificated form prior to the Ex-rights Date, you should refer to the instructions regarding split applications set out in Part VIII (*Terms and conditions of the Rights Issue*) of this document and the Provisional Allotment Letter. If you sell or have sold or have otherwise transferred or do transfer some or all of your holding of Existing A Shares held on the Rights Issue Record Date (other than ex rights) held in uncertificated form before the Ex-rights Date, a claim transaction will automatically be generated by Euroclear UK & Ireland which on settlement will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

The whole of the text of this document should be read in its entirety, including the information incorporated by reference into this document, by any Shareholder and any other person contemplating a subscription of Nil Paid Rights, Fully Paid Rights or New A Shares. In particular, your attention is drawn to the letter of recommendation from the chairman of NWR Plc which is set out in Part I (*Letter from the chairman to Shareholders*) of this document and you should read the section entitled “*Risk factors*” of this document for a discussion of certain risks and other factors that should be considered when deciding on what action to take in relation to the Rights Issue or the Placing, and whether or not to subscribe for Nil Paid Rights, Fully Paid Rights or New A Shares.

This document does not constitute an offer to sell, or the solicitation of any offer to buy, securities in any jurisdiction where such offer or solicitation would be unlawful. The distribution of this document and/or any accompanying documents (and/or any Provisional Allotment Letter) and/or the transfer of Nil Paid Rights or Fully Paid Rights in or into jurisdictions outside the United Kingdom, the Czech Republic and Poland may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of these restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction.



New World Resources Plc

*(incorporated under the Companies Act 2006 and registered in England and Wales,
with registered number 7584218 and in the Netherlands with registered number 55931758)*

**Proposed capital restructuring
and**

**Proposed 19 for 1 Rights Issue of
5,030,100,717 New A Shares at 2.3457891¢
per New A Share**

**and
Proposed Placing of 1,364,336,135 New A Shares
at 2.3457891¢ per New A Share**

**and
Notice of General Meeting**

The Existing A Shares are listed on the premium segment of the Official List and traded on the London Stock Exchange's main market for listed securities, the Prime Market of the Prague Stock Exchange and the main market of the Warsaw Stock Exchange. Applications will be made to (i) the UKLA for the New A Shares and the Nil Paid Rights to be admitted to the premium segment of the Official List, (ii) the London Stock Exchange for the New A Shares and the Nil Paid Rights to be admitted to trading on the London Stock Exchange's main market for listed securities, (iii) the Prague Stock Exchange for the New A Shares to be admitted to trading on the Prime Market and (iv) the Warsaw Stock Exchange for the New A Shares and the Nil Paid Rights to be admitted to trading on the main market. It is expected that Admission will become effective and that dealings in the New A Shares (fully paid and for normal settlement) will commence on the London Stock Exchange at 8.00 a.m. (London time) on 24 September 2014 and subsequently (on or about the same date) on the Warsaw Stock Exchange and Prague Stock Exchange. It is expected that Admission (nil paid) will become effective and that dealings in the Nil Paid Rights will commence on the London Stock Exchange at 8.00 a.m. (London time) on 4 September 2014 and subsequently (on or about the same date) on the Warsaw Stock Exchange.

In addition to this document, subject to the passing of the Resolution at the General Meeting, Qualifying non-CREST Shareholders other than, subject to certain exceptions, those with registered addresses in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa are expected to be sent a Provisional Allotment Letter on or around 4 September 2014. Qualifying CREST Shareholders (none of whom will receive a Provisional Allotment Letter) other than, subject to certain exceptions, those with registered addresses in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa are expected to receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on or around 4 September 2014. The Nil Paid Rights so credited are expected to be enabled for settlement by Euroclear UK & Ireland as soon as practicable after Admission has become effective. Qualifying CREST Shareholders and Participating Existing Noteholders who are CREST Sponsored Members should refer to their CREST Sponsors regarding the action to be taken in connection with this document, the Rights Issue and the Placing. The latest time and date for acceptance and payment in full for the Nil Paid Rights is expected to be 11:00 a.m. (London time) on 23 September 2014. The procedures for acceptance and payment are set out in Part VIII (*Terms and conditions of the Rights Issue*) of this document and also, for Qualifying non-CREST Shareholders who are sent a Provisional Allotment Letter only, in the Provisional Allotment Letter. Qualifying CREST Shareholders and Shareholders in the Czech Republic and Poland should refer to Part VIII (*Terms and conditions of the Rights Issue*) of this document.

Notice of the General Meeting of NWR Plc, to be called for at NWR Plc's corporate office at Jachthavenweg 109h, 1081 KM Amsterdam, the Netherlands at 10.00 a.m. (CET) on 20 August 2014, is set out at the end of this document. You will find enclosed a Form of Proxy for use at the meeting. **Whether or not you intend to attend the General Meeting, you are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by NWR Plc's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY ("Computershare") by no later than 10.00 a.m. (CET) on 18 August 2014 (or, in the case of an adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting). You may also submit your proxy electronically at www.investorcentre.co.uk/eproxy using the Control Number, Shareholder Reference Number (SRN) and PIN on the Form of Proxy. If you are a member of CREST, you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by no later than 10.00 a.m. (CET) on 18 August 2014 (or, in the case of an adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting). Completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the General Meeting should they so wish.**

The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters and the New A Shares are not transferable except in accordance with, and the distribution of this document is subject to, the restrictions set out in the sections entitled "*Action to be taken by Qualifying Non Crest Shareholders in relation to the Nil Paid Rights represented by Provisional Allotment Letters*", "*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights and Fully Paid Rights in CREST and (where relevant) NDS or CSD*" and "*Overseas Shareholders*" of Part VIII (*Terms and conditions of the Rights Issue*) of this document. No action has been taken by NWR Plc or any other person that would permit an offer of the New A Shares or rights thereto or possession or distribution of this

document or any other offering or publicity material or the Nil Paid Rights, the Fully Paid Rights or the Provisional Allotment Letters in any jurisdiction where action for that purpose is required, other than in the United Kingdom, the Czech Republic and Poland.

The Nil Paid Rights, the Fully Paid Rights, the New A Shares and the Provisional Allotment Letters 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 under the applicable securities laws of Canada, Japan, the Republic of South Africa, New Zealand or Australia. None of the Nil Paid Rights, the Fully Paid Rights, the New A Shares or the Provisional Allotment Letters may be offered, sold, taken up, exercised, resold, pledged, renounced, transferred or delivered, directly or indirectly, within the United States (except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the applicable securities law of any state or other jurisdiction of the United States), or within Canada, Japan, the Republic of South Africa, New Zealand or Australia (except pursuant to an applicable exemption from, and in compliance with (or in a transaction not subject to), any applicable securities laws), or within any country, territory, possession or other jurisdiction where to do so may contravene local securities laws or regulations. There will be no public offer of the Nil Paid Rights, the Fully Paid Rights, the New A Shares or the Provisional Allotment Letters in the United States, Canada, Japan, the Republic of South Africa, New Zealand or Australia.

Subject to certain exceptions, neither this document nor the Provisional Allotment Letters will be distributed in or into the United States or any of the Excluded Territories and neither this document nor the Provisional Allotment Letters constitute an invitation or offer, or the solicitation of an invitation or offer, of Nil Paid Rights, Fully Paid Rights or New A Shares to or from any person with a registered address in, or who is resident or located in or a citizen or national of, the United States, any of the Excluded Territories or any other jurisdiction in which such an invitation, offer or solicitation is unlawful. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction. All Overseas Shareholders and any person who is resident or located in or a citizen or national of any country outside the United Kingdom, the Czech Republic and Poland and any person (including, without limitation, a nominee, custodian or trustee) who holds Existing A Shares for the account or benefit of any Overseas Shareholder or any such person or who has a contractual or other legal obligation to forward this document or a Provisional Allotment Letter if and when received, or any other document relevant to the Rights Issue or the Placing, to a jurisdiction outside the United Kingdom, the Czech Republic and Poland should read the section entitled “*Overseas Shareholders*” of Part VIII (*Terms and conditions of the Rights Issue*) of this document.

Holdings of Existing A Shares held on the Rights Issue Record Date in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Fractional entitlements to New A Shares will not be allotted and, where necessary, entitlements will be rounded down to the nearest whole number of New A Shares (nil paid).

The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters and the New A Shares being offered and sold outside the United States are being offered and sold in offshore transactions in reliance on Regulation S under the Securities Act, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of Nil Paid Rights, Fully Paid Rights, New A Shares or Provisional Allotment Letters within the United States by a dealer (whether or not participating in the Rights Issue or the Placing) may violate the registration requirements of the Securities Act.

Certain information in relation to NWR Plc has been incorporated by reference into this document. You should refer to the section entitled “*Documents incorporated by reference*” of this document for further details.

J.P. Morgan Securities Plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (“**J.P. Morgan**”) which is authorised by the Prudential Regulation Authority (the “**PRA**”) and regulated by the FCA and PRA in the United Kingdom, is acting exclusively for NWR Plc in relation to the Rights Issue and nobody else and will not be responsible to anyone other than NWR Plc for providing the protections afforded to customers of J.P. Morgan nor for providing advice in

relation to the Rights Issue and the Placing, the contents of this document, or any other matter referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed upon J.P. Morgan by the FSMA or the regulatory regime established thereunder, J.P. Morgan does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, concerning the contents of this document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with NWR Plc, the Nil Paid Rights, the Fully Paid Rights, the New A Shares, the Provisional Allotment Letters, the Rights Issue or the Placing, 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. J.P. Morgan accordingly disclaims to the fullest extent permitted by law all and any responsibility and liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in or incorporated by reference into this document for any purpose other than in considering an investment in the Nil Paid Rights, the Fully Paid Rights and/or the New A Shares is prohibited. By accepting delivery of this document, each recipient agrees to the foregoing.

This document is dated 30 July 2014.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These 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 securities and issuer. Because some 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 securities 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 “not applicable”.

Section A – Introduction and warnings		
A.1	Introduction	Element This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor, including the documents incorporated by reference herein. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the states of the European Economic Area (“EEA States”), have to bear the costs of translating this document 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 this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent for intermediaries	Not applicable. No such consent is included in this document.
Section B – Issuer		
B.1	Legal and Commercial Name	Element New World Resources Plc (“NWR Plc”)
B.2	Domicile/ Legal Form/ Legislation/ Country of Incorporation	NWR Plc was incorporated and registered in England and Wales on 30 March 2011 with registered number 7584218 under the Companies Act 2006 (the “ Companies Act ”) as a public company limited by shares. NWR Plc is also registered with the Trade Register in the Netherlands under number 55931758. The principal legislation under which NWR Plc operates, and under which the New A Shares will be created, is the Companies Act.
B.3	Description of, and key factors relating to, issuer’s current operations and principal activities	NWR Plc is a Central European hard coal producer. NWR Plc produces coking and thermal coal for the steel and energy sectors in Central Europe through its (indirect) subsidiary OKD, a.s. (“ OKD ”), the largest hard coal mining company in the Czech Republic. The Group was established on the privatisation of elements of the coal industry in the Czech Republic, which started in 1994. It is now one of the largest industrial groups in the Czech Republic and the largest Czech natural resources company in terms of revenue and employees. For the three month period ended 31 March 2014, the Group employed an average of 11,615 workers (for the year ended 31 December 2013, the Group employed an average of 12,606 workers) and utilised an average of 3,035 workers employed by contractors (for the year ended 31 December 2013, the Group utilised an average of 3,130 workers employed by contractors), making it one of the largest private employers in the Czech Republic.

		The Group's business is hard coal mining. Through its hard coal mining operations, the Group produces coking coal and thermal coal. Coking coal generally commands higher prices and generates higher revenues with higher margins for the Group than thermal coal. The Group has four active mines. However, in 2013 as one of the outcomes of the Group's strategic operational review, NWR Plc identified the Paskov mine as uncompetitive due to its high-cost nature and has entered into an agreement with the Czech government about the closure of the mine. The Group's mining and related businesses operate in the Northeastern region of the Czech Republic. For the Czech assets, having regard to the revised Life of Mine Plan, JT Boyd has reported on a preliminary basis a total of 66 million tonnes of JORC compliant marketable (proven and probable) reserves as at 31 March 2014. For the Polish assets, previously, a coal reserve of 190Mt had been disclosed by NWR KARBONIA. However, at a projected long-term mid-volatile coking coal price of EUR 124.7/t for Dębieńsko coking coal, the Dębieńsko project is marginally sub-economic, which prevents a statement of coal reserves in accordance with JORC being made. IMC has reported a total coal resource figure (in accordance with the JORC Code) of 556 Mt at the Dębieńsko mine as at 1 April 2014.
B.4	Significant recent trends affecting NWR Plc and the industries in which it operates	The price of both the Group's domestic and export coal is determined primarily by market forces, which differ from market to market depending on the specific market environment and trends. Historically, the Group generally contracted coking coal and thermal coal prices with its customers on a calendar year basis. However from 2012, all of the Group's contracted volumes in their coking coal contracts are subject to quarterly price adjustments. The shift to quarterly pricing for coking coal has further aligned the Group's coking coal prices with the international coal price trend. Thermal coal contracts tend to remain within the calendar year and with prices fixed for the full year, reflecting the more static nature of this market, and the Group expects to continue to negotiate prices for the sale of thermal coal on this basis. In 2014, 80 per cent. of the Group's contracted volumes of thermal coal were on an annual pricing basis, the remainder were on a spot basis.
B.5	Group structure	NWR Plc has two directly owned subsidiaries, NWR NV and New World Resources Services Ltd. NWR NV currently has three directly owned subsidiaries: (i) OKD which operates the Group's mining operations, (ii) NWR Communications s.r.o. and (iii) NWR KARBONIA S.A. ("NWR KARBONIA"), whose main business activity is the development of the Dębieńsko coal project in Poland.
B.6	Notifiable interests	As at 29 July 2014, (being the latest practicable date prior to the publication of this document), the interests of the NWR Plc Directors and their connected persons in the share capital of NWR Plc, including interests arising pursuant to any transaction notified to NWR Plc pursuant to DTR 5, was 267,501 Existing A Shares in aggregate.

The table below sets out the shares held by NWR Plc Directors and their connected persons in NWR Plc:

Name	Total holding in the Existing A Shares	Total holding in the New A Shares following the Rights Issue ⁽³⁾
Directors		
Gareth Penny	—	—
Marek Jelinek	37,075	741,500
Zdeněk Bakala ⁽¹⁾	—	—
Peter Kadas ⁽²⁾	—	—
Bessel Kok	54,308	1,086,160
Paul Everard	67,843	1,356,860
Barry Rourke	55,843	1,116,860
Hans-Jörg Rudloff	26,589	531,780
Steven Schuit	25,843	516,860
Alyson Warhurst	—	—

(1) Mr. Bakala holds no direct interest in the Existing A Shares or the B Shares but he is considered to be an “interested party” in the Existing A Shares and the B Shares as a result of a trust and affiliated companies relating to him and his family owning, collectively, 50 per cent. of the outstanding voting capital of CERCL Holdings and 100 per cent. of the outstanding voting capital of Asental Property B.V., and those companies’ indirect (in the case of CERCL Holdings) and direct (in the case of Asental Property B.V.) ownership interests in NWR Plc.

(2) Mr. Kadas owns no direct interest in the Existing A Shares but he is considered to be an “interested party” in the Existing A Shares because of his associated family trust having an ownership interest in the BXR Group and its indirect ownership interest in NWR Plc. Mr. Kadas has no direct or indirect interest in the B Shares.

(3) Assumes that the NWR Plc Directors act in accordance with the intentions detailed in the section entitled “*Directors’ Intentions*” of Part I (*Letter from the Chairman to Shareholders*) of this document.

The Senior Managers do not hold any interests in the share capital of NWR Plc.

Certain NWR Plc Directors have the following interests in Existing A Shares under the incentive plans (the Stock Option Plan and the Deferred Bonus Plan). The Deferred Bonus Plan has been amended and its name has been changed to the Long Term Incentive Plan (the “LTIP”).

Name	Date of grant	Number of options/ deferred shares as at the date of this document	Exercise price per share	First date for exercise/ Vesting date	Expiry date
Gareth Penny*	3 September 2012	750,000 options	EUR 0.01	3 September 2013	7th anniversary of the first vesting date for each tranche
	9 May 2008	39,776 options	GBP 13.25	9 May 2011	9 May 2016
	24 June 2009	221,889 options	GBP 2.8285	24 June 2012	24 June 2017
	17 March 2010	88,310 options	GBP 7.128	17 March 2013	17 March 2018
Marek Jelinek	3 March 2011	30,000 deferred shares	N/A	3 March 2014	N/A

* Mr. Penny was granted 750,000 options under his stock option plan (details of this plan can be found in the 2013 Annual Report in footnote 4 under the remuneration policy table on page 101. The options were granted in three tranches. Each tranche vests equally over three years representing one third of the options each year (first tranche on the first, second and third anniversary of the grant date, second tranche on the second, third and fourth anniversary of the grant date and lastly third tranche on the third, fourth and fifth anniversary of the grant date).

		The table below sets out the shares held by persons other than the NWR Plc Directors and their connected persons. So far as NWR Plc is aware, as at 29 July 2014 (being the latest practicable date prior to publication of this document), no individual public Shareholder had a notifiable interest in three per cent. or more of the issue share capital of NWR Plc: <table><tr><th>Total percentage held by:</th><th>Current percentage of indirectly attributed ownership in Existing A Shares</th></tr><tr><td>CERCL Group.....</td><td>63.56</td></tr><tr><td>public Shareholders</td><td>36.44</td></tr><tr><td>Total A Shares.....</td><td>100</td></tr></table>	Total percentage held by:	Current percentage of indirectly attributed ownership in Existing A Shares	CERCL Group.....	63.56	public Shareholders	36.44	Total A Shares.....	100
Total percentage held by:	Current percentage of indirectly attributed ownership in Existing A Shares									
CERCL Group.....	63.56									
public Shareholders	36.44									
Total A Shares.....	100									
B.7	Historical Financial Information	The selected financial information below has been extracted from the 3M 2014 Interim Consolidated Financials; the 2013 Consolidated Financials; the 2012 Consolidated Financials and the 2011 Consolidated Financials without material adjustment, except for those matters identified below. <i>Presentation of expenses</i> With effect from 1 January 2013, the Group changed the basis on which it presents expenses in the income statement. While previously classified by their nature, expenses are now classified by their function (also known as a ‘cost of sales’ format). This change has been made to align better with current best reporting practice in the mining industry. The analysis of expenses in the consolidated income statements for the years ended 31 December 2011 and 2012 set out below have been reclassified from those included in the 2011 and 2012 Consolidated Financial Statements to conform to the new basis of presentation for 2013. No adjustment has been made to the other financial information set out below. <i>OKK Disposal</i> On 6 December 2013, the Group completed the sale of its entire coke segment, represented by OKK and consequently, the coke segment is classified as discontinued operations in the 2013 Consolidated Financials. However, the coke segment was not previously classified as discontinued operations in the 2012 Consolidated Financial Statements or the 2011 Consolidated Financial Statements and, as such, the consolidated income statements and the consolidated statements of cash flows for the years ended 31 December 2011 and 2012 set out below have been represented to reflect the results and cash flows of OKK as discontinued operations separately from continuing operations. No restatement is required to be made to the consolidated statements of financial position as at 31 December 2011 and 2012. The revised 2012 consolidated income statement and consolidated statement of cash flows figures set out below have been extracted from the comparative financial information in the 2013 Consolidated Financial Statements. The 2011 consolidated income statement and consolidated statement of cash flows figures set out below have been derived without material adjustment from the consolidation schedule used to prepare the audited consolidated financial statements of the Group for that year.								

Consolidated Income Statement

	Year ended 31 Dec 2011 (restated)	Year ended 31 Dec 2012 (restated)	Year ended 31 Dec 2013	3 months ended 31 March 2013 (restated)	3 months ended 31 March 2014 (unaudited)
<i>(EUR thousands)</i>					
Revenues	1,507,204	1,178,545	850,456	210,915	172,535
Cost of sales	(986,752)	(912,728)	(843,857)	(234,777)	(146,992)
Gross profit	520,452	265,817	6,599	(23,862)	25,543
Selling expenses	(107,989)	(118,358)	(86,497)	(21,254)	(15,645)
Administrative expenses	(129,400)	(103,888)	(78,541)	(21,305)	(20,565)
Impairment loss on property, plant and equipment	—	—	(806,964)		—
Gain recognised on impairment correction (loss)/gain from sale of property, plant and equipment	—	7,438	—		—
Other operating income	(1,677)	95	(7,375)		(45)
Other operating expenses	2,105	2,676	3,236	642	962
	(5,444)	(3,323)	(3,008)	(742)	(528)
Operating income / (loss)	278,047	50,457	(972,550)	(66,521)	(10,278)
Finance income	30,370	46,043	25,420	10,654	2,458
Finance expense	(119,901)	(93,424)	(113,666)	(38,536)	(18,009)
Profit / (loss) before tax	188,516	3,076	(1,060,796)	(94,403)	(25,829)
Income tax (expense) / benefit	(56,575)	(9,994)	146,438	13,811	(835)
Profit/(loss) from continuing operations ..	131,941	(6,918)	(914,358)	(80, 592)	(26,664)
(Loss) / profit from discontinued operations	(2,126)	5,669	(55,913)	264	—
Profit / (loss) for the period	129,815	(1,249)	(970,271)	(80,328)	(26,664)

Consolidated Statement of Financial Position

	Year ended 31 Dec 2011	Year ended 31 Dec 2012	Year ended 31 Dec 2013	3 months ended 31 March 2013 (restated)	3 months ended 31 March 2014 (unaudited)
<i>(EUR thousands)</i>					
Property, plant and equipment.....	1,354,356	1,476,570	533,737	1,426,446	522,879
Mining licences.....	148,196	143,020	—	138,034	—
Accounts receivable....	10,217	7,949	5,769	5,735	4,495
Deferred tax	9,630	11,262	44,747	10,722	44,061
Restricted deposits	12,506	13,300	23,742	10,918	21,996
Derivatives.....	15	—	—	1	—
Total non-current assets	1,534,920	1,652,101	607,995	1,591,856	593,431
Inventories.....	93,089	151,333	29,681	139,751	51,187
Accounts receivable and prepayments	202,501	130,046	89,352	132,662	70,223
Derivatives.....	—	760	—	—	—
Income tax receivable.	169	9	2,243	2,193	2,242
Cash and cash equivalents.....	536,910	267,011	183,665	192,905	158,792
Restricted cash	6,465	—	7,000	—	—
Total current assets.....	839,134	549,159	311,941	467,511	282,444
Total Assets	2,374,054	2,201,260	919,936	2,059,367	875,875
Provisions	166,756	179,824	167,449	176,407	166,062
Long-term loans	76,184	62,333	34,598	62,413	34,720
Bonds issued.....	738,646	741,805	760,870	759,279	761,478
Employee benefits.....	87,912	93,211	49,308	90,973	47,497
Deferred revenues.....	2,128	2,704	2,369	2,048	1,601
Deferred tax	116,715	111,064	814	92,796	814
Other long term liabilities	466	979	526	793	444
Cash settled shared based payments	880	2,018	1,279	1,883	1,137
Derivatives.....	25,332	10,398	6,303	8,674	5,836
Total non-current liabilities.....	1,215,019	1,204,336	1,023,516	1,195,266	1,019,589
Provisions	9,139	5,681	2,945	7,020	5,570
Accounts payable and accruals.....	219,234	204,830	141,496	170,975	120,953
Accrued interest payable on bonds.....	8,937	8,937	16,548	16,406	20,978
Derivatives.....	28,069	4,691	1,734	7,349	1,738
Income tax payables...	26,881	159	240	92	352
Current portion of long-term loans	13,852	13,852	13,555	13,869	13,601
Short term loans.....	99,695	—	—	—	—
Cash settled share based payments	669	521	—	—	5
Total current liabilities	406,476	238,671	176,518	215,711	163,197
Total Liabilities	1,621,495	1,443,007	1,200,034	1,410,977	1,182,786

Consolidated Statement of Cash Flows					
	Year ended 31 Dec 2011	Year ended 31 Dec 2012 (restated)	Year ended 31 Dec 2013	3 months ended 31 March 2013 (unaudited)	3 months ended 31 March 2014 (unaudited)
	<i>(EUR thousands)</i>				
Cash flows from operating activities					
Profit / (loss) before tax and non-controlling interest from continuing operations.....	188,516	3,076	(1,060,769)	(94,403)	(25,829)
Profit / (loss) before tax and non-controlling interest from discontinued operations.....	(1,551)	5,620	(53,513)	791	—
Profit / (loss) before tax and non-controlling interest	186,965	8,696	(1,114,309)	(93,612)	(25,829)
<i>Adjusted for:</i>					
Depreciation and amortisations.....	176,389	173,997	151,546	43,492	20,136
Gain recognised on impairment correction	—	(7,438)	—	—	—
Impairment loss.....	—	—	806,964	—	—
Loss on disposal of discontinued operations.....	—	—	64,650	—	—
Changes in provisions	(1,186)	(2,415)	(48,675)	(5,017)	(947)
Loss / (profit) on disposal of property, plant and equipment ..	1,536	(105)	7,050	14	45
Interest expense (net) ..	56,565	62,173	61,857	15,748	15,699
Change in the fair value of derivatives	2,635	(32,443)	(16,098)	(3,304)	(464)
Loss on early bond redemption	—	—	8,116	8,116	—
Equity settled share-based payment transactions	6,121	4,837	1,594	386	31
Operating cash flows before working capital changes	429,025	207,302	(77,305)	(34,177)	8,671
(Increase) / decrease in inventories	(37,075)	(58,245)	77,380	11,582	(21,506)
(Increase) / decrease in receivables	(5,244)	74,903	27,040	(2,618)	20,456
(Decrease) / increase in payables and deferred revenue	(7,481)	(9,477)	(28,337)	(3,713)	(18,987)
(Increase) / decrease in restricted cash and restricted deposits.....	(8,496)	5,999	(13,224)	2,127	1,734
Currency translation and other non-cash movements.....	11,720	(3,367)	39,096	12,367	125
Cash generated from operating activities	382,449	217,115	24,650	(14,432)	(9,507)
Interest paid	(69,111)	(62,609)	(58,251)	(5,294)	(10,913)
Corporate income tax (paid) / refunded.....	(55,732)	(46,496)	(2,293)	(2,372)	(17)
Net cash flows from operating activities	257,606	108,010	(35,894)	(22,098)	(20,437)

	Year ended 31 Dec 2011	Year ended 31 Dec 2012 (restated)	Year ended 31 Dec 2013	3 months ended 31 March 2013 (unaudited)	3 months ended 31 March 2014 (unaudited)
<i>(EUR thousands)</i>					
Cash flows from investing activities					
Interest received	11,631	3,571	2,338	510	358
Purchase of property, plant and equipment ..	(194,313)	(230,999)	(109,272)	(59,529)	(11,757)
Proceeds from sale of property, plant and equipment	979	642	5,430	63	5
Proceeds from disposal of discontinued operations	—	—	83,447	—	7,000
Net cash flows from investing activities	(181,703)	(226,786)	(18,057)	(58,956)	(4,394)
Cash flows from financing activities					
2015 Notes redemption	—	—	(257,565)	(257,565)	—
Fees paid on 2015 Notes redemption	—	—	(4,749)	(4,749)	—
Repayment of other long term loans	(14,246)	(14,246)	(28,493)	—	—
Bond redemption	(8,844)	—	—	—	—
Repayment of short-term borrowings	—	(200,054)	—	—	—
Proceeds from short-term borrowings	99,695	100,000	—	—	—
Proceeds from 2021 Notes	—	—	275,000	275,000	—
Transaction costs related to 2021 Notes ..	—	—	(4,328)	(4,087)	—
Proceeds from exercise of share options	3	3	—	—	—
Dividends paid to A shareholders	(100,429)	(34,369)	—	—	—
Dividends paid to B shareholders	(40,000)	—	—	—	—
Dividends paid to non-controlling interest	(157)	(81)	—	—	—
Acquisition of non-controlling interest	—	(2,277)	—	—	—
Net cash flow from financing activities	(63,978)	(151,024)	(20,135)	8,599	—
Net effect of currency translation	(4,256)	(99)	(9,260)	(1,651)	(42)
Net increase / (decrease) in cash and cash equivalents	7,669	(269,899)	(83,346)	(74,106)	(24,873)
Certain significant changes to the Group's financial condition and operating results occurred during the financial years ended 31 December 2011, 2012 and 2013 and the three months period ended 31 March 2014. These changes are set out below. The Group's total revenues have decreased substantially as a result of lower sales volumes and lower realised prices for coking coal in line with reduced prices and demand for steel making materials globally, as well as in Central Europe. In addition, revenues decreased due to lower realised prices for thermal coal.					

		During the year ended 31 December 2013, due to reduced price expectations for the Group's products, the Group undertook a re-assessment of the mine plan for future operations, which accordingly led to a re-assessment of the recoverable amount of its continuing cash generating units ("CGUs"). As a result, an impairment loss of EUR 807 million was recognised and the recoverable value of the Group's non-current assets was reduced by a corresponding amount. While the prices for the Group's products have reduced further during the period to 31 March 2014, the re-assessment of the mine plan that occurred during 2013 took into consideration these price decreases and accordingly no further impairment loss has been recognised. On 23 January 2013, the Group successfully closed its offering and issued EUR 275 million senior unsecured notes due 2021 (the "2021 Notes"). The 2021 Notes carry a coupon of 7.875 per cent. and were sold at par. The net proceeds of EUR 271 million after transaction fees of EUR 4.3 million were used to repay in full the outstanding amounts of the 7.375 per cent. senior notes of EUR 258 million due in 2015 (the "2015 Notes") and associated fees of EUR 4.7 million. The 2021 Notes are traded on the Global Exchange Market of the Irish Stock Exchange. On 4 April 2013 and 17 December 2013, the Group agreed with its lenders to suspend and reset certain financial covenants as follows; (i) covenant testing would be suspended for the period 1 January 2013 until 30 September 2014, (ii) certain other revisions to the ECA Facility, including the re-profile of repayments, a requirement for a minimum level of EUR 80 million to be retained at all times, limitations on dividend payments and limitations on incurring additional senior debt (for which this element of the restrictions has been re-negotiated as part of the Capital Restructuring). On 6 December 2013, the Group sold its coking coal operations, OKD Koksovny a.s. (the "OKK Disposal"), for net proceeds of EUR 90 million (gross EUR 95 million less EUR 5 million of transaction fees), of which EUR 7 million of the proceeds were held in escrow and released to the Group on 6 March 2014. On completion of the OKK Disposal, the Group recognised a loss of EUR 65 million. In addition as a result of the OKK Disposal, the net assets of the Group were reduced by EUR 167 million. The following certain significant changes to the Group's financial condition and operating results have occurred since the period selected by the historical key financial information set out in the table above. Based on the Group's preliminary management accounts, the first six months of 2014 follow similar trends to those experienced in the first three months of 2014. These included: a decrease in revenues, compared to the first six months of 2013, attributable primarily to lower sales volumes and reduced average sales price of coking coal; and an increase in EBITDA, compared to the first six months of 2013, due to a reduction in mining unit costs and the build up of inventories in the first six months of 2014 compared to the reduction in inventories in the comparative period. During the first six months of 2014 there has been a material improvement in the Group's operating loss (and loss before tax) mainly due to the EUR 307 million impairment charge recognised at 30 June 2013 with no corresponding amount recognised at 30 June 2014, as well as the consequential reduction in depreciation charge in addition to the factors that improved EBITDA. With respect to the financial position of the Group as at 30 June 2014, total assets has decreased mainly due to a decrease in cash and cash equivalents, resulting from cash outflows from both operating activities (including interest payments) and from investing activities. Total equity has decreased as a consequence of the loss for the period.

B.8	Pro forma Financial Information	The unaudited <i>pro forma</i> statement of net assets has been compiled from the unaudited consolidated balance sheet of the Group as at 31 March 2014 and has been prepared on the basis of, and should be read in conjunction with, the notes set out below. The unaudited <i>pro forma</i> statement of net assets has been prepared to illustrate the effect of the Capital Restructuring on the net assets of the Group as if they had taken place on 31 March 2014. The unaudited <i>pro forma</i> statement of net assets has been prepared in a manner consistent with the accounting policies adopted by the Group in preparing the audited 2013 Consolidated Financials. The unaudited <i>pro forma</i> statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not reflect the Group's actual financial position and should not be construed as indicative of the Group's future financial position. <table><tr><th></th><th>NWR Plc consolidated as at 31 March 2014</th><th>Proceeds of the Rights Issue and the Placing</th><th>Cancellation of Existing Notes</th><th>Consideration for Existing Notes and costs of the Capital Restructuring</th><th>Draw down of the Super Senior Facility</th><th>Pro forma net assets as at 31 March 2014</th></tr><tr><th></th><th>(Note 1)</th><th>(Note 2)</th><th>(Note 3)</th><th>(Note 4)</th><th>(Note 5)</th><th></th></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>(EUR thousands)</td></tr><tr><td>Property, plant and equipment</td><td>522,879</td><td></td><td></td><td></td><td></td><td>522,879</td></tr><tr><td>Mining licences</td><td>—</td><td></td><td></td><td></td><td></td><td>—</td></tr><tr><td>Accounts receivable</td><td>4,495</td><td></td><td></td><td></td><td></td><td>4,495</td></tr><tr><td>Deferred tax.....</td><td>44,061</td><td></td><td></td><td></td><td></td><td>44,061</td></tr><tr><td>Restricted deposits.....</td><td>21,996</td><td></td><td></td><td></td><td></td><td>21,996</td></tr><tr><td>Total non-current assets ..</td><td>593,431</td><td>—</td><td>—</td><td>—</td><td>—</td><td>593,431</td></tr><tr><td>Inventories</td><td>51,187</td><td></td><td></td><td></td><td></td><td>51,187</td></tr><tr><td>Accounts receivable and prepayments.....</td><td>70,223</td><td></td><td></td><td></td><td></td><td>70,223</td></tr><tr><td>Income tax receivable</td><td>2,242</td><td></td><td></td><td></td><td></td><td>2,242</td></tr><tr><td>Cash and cash equivalents</td><td>158,792</td><td>143,400</td><td></td><td>(114,000)</td><td>35,000</td><td>223,192</td></tr><tr><td>Restricted cash.....</td><td>—</td><td></td><td></td><td></td><td></td><td>—</td></tr><tr><td>Total current assets</td><td>282,444</td><td>143,400</td><td>—</td><td>(114,000)</td><td>35,000</td><td>346,844</td></tr><tr><td>Total Assets.....</td><td>875,875</td><td>143,400</td><td>—</td><td>(114,000)</td><td>35,000</td><td>940,275</td></tr><tr><td>Provisions.....</td><td>166,062</td><td></td><td></td><td></td><td></td><td>166,062</td></tr><tr><td>Long term loans</td><td>34,720</td><td></td><td></td><td></td><td>35,000</td><td>69,720</td></tr><tr><td>Bonds issued</td><td>761,478</td><td></td><td>(761,478)</td><td>297,800</td><td></td><td>297,800</td></tr><tr><td>Employee benefits</td><td>47,497</td><td></td><td></td><td></td><td></td><td>47,497</td></tr><tr><td>Deferred revenue.....</td><td>1,601</td><td></td><td></td><td></td><td></td><td>1,601</td></tr><tr><td>Deferred tax.....</td><td>814</td><td></td><td></td><td></td><td></td><td>814</td></tr><tr><td>Other long-term liabilities</td><td>444</td><td></td><td></td><td></td><td></td><td>444</td></tr><tr><td>Cash settled share based payments.....</td><td>1,137</td><td></td><td></td><td></td><td></td><td>1,137</td></tr><tr><td>Derivatives</td><td>5,836</td><td></td><td></td><td></td><td></td><td>5,836</td></tr><tr><td>Total non-current liabilities</td><td>1,019,589</td><td>—</td><td>(761,478)</td><td>297,800</td><td>35,000</td><td>590,911</td></tr><tr><td>Provisions.....</td><td>5,570</td><td></td><td></td><td></td><td></td><td>5,570</td></tr><tr><td>Accounts payable and accruals</td><td>120,953</td><td></td><td></td><td></td><td></td><td>120,953</td></tr><tr><td>Accrued interest payable on bonds</td><td>20,978</td><td></td><td>(20,978)</td><td></td><td></td><td>—</td></tr><tr><td>Derivatives</td><td>1,738</td><td></td><td></td><td>200</td><td></td><td>1,938</td></tr><tr><td>Income tax payable.....</td><td>352</td><td></td><td></td><td></td><td></td><td>352</td></tr><tr><td>Current portion of long-term loans</td><td>13,601</td><td></td><td></td><td></td><td></td><td>13,601</td></tr><tr><td>Cash settled share based payments.....</td><td>5</td><td></td><td></td><td></td><td></td><td>5</td></tr><tr><td>Total current liabilities</td><td>163,197</td><td>—</td><td>(20,978)</td><td>200</td><td>—</td><td>142,419</td></tr><tr><td>Total Liabilities</td><td>1,182,786</td><td>—</td><td>(782,456)</td><td>298,000</td><td>35,000</td><td>733,330</td></tr><tr><td>Net (Liabilities) / Assets..</td><td>(306,911)</td><td>143,400</td><td>782,456</td><td>(412,000)</td><td>—</td><td>206,945</td></tr></table> Notes: (1) The financial information of the Group as at 31 March 2014 has been extracted without adjustment from the unaudited 3M 2014 Interim Consolidated Financials.		NWR Plc consolidated as at 31 March 2014	Proceeds of the Rights Issue and the Placing	Cancellation of Existing Notes	Consideration for Existing Notes and costs of the Capital Restructuring	Draw down of the Super Senior Facility	Pro forma net assets as at 31 March 2014		(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)								(EUR thousands)	Property, plant and equipment	522,879					522,879	Mining licences	—					—	Accounts receivable	4,495					4,495	Deferred tax.....	44,061					44,061	Restricted deposits.....	21,996					21,996	Total non-current assets ..	593,431	—	—	—	—	593,431	Inventories	51,187					51,187	Accounts receivable and prepayments.....	70,223					70,223	Income tax receivable	2,242					2,242	Cash and cash equivalents	158,792	143,400		(114,000)	35,000	223,192	Restricted cash.....	—					—	Total current assets	282,444	143,400	—	(114,000)	35,000	346,844	Total Assets.....	875,875	143,400	—	(114,000)	35,000	940,275	Provisions.....	166,062					166,062	Long term loans	34,720				35,000	69,720	Bonds issued	761,478		(761,478)	297,800		297,800	Employee benefits	47,497					47,497	Deferred revenue.....	1,601					1,601	Deferred tax.....	814					814	Other long-term liabilities	444					444	Cash settled share based payments.....	1,137					1,137	Derivatives	5,836					5,836	Total non-current liabilities	1,019,589	—	(761,478)	297,800	35,000	590,911	Provisions.....	5,570					5,570	Accounts payable and accruals	120,953					120,953	Accrued interest payable on bonds	20,978		(20,978)			—	Derivatives	1,738			200		1,938	Income tax payable.....	352					352	Current portion of long-term loans	13,601					13,601	Cash settled share based payments.....	5					5	Total current liabilities	163,197	—	(20,978)	200	—	142,419	Total Liabilities	1,182,786	—	(782,456)	298,000	35,000	733,330	Net (Liabilities) / Assets..	(306,911)	143,400	782,456	(412,000)	—	206,945
	NWR Plc consolidated as at 31 March 2014	Proceeds of the Rights Issue and the Placing	Cancellation of Existing Notes	Consideration for Existing Notes and costs of the Capital Restructuring	Draw down of the Super Senior Facility	Pro forma net assets as at 31 March 2014																																																																																																																																																																																																																																																								
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Total Liabilities	1,182,786	—	(782,456)	298,000	35,000	733,330																																																																																																																																																																																																																																																								
Net (Liabilities) / Assets..	(306,911)	143,400	782,456	(412,000)	—	206,945																																																																																																																																																																																																																																																								

		(2) This adjustment reflects the receipt of the net proceeds of the Rights Issue and the Placing. The net proceeds receivable by NWR Plc are EUR 143.4 million (EUR 150.0 million gross proceeds less direct issue costs of EUR 6.6 million). (3) This adjustment reflects the de-recognition of the Existing Notes with a carrying value of EUR 761 million (EUR 775 million less unamortised transaction costs of EUR 14 million) and accrued interest thereon of EUR 21 million under the Capital Restructuring. (4) This adjustment reflects the fair value of the consideration payable to Existing Noteholders under the Capital Restructuring less the costs of the Capital Restructuring as follows: <table><thead><tr><th></th><th>Existing Senior Secured Notes</th><th>Existing Senior Unsecured Notes</th><th>Total</th></tr></thead><tbody><tr><td>Cash</td><td>60,000</td><td>30,000</td><td>90,000</td></tr><tr><td>New Senior Notes.....</td><td>226,800</td><td>—</td><td>226,800</td></tr><tr><td>New Convertible Notes.....</td><td>54,500</td><td>16,500</td><td>71,000</td></tr><tr><td>Contingent Value Rights</td><td>—</td><td>200</td><td>200</td></tr><tr><td></td><td>341,300</td><td>46,700</td><td>388,000</td></tr></tbody></table> The total fair value of the New Senior Notes, the New Convertible Notes and the Contingent Value Rights has been estimated based on the market value of the Existing Notes at the date of this document. The fair value of the Contingent Value Rights has been estimated based on the forward commodity curves for coking coal and the pricing thresholds for NWR Plc’s reported average realised price in Euro per tonne for coking coal, which must be exceeded for two consecutive quarters in order for any money to be paid out in respect of the Contingent Value Rights. The costs of the Capital Restructuring are estimated to be EUR 24.0 million. (5) The terms of the amended ECA Facility have not been finally agreed at the date of this document but based on the current draft terms there should be no impact of entering into the amended ECA Facility on the net assets of the Group. Therefore, for the purposes of this <i>pro forma</i> statement of net assets it has been assumed that there will be no impact of entering into the amended ECA Facility. Should the agreed amended ECA Facility change this position, the impact on the <i>pro forma</i> net assets of the Group is unlikely to be significant. (6) Had the Capital Restructuring taken place on 1 January 2013, on a <i>pro forma</i> basis, the consolidated finance cost for the year ended 31 December 2013 would have increased by approximately EUR 14.8 million from the EUR 113.7 million actually recorded reflecting the difference in interest cost between the new and the old capital structures and finance income would have increased by approximately EUR 370 million from the EUR 25.4 million actually recorded reflecting the gain resulting from the Capital Restructuring. For this purpose it has been assumed that there would have been no change in the fair value of the Contingent Value Rights during the year. (7) No account has been taken of any trading or results of the Group since 31 March 2014.		Existing Senior Secured Notes	Existing Senior Unsecured Notes	Total	Cash	60,000	30,000	90,000	New Senior Notes.....	226,800	—	226,800	New Convertible Notes.....	54,500	16,500	71,000	Contingent Value Rights	—	200	200		341,300	46,700	388,000
	Existing Senior Secured Notes	Existing Senior Unsecured Notes	Total																							
Cash	60,000	30,000	90,000																							
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Contingent Value Rights	—	200	200																							
	341,300	46,700	388,000																							
B.9	Profit Forecast/ Estimates	Not applicable. There are no profit forecasts or estimates contained in this document.																								
B.10	Qualifications in the audit report	There have been no qualifications of the audit reports incorporated into this document by reference for the years ended 31 December 2011 and 31 December 2012. For the year ended 31 December 2013 the audit report, which was not qualified, included an emphasis of matter paragraph in relation to the Group’s ability to continue as a going concern. The Group was cash flow negative and the low coal price environment placed significant pressure on the Group’s liquidity position, and also on its solvency. There could be no guarantee that it would be possible to successfully complete the Capital Restructuring, or that implementation would occur within a timeframe that will secure the liquidity and solvency of the Group. Should the Group fail to achieve the Capital Restructuring, it would pose a significant risk to the Group’s ability to continue as a going concern.																								
B.11	Insufficient Working Capital	NWR Plc is of the opinion that the working capital available to the Group is not sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document. The Restructuring will be conditional on completion of the Rights Issue and the Placing and on the execution and delivery of customary legal opinions which are to be released on the date of completion of the Capital																								

		Restructuring and certain other procedural steps. Whilst NWR Plc believes that the risk is remote, if these steps do not take place, the Restructuring will not complete. In these circumstances the Group would not have sufficient working capital. If the Restructuring and hence the Capital Restructuring do complete, under the Base Case the Group would have sufficient cash available during both the 12 month and the 18 month period following the date of this document. The lowest projected available cash balance under the Base Case is EUR 65 million in Q3 2015 taking into account the net proceeds of the Rights Issue and the Placing, the Super Senior Facility, the ECA Facility and the implementation of the other steps of the Capital Restructuring. However, for the purposes of making an assessment of available working capital, the NWR Plc Directors are required to consider all reasonable and plausible adverse eventualities and so have developed the Downside Scenario for this purpose. The Downside Scenario reflects adverse economic and operating conditions, the most important factor being the prices that the Group will be able to realise for its products. The Downside Scenario broadly assumes that coking and thermal coal realised sales prices would remain at the lowest historically achieved prices by the Group for the entire projected 18 month period following the date of this document and that sales volumes would be 5 per cent. less than those projected in the Base Case. Under this Downside Scenario, the projections show that: - there is no shortfall in working capital in the 12 month period following the date of this document but that the Group's available working capital would decline to a minimum of EUR 10 million in Q3 2015; and - the Group could run out of cash in mid Q4 2015 as the NWR Plc Directors would expect the Group to breach the minimum available cash requirement for the Super Senior Facility which is set at €40 million and is first tested as at 31 October 2015. At that time the ECA Facility would also be capable of acceleration and, should that acceleration be reasonably probable, all of the remaining debt of the Group could become immediately repayable. Although there is no shortfall in projected working capital in the 12 month period following the date of this document under the Downside Scenario, given the very limited headroom in our forecasts, the NWR Plc Directors are of the view that it is prudent to determine that the Group may not have sufficient working capital for the foreseeable future, that is, for at least the next 12 months following the date of publication of this document. In the event there is a shortfall in working capital in the 12 month period following publication of this document, the Group proposes to seek alternative sources of liquidity, which may include attempting to sell the assets of OKD and NWR KARBONIA or raise additional debt (to the extent permitted by the New Senior Notes Indenture, the Super Senior Facility and the ECA Facility) or, if no viable alternative solutions are then available, attempting to sell the assets of OKD and NWR KARBONIA in a transaction which is similar in structure to the Alternative Restructuring Plan. Such transaction would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc. There can be no assurance that additional sources of liquidity would be available or that the Alternative Restructuring Plan would be available on the same terms or at all, in which case the Group may be forced into insolvent liquidation.

Section C – Securities		
C.1	Type and Class of Securities Being Offered	Element The Rights Issue comprises 5,030,100,717 New A Shares. The Placing comprises 1,364,336,135 New A Shares. The nominal value of the total issued ordinary share capital of NWR Plc immediately following the Rights Issue and the Placing (taking into account the Restructuring) is expected to be €2.66 million divided into 6,659,178,995 A Shares. The ISIN for the Nil Paid Rights is GB00BPBFX987 and for the Fully Paid Rights is GB00BPBFX870.
C.2	Currency	All New A Shares being offered are denominated in Euros.
C.3	Issued Share Capital	As at the date of this document, issued, called up and fully paid share capital of NWR Plc was as follows: ● 264,742,143 Existing A Shares of EUR 0.40 each; and ● 10,000 B Ordinary Shares of EUR 0.40 each.
C.4	Rights attaching to the Securities	(i) The New A Shares rank <i>pari passu</i> with each other and with the Existing A Shares for voting purposes. On a show of hands at a general meeting each Shareholder has one vote and on a poll each Shareholder has one vote per New A Share held, in each case whether present in person or whether represented by a duly appointed proxy or other representative. (ii) The New A Shares rank <i>pari passu</i> with each other and with the Existing A Shares for any distributions made on a winding up. (iii) The New A Shares rank <i>pari passu</i> with each other and with the Existing A Shares in the right to receive a relative proportion of shares in the case of a capitalisation of reserves. (iv) The New A Shares rank <i>pari passu</i> with each other and with the Existing A Shares in the rights to receive all distributions (if any), including dividends, declared, paid or made by NWR Plc after Admission.
C.5	Restrictions on Transfer	Not applicable. The New A Shares are freely transferable and there are no restrictions on transfer. However, the making of the proposed offer of New A Shares to persons who are located or resident in or who have a registered address in countries other than the United Kingdom, the Czech Republic and Poland, may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of the New A Shares.
C.6	Admission to trading	The Existing A Shares are listed on the premium segment of the Official List and are traded on the London Stock Exchange's main market for listed securities, the Prime Market of the Prague Stock Exchange and the main market of the Warsaw Stock Exchange. Applications will be made to (i) the UKLA for the New A Shares and the Nil Paid Rights to be admitted to the premium segment of the Official List, (ii) the London Stock Exchange for the New A Shares and the Nil Paid Rights to be admitted to trading on the London Stock Exchange's main market for listed securities, (iii) the Prague Stock Exchange for the New A Shares to be admitted to trading on the Prime Market and (iv) the Warsaw Stock Exchange for the New A Shares and the Nil Paid Rights to be admitted to trading on the main market (together "Admission"). The New A Shares will not be listed on any other regulated market.

C.7	Dividend Policy	No dividends were declared or paid during 2013 to holders of either Existing A Shares or B Shares. In 2012, the Group paid a dividend to holders of Existing A Shares totalling EUR 34,450,000 for the year, consisting of a final dividend of EUR 0.07 per share in respect of the year ended 31 December 2011 and an interim dividend of EUR 0.06 per share for the half-year ended 30 June 2012. The NWR Plc Board continues to believe that the most important use of available cash in the current environment is to ensure sufficient liquidity and to reduce the Group's indebtedness.
Section D – Risks		
D.1 D.2	Key information on the key risks that are specific to the issuer or its industry	Element Shareholders should carefully consider the following risks: <u>Risks relating to the Capital Restructuring</u> ● In order for the Capital Restructuring to proceed, Shareholders must approve the Resolution and conditions precedent relating to the Capital Restructuring must be fulfilled or otherwise held in escrow and released on the completion of the Capital Restructuring and other procedural steps. In parallel with the implementation of the Capital Restructuring, the Group has commenced a sale process for the Assets in case the Alternative Restructuring Plan is to be implemented. This sale process is part of NWR NV's contingency planning to ensure continuation of the operations of these Assets should the requisite majorities from Shareholders and creditors not be obtained (or if a termination event occurs) in respect of the Capital Restructuring. The Group anticipates that a sale of the Assets would be effected by way of an English scheme of arrangement and a pre-packed English administration procedure which would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc. Therefore, if the Resolution is not approved by Shareholders, the Capital Restructuring will not occur, in which case the NWR Plc Directors are of the opinion that NWR Plc would cease trading and that the subsidiaries of NWR Plc and NWR NV would become subject to applicable insolvency processes. In such circumstances, Shareholders would lose their existing investment and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue). ● The Capital Restructuring is also subject to certain conditions such as approval from the Existing Noteholders and the relevant courts and consent from the ECA Lenders to an amended ECA Facility. If one or more of these conditions are not satisfied, the Capital Restructuring will not occur, in which case the NWR Plc Directors are of the opinion that NWR Plc would cease trading and that the subsidiaries of NWR Plc and NWR NV would become subject to applicable insolvency processes. In such circumstances, Shareholders would lose their existing investment and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue). ● Even if the Capital Restructuring does proceed, Shareholders may not see a return on their investment because the ability of the Group to be able to return value to Shareholders is highly dependent on coal prices, which is ultimately out of NWR Plc's control. If coal prices remain at their current levels, it is highly likely that NWR Plc would be unable to return any value to its Shareholders and the market value of the A Shares may deteriorate.

		● In addition, the UKLA requires listed issuers to maintain at least 25 per cent. free float in their listed shares. The Group may not have a sufficient free float in the A Shares following the Capital Restructuring, in which case the A Shares may be delisted from the Official List (and so cease to be traded on the London Stock Exchange), the Prague Stock Exchange and/or the Warsaw Stock Exchange, which may significantly adversely affect the price of the A Shares. ● If CERCL Mining and/or any of the Backstop Providers were to default on their contractual obligations, the Capital Restructuring would not complete and Shareholders would lose their existing investment and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares in the Rights Issue). Furthermore, there is a risk that the debt and security documents to be entered into in connection with the Restructuring will not become effective on the completion date of the Capital Restructuring as the release of the debt and security documentation relating to the Restructuring will be conditional on the execution and delivery of customary legal opinions in respect thereof which are to be released on the date of completion of the Capital Restructuring and certain other procedural steps. Whilst NWR Plc believes that the risk is remote, if the requisite legal opinions are not released (or alternative legal opinions not delivered) on the date of completion of the Capital Restructuring (or the relevant procedural steps do not take place), the Restructuring will not complete at a time when the Rights Issue and the Placing have already completed. Should the Restructuring not complete, Shareholders would lose their existing investment in NWR Plc and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares in the Rights Issue). ● The Group is majority owned by the CERCL Group, which has the power to approve and prevent any action requiring the approval of a simple majority of the A Shares (including changes to the Group's capital structure, and acquisitions or sales of all or substantially all of the Group's assets). The CERCL Group's interests may conflict with the interests of the other Shareholders and/or the interests of the Group and, therefore, matters may not be resolved in a manner which other Shareholders consider to be in their best interests or in the best interests of either NWR Plc or the Group. ● Also, following the completion of the Capital Restructuring, the Existing Noteholders will, individually and in aggregate, own a significant proportion of the Group's equity and debt, and their interests may conflict with the interests of the other Shareholders and/or the interests of the Group. Therefore matters may not be resolved in a manner which other Shareholders consider to be in their best interests or in the best interests of either NWR Plc or the Group.

		<u>Risks relating to coal prices</u> ● The coal mining business is generally a high fixed-cost business. The Group's business, financial condition and results of operations may vary with fluctuations in the production costs and the prices for coal and the Group's future revenues are highly dependent on and sensitive to the prices for coal. In addition, a decline in coal prices may also require the Group to write down its mineral reserves and resources, which would result in an impairment of the Group's asset value. Therefore, the ability of the Group to be in a position to return value to Shareholders is highly dependent on coal prices. ● The Group's profit improvement initiatives depend on realising cost savings, efficiencies and synergies from the introduction of new technologies and operating processes, as well as reductions in the size of the Group's workforce. Failure by the Group to implement further profit improvement initiatives (especially as the Group seeks to implement initiatives in line with its plans to decrease its production over the next several years) could have a material adverse effect on its business, results of operations or financial position. A failure to decrease the Group's production costs will have a material adverse effect on its profitability. ● Economic conditions globally and in Central Europe in the period following the global financial crisis have had an impact on the coal industry through a decrease in the use of coking coal by the Group's Central European customers and a decrease in prices for coal. A protracted worsening of global economic conditions or disruption in the financial markets could have a material adverse effect on the Group's business. <u>Risks relating to the Group's business and the industry</u> ● The Group must make significant capital expenditures in the foreseeable future in order to maintain its production levels and improve overall efficiency. Some of the Group's development projects and prospects may require greater investment than currently planned. The inability to finance these and other expenditures in the longer term could have a material adverse effect on the Group's business, financial condition or results of operations. ● In addition, a majority of the Group's revenues are derived from sales made in the Central European market. Any significant downturn in the Central European economy or any decrease in the use of coal by the Group's Central European customers could have a material adverse effect on the Group's business, financial condition or results of operations. ● Large-scale production of shale gas deposits over the past ten years in the United States has resulted in natural gas prices falling to historic lows in the US market, making gas more competitive than coal for electricity generation. Further development of shale gas deposits globally and in Central Europe could lead to a more competitive price environment for thermal coal in the Central European region, which may have an adverse effect on the Group's thermal coal sales. ● The Group historically contracts its coal sales under long-term framework agreements. Such agreements provide that prices are renegotiated periodically, which would likely reflect prevailing market conditions and may lead to lower revenues when coal prices decline and possible economic penalties if the Group fails to meet required coal specifications. ● The profitability of the Group depends upon its ability to successfully exploit existing reserves and, in the longer term, to develop or acquire

		economically attractive coal reserves at competitive costs. Reserves may not be available when required or, if available, may not be capable of being mined at costs comparable to the Group's current costs. Additionally, the Group may not be able to accurately assess the geological characteristics of any reserves that it acquires or develops, which may adversely affect the Group's profitability and financial condition if the Group's assessment proves incorrect. In addition, the Group's planned development, acquisition and exploration projects and acquisition activities may not result in significant additional reserves and such reserves may not be profitable. Even if an exploration programme is successful and economically marketable coal is found, it can take a number of years from the initial phases of drilling to start of production, during which time the economic feasibility of extraction may change and coal that was economically marketable at the time of discovery ceases to be economically marketable. ● Furthermore, the Group depends on a small number of major customers. Failure to renew material supply agreements with its major customers or the closure of any of its customers could force the Group to reduce productions or rely on customers located further afield. This could result in lower relative prices for the Group's products, which could in turn materially adversely affect the Group's business, financial condition and results of operations. ● As part of the Capital Restructuring, NWR NV has negotiated a Super Senior Facility with the Existing Noteholders. The Super Senior Facility includes a minimum liquidity maintenance covenant (the "Minimum Liquidity Covenant"), which states that the Group must maintain a minimum available cash level of EUR 40 million (excluding mining reserve damages). This covenant will be tested first as at 31 October 2015 and then on a quarterly basis from 31 December 2015 for the duration of the Super Senior Facility, which is due to mature two years from the Restructuring Effective Date. NWR Plc has the option (though not the obligation) to cure a breach of the Minimum Liquidity Covenant by injecting additional cash into NWR NV. In the event that NWR NV breaches the Minimum Liquidity Covenant, and NWR Plc does not exercise its option to remedy such breach, an event of default will be triggered under the Super Senior Facility. This will in turn give rise to (a) the right for those Existing Noteholders who are lenders under the Super Senior Facility to accelerate the Super Senior Facility; (b) a cross-default of the ECA Facility (giving the ECA Lenders the right to accelerate the ECA Facility); and (c) the possibility that, should those Existing Noteholders or ECA Lenders accelerate the debt owed to them, the holders of the New Senior Notes and the New Convertible Notes will also accelerate due to a cross-default arising under the New Senior Notes and New Convertible Notes, respectively.
D.3	Key information on the key risks that are specific to the securities	Shareholders should carefully consider the following risks: ● NWR Plc's share price may fluctuate due to a change in sentiment in the market regarding the New A Shares, Nil Paid Rights and Fully Paid Rights and may not always reflect the underlying asset value. Such fluctuations depend on the market's perception of the likelihood of completion of the Rights Issue as well as the market's response to various other facts and events. Furthermore, the Group's operating results and prospects from time to time may be below the expectation of market analysts and/or investors. ● If there is a substantial decline in the price of the Existing A Shares, the Nil Paid Rights may become worthless. Should that occur after

		investors exercise their rights in the Rights Issue, investors will suffer an immediate unrealised loss as a result. Following the exercise of rights, such investors may be unable to sell their New A Shares at a price equal to or greater than the subscription price. - Any future A Share issues and sales of A Shares by major Shareholders may have an adverse effect on the market price of the A Shares because liquidity may be limited if NWR Plc makes large allocations to a limited number of investors. Also future trading prices of the New A Shares will depend on many factors, including, among others, prevailing interest rates, the Group's operating results and the market for similar securities. - Investors may not receive compensation for expired and unexercised rights if they fail to exercise their Nil Paid Rights prior to the end of the subscription period. There is no assurance that the procedure in respect of Nil Paid Rights not taken up will be successful in either selling the Nil Paid Rights or in respect of the prices obtained. - Admission of the New A Shares may not occur when expected. Application for Admission of the New A Shares is subject to the approval of the UKLA, the Prague Stock Exchange and the Warsaw Stock Exchange and there can be no guarantee that any conditions to which Admission is subject will be met or that the UKLA will issue a dealing notice that the CEO of the Prague Stock Exchange will approve the Admission of the New A Shares to trading or that the Management Board of the Warsaw Stock Exchange will admit the New A Shares to trading.
Section E – Rights Issue and the Placing		
E.1	Total net proceeds and estimate of total expenses of the offer, including estimated expenses charged to investors	Element The proceeds to NWR Plc from the Rights Issue and the Placing will be approximately EUR 150 million (£118.7 million) (before expenses), which is approximately EUR 143.4 million net of expenses. The total costs and expenses of, and incidental to, the Capital Restructuring, are estimated to amount to EUR 30.6 million (£24.2 million) of which EUR 6.6 million relate and are incidental to the Rights Issue and the Placing. It cannot be ruled out that, in addition to requiring that a Shareholder pays the NDS Intermediary or the CSD Intermediary (as applicable) the Issue Price for the relevant New A Shares, the relevant NDS Intermediary or the CSD Intermediary (as applicable) will also apply certain additional fees and/or charges. Shareholders who do not take up their rights in the Rights Issue may have the New A Shares to which they are entitled sold on their behalf. To the extent that such New A Shares are sold at a premium to the Issue Price, the relevant Shareholders shall be entitled to such premium, subject to brokerage and exchange costs.
E.2a	Reasons for the offer, use of proceeds, and estimated net amount of expenses	The deterioration of global coal and coke markets began in mid-2011, worsened in 2013 and has continued into 2014. In May 2013, NWR Plc announced that the on-going challenging market conditions had necessitated an operational review with the aim of adjusting the Group's business to the challenging market conditions. As a result of the operational review, the Group started various business optimisation and portfolio optimisation steps, including the sale of its coke operations, OKK (which was completed on 6 December 2013), and the stress testing of the economic position of individual mines that could be idled or divested. Following the stress testing of the Group's mining operations and the investigation of other strategic options, the Group concluded that it was not possible to sustain operations at its high cost Paskov mine in the new

		pricing environment in the long term. On 17 September 2013, NWR Plc announced the closure of the Paskov mine. Following this announcement, NWR Plc has been in discussions with the Czech government and on 22 April 2014 it announced that it had reached agreement (the “Paskov Agreement”) with certain members of the Czech government on a proposal to be submitted to the government as regards the financial support of the closure of the Paskov mine. The Czech government approved the Paskov Agreement on 28 April 2014 and it was signed on 6 June 2014, however this agreement is still subject to the notification to, and approval by, the European Commission, which is expected to be received by the end of 2014. The prolonged global pressure on both coking and thermal coal prices, the expiry of the RCF (as defined below) and the likely downward revision of the Group’s coal resource and reserve balances (as a direct result of the deterioration in the long term coal price outlook), triggered the NWR Plc Board’s decision to initiate a review of the Group’s capital structure on 22 January 2014. The NWR Plc Board has discussed with many of its key stakeholders a revised capital structure that recognises and respects their interests. This included NWR Plc’s majority shareholder, CERCL Mining, which has agreed that it will invest new capital into a revised and satisfactory capital structure and which has agreed to the terms of the Capital Restructuring. NWR Plc also had discussions with the Adhoc Committee, which is made up of certain of the largest Existing Noteholders, who have agreed to the terms of the Capital Restructuring. The Rights Issue and Placing proceeds of approximately €150 million (before expenses), which is approximately €143.4 million net of expenses relating and incidental to the Rights Issue and the Placing, will be applied by NWR Plc as follows: (a) €53.4 million (net of expenses) to NWR NV for general working capital purposes; (b) €60 million to repurchase the Existing Senior Secured Notes in accordance with the Existing Senior Secured Notes Tender; (c) €30 million to repurchase the Existing Senior Unsecured Notes in accordance with the Existing Senior Unsecured Notes Tender; and (d) all remaining proceeds after the application thereof to (a) to (c) above shall be applied <i>pro rata</i> in redemption of the Existing Senior Secured Notes (in respect of any surplus arising following the Existing Senior Secured Notes Tender) and the Existing Senior Unsecured Notes (in respect of any surplus arising following the Existing Senior Unsecured Notes Tender). An additional EUR 11 million of new working capital will be available to the Group from the draw down of EUR 35 million from the Super Senior Facility out of which the remaining EUR 24 million of the costs of the Restructuring will be settled. The total costs and expenses of, and incidental to, the Capital Restructuring are estimated to amount to EUR 30.6 million, of which EUR 6.6 million relate and are incidental to the Rights Issue and the Placing.

E.3	Terms and conditions of the offer	Subject to the fulfilment of the conditions of the Underwriting Agreement, the New A Shares will be offered by way of rights at 2.3457891¢ per New A Share, payable in full on acceptance by Qualifying Shareholders, on the basis of: 19 New A Shares for every 1 Existing A Share held on the Rights Issue Record Date (and so in proportion for any other number of Existing A Shares then held by each Qualifying Shareholder) and otherwise on the terms and conditions as set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letters. A Nil Paid Right (also described as a New A Share, nil paid) is an entitlement to subscribe for one New A Share subject to payment of the Issue Price. A Fully Paid Right is an entitlement to receive one New A Share for which subscription and payment has already been made. Qualifying Shareholders' holdings of Existing A Shares held on the Rights Issue Record Date in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Fractional entitlements to New A Shares will not be allotted and, where necessary, entitlements will be rounded down to the nearest whole number of New A Shares (nil paid). The New A Shares will be issued pursuant to the authority granted to the NWR Plc Directors at the General Meeting. When issued and fully paid, the New A Shares will rank <i>pari passu</i> in all respects with the A Shares resulting from the Subdivision of the Existing A Shares, including the right to all future dividends or other distributions made, paid or declared after the date of their issue. Applications will be made to (i) the UKLA for the New A Shares and the Nil Paid Rights to be admitted to the premium segment of the Official List, (ii) the London Stock Exchange for the New A Shares and the Nil Paid Rights to be admitted to trading on the London Stock Exchange's main market for listed securities, (iii) the Prague Stock Exchange for the New A Shares to be admitted to trading on the Prime Market and (iv) the Warsaw Stock Exchange for the New A Shares and the Nil Paid Rights to be admitted to trading on the main market. It is expected that Admission will become effective and that dealings in the New A Shares (fully paid and for normal settlement) will commence on the London Stock Exchange at 8.00 a.m. (London time) on 24 September 2014 and subsequently (on or about the same date) on the Warsaw Stock Exchange and Prague Stock Exchange. It is expected that Admission (nil paid) will become effective and that dealings in the Nil Paid Rights will commence on the London Stock Exchange at 8.00 a.m. (London time) on 4 September 2014 and subsequently (on or about the same date) on the Warsaw Stock Exchange. The New A Shares and the Existing A Shares are in registered form and can be held in certificated or uncertificated form via CREST. The Existing A Shares are already admitted to CREST and, in the case of some of the Existing A Shares, also the NDS or the CSD. Accordingly, no further application for admission to CREST or the CSD is required for the New A Shares and all such shares, when issued and fully paid, may be held and transferred by means of CREST and CSD. The application for admission to NDS is required for the New A Shares and all such shares, when issued and fully paid, may be held and transferred by means of NDS. Applications will be made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST, and the Nil Paid Rights to be admitted to the NDS as separate securities. Euroclear requires NWR Plc to confirm to it that certain conditions (imposed by the CREST Manual) are satisfied before Euroclear will admit any security to CREST, respectively. It is

		expected that these conditions will be satisfied on Admission (nil paid). As soon as practicable after Admission (nil paid), NWR Plc will confirm this to Euroclear. The Bookrunner will (as agent for NWR Plc) endeavour to procure subscribers for all of those New A Shares not taken up at a price per New A Share which is at least equal to the aggregate of the Issue Price and the expenses of procuring subscribers. None of the New A Shares are being made available to the public other than to Qualifying Shareholders or any purchaser of the Right pursuant to the Rights Issue on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, any relevant Provisional Allotment Letter. The majority shareholder of NWR Plc, CERCL Mining, has irrevocably committed to take up its Rights. The remainder of the Rights Issue is being underwritten (on a several basis) by the Participating Existing Noteholders pursuant to and subject to the terms and conditions of the Underwriting Agreement. The Rights Issue is conditional, <i>inter alia</i>, upon: (a) the passing of the Resolution (without amendment) at the General Meeting; (b) the Subscription Agreement not having been terminated in accordance with its terms prior to Admission (nil paid); (c) the Underwriting Agreement having become unconditional in all respects (save for the condition in relation to Admission (nil paid) and not having been terminated in accordance with its terms prior to Admission (nil paid); (d) CERCL Mining irrevocably undertaking to NWR Plc to take up its entire entitlement to subscribe for New A Shares under the Rights Issue and not having exercised any of its termination rights in such irrevocable undertaking prior to Admission (nil paid); (e) an order of the High Court of England and Wales sanctioning the Scheme having been delivered to the Registrar of Companies of England and Wales; (f) the Chapter 15 Order being obtained; and (g) Admission (nil paid) occurring not later than 8.00 a.m. on 4 September 2014 (or such later time or date as NWR Plc and all of the Backstop Providers may agree). The Existing Noteholders have been given the opportunity to subscribe for New A Shares only if they first commit to participate in the Super Senior Facility at least <i>pro rata</i> to their respective holdings of the Existing Notes pursuant to the Placing at a price of 2.3457891¢ per New A Share (the “Issue Price”). The Issue Price represents a 82.93 per cent. discount to the Closing Price of 10.875 pence per Existing A Share on 29 July 2014. NWR Plc intends to raise approximately €32 million pursuant to the Placing. Under the terms of the Subscription Agreement, certain funds advised or managed by Ashmore Investment Management Limited (“Ashmore”), Gramercy Funds Management LLC (“Gramercy”), GLG Partners LP (“GLG”) and M&G Investment Management Limited (“M&G”) have (in their capacity as Backstop Providers) committed to take up to 26.67 per cent., 20.00 per cent., 20.00 per cent., and 33.33 per cent., respectively, of the New A Shares offered to the Existing Noteholders pursuant to the Placing. To the extent that the New A Shares are not taken up by the Other Existing Noteholders who have acceded to the Subscription Agreement default on their obligations under the Subscription Agreement, the Backstop Providers will subscribe for such New A Shares.

		The Placing will take place after the period for acceptances under the Rights Issue has closed and is conditional, <i>inter alia</i>, upon: (a) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission (nil paid)) and not having been terminated prior to Admission (nil paid); (b) the Subscription Agreement becoming unconditional in all respects and not being terminated in accordance with its terms; (c) an order of the High Court of England and Wales sanctioning the Scheme having been delivered to the Registrar of Companies of England and Wales; (d) the Chapter 15 Order being obtained; and (e) CERCL Mining having subscribed for the New A Shares that it has irrevocably undertaken, prior to Admission (nil paid), to take up in the Rights Issue, and having paid all amounts due in respect of the New A Shares at the requisite time and manner as prescribed in the Subscription Agreement. The New Convertible Notes will accrue interest at a rate of 4.0 per cent. <i>per annum</i> (subject to the PIK provisions described below) which will be payable annually in arrear on 1 November in each year, beginning on 1 November 2014, with the first interest period from the date of issue and the last interest period to the maturity date being short interest periods. NWR NV may elect to either pay interest in cash, or capitalise (as PIK) all of the interest payable by issuing additional New Convertible Notes in lieu of paying cash, in which case such interest will be capitalised at a rate of 8.0 per cent. <i>per annum</i>. Any such election is generally at NWR NV's absolute discretion, although in certain circumstances NWR NV is obliged to capitalise (as PIK) interest payable. The New Convertible Notes will mature six years from the Restructuring Effective Date and, unless previously converted, redeemed or purchased and cancelled, will mandatorily convert upon maturity. Holders of the New Convertible Notes have the option to convert their New Convertible Notes from the date falling six months after the Restructuring Effective Date until the final maturity date (when they will mandatorily convert), or if, at the option of NWR NV, an earlier redemption date is proposed, holders can convert prior to such redemption date. Upon conversion, each holder of the New Convertible Notes shall be entitled to NVA Shares, which (pursuant to the Deed Poll) will be immediately exchanged for A Shares in NWR Plc equal to such holder's <i>pro rata</i> share of the following percentage (corresponding to the calendar year in which the conversion occurs) of the ordinary share capital of NWR Plc calculated based on the ordinary share capital of NWR Plc as at the Restructuring Effective Date, on an as-diluted basis assuming that NWR Plc shall issue New A Shares in each case, subject to certain adjustments upon the occurrence of certain dilutive events: <table><tr><th>2015</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th></tr><tr><td>25.0%</td><td>27.5%</td><td>30.0%</td><td>30.0%</td><td>30.0%</td><td>30.0%</td></tr></table>	2015	2016	2017	2018	2019	2020	25.0%	27.5%	30.0%	30.0%	30.0%	30.0%
2015	2016	2017	2018	2019	2020									
25.0%	27.5%	30.0%	30.0%	30.0%	30.0%									
E.4	Conflicts of interest	The Participating Existing Noteholders are currently holders of the Existing Senior Secured Notes and the Existing Senior Unsecured Notes, as the case may be. Following the completion of the Capital Restructuring, the Participating Existing Noteholders will be holders of New A Shares pursuant to the Noteholder Equity Investment, lenders to the Group pursuant to their participation in the Super Senior Facility and holders of the New Senior Notes and New Convertible Notes (as applicable). Other than the foregoing, there is no interest, including any conflict of interest that is material to the issuer or the offer.												

E.5	Name of person offering to sell the securities Lock-up agreement details including the parties involved and indication of the period of the lock-up	New World Resources Plc. CERCL Mining has also irrevocably undertaken to vote in favour of the Resolution in respect of its holding of 63.56 per cent. of Existing A Shares, amounting to 63.56 per cent. of the total number of votes available to be cast at the General Meeting.
E.6	Dilution	The total number of A Shares in issue immediately prior to the Rights Issue and the Placing will represent approximately 4.0 per cent. of the total number of A Shares in issue immediately following completion of the Rights Issue and the Placing. The new equity being injected will therefore be represented by approximately 96 per cent. of the total number of A Shares in issue immediately following completion of the Rights Issue and the Placing. As a result of the Placing, the Qualifying Shareholder's interest in NWR Plc will be diluted, and the dilution suffered would be 20.5 per cent. once the Placing has been completed, as New A Shares are being issued for the purposes of the Placing. If the Qualifying Shareholder decides to sell or not take up some or all of his Rights (or, because the Qualifying Shareholder is an Overseas Shareholder or otherwise, the Qualifying Shareholder is not able to take up some or all of his Rights), the proportion of NWR Plc it will own will be significantly smaller once the Rights Issue and the Placing have been completed, as New A Shares are being issued for the purposes of the Rights Issue as well as for the purposes of the Placing. In these circumstances the Qualifying Shareholder's interest in NWR Plc will be diluted further and the maximum dilution the Qualifying Shareholder would suffer immediately following completion of the Rights Issue and the Placing in the event that the Qualifying Shareholder does not take up any of his Rights would be approximately 96 per cent. In addition, the Restructuring involves the issue of the New Convertible Notes, which (unless previously converted, redeemed or purchased and cancelled by NWR NV in the limited circumstances where that is permitted) shall be converted into NVA Shares and such NVA Shares will be immediately purchased by NWR Plc with the consideration for such purchase being the issue of, or transfer and delivery of, A Shares in NWR Plc. If all the New Convertible Notes are converted and no other shares are issued by NWR Plc, the maximum dilution as a result of the Rights Issue, the Placing and the conversion of the New Convertible Notes would be (i) 44.3 per cent. if the Qualifying Shareholder takes up all of his Rights in the Rights Issue and (ii) 97.2 per cent. if the Qualifying Shareholder does not take up any of his Rights in the Rights Issue.
E.7	Estimated Expenses	Not applicable. There are no commissions, fees, or expenses to be charged to investors by NWR Plc.

RISK FACTORS

Prior to investing in New A Shares, the Nil Paid Rights and/or the Fully Paid Rights, Shareholders and prospective investors should consider carefully the following risks, together with all other information included or incorporated by reference into this document. The following factors do not purport to be a complete list or explanation of all the risks involved in investing in the New A Shares, the Nil Paid Rights and/or the Fully Paid Rights. They are based on information known as at the date of this document which the NWR Plc Board considers to be material and additional risks and uncertainties not presently known or currently deemed immaterial may also have a material adverse effect on the Group's business, results of operations, financial condition and prospects and the market price of the Nil Paid Rights, Fully Paid Rights and/or New A Shares. If any of these risks materialise, the market price of the Nil Paid Rights, Fully Paid Rights and/or New A Shares may decline and Shareholders may lose all or part of their investment. Shareholders and prospective investors should consider carefully whether an investment (or further investment) in the Group is suitable for them in light of the information set out in this document and the documents incorporated by reference into this document and their personal circumstances. If Shareholders or prospective investors are in any doubt about any action they should take, they should consult a competent professional adviser who specialises in advising on the acquisition of listed securities.

(1) Risks relating to the Capital Restructuring

If the Resolution is not passed and the Capital Restructuring does not proceed it is highly likely that there would be no value returned to Shareholders

In order for the Capital Restructuring to proceed, Shareholders must approve the Resolution and by Admission (nil paid) to (i) the premium segment of the Official List, (ii) trading on the London Stock Exchange's main market for listed securities and (iii) trading on the main market of the Warsaw Stock Exchange, conditions precedent in relation to the issue of the New Senior Notes, New Convertible Notes and the Contingent Value Rights, the entry into the Super Senior Facility and the agreement of the revised terms of the ECA Facility with the ECA Lenders must be fulfilled or otherwise held in escrow and released on the completion of the Capital Restructuring and other procedural steps, as detailed in the section entitled "*There is a risk that the debt and security documents to be entered into in connection with the Restructuring will not become effective on the completion date of the Capital Restructuring and that consequently the Restructuring will not complete at a time when the Rights Issue and the Placing have already completed. Should the Restructuring not complete, Shareholders would lose their existing investment in NWR Plc and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue)*" in this "Risk factors" part of this document. Unless the Resolution is approved by Shareholders, the Capital Restructuring will not occur. If the Capital Restructuring does not occur, NWR Plc will not receive the proceeds from the Rights Issue or the Placing and the Group will not receive the injection of capital pursuant to the implementation of the other steps of the Capital Restructuring.

In parallel with the implementation of the Capital Restructuring, the Group has commenced a sale process for the Assets in case the Alternative Restructuring Plan is to be implemented. This sale process is part of NWR NV's contingency planning to ensure continuation of the operations of these Assets should the requisite majorities from Shareholders and creditors not be obtained (or if a termination event occurs) in respect of the Capital Restructuring.

If the proceeds of the Rights Issue and the Placing are not received and the other steps of the Capital Restructuring are not implemented, the Group intends to proceed with the sale of the Assets pursuant to the sale process referred to above. The Group anticipates that a sale of the Assets would be effected by way of an English scheme of arrangement and a pre-packaged English administration procedure. This procedure is being proposed by NWR NV to the Scheme Creditors at the same time as the Capital Restructuring, to facilitate the potential sale of the Assets should the Capital Restructuring not occur. This procedure would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc.

Therefore, if the Capital Restructuring does not proceed the NWR Plc Directors are of the opinion that NWR Plc would cease trading and that the subsidiaries of NWR Plc and NWR NV would become subject to applicable insolvency processes. In such circumstances,

Shareholders would lose their existing investment and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue).

The Capital Restructuring is subject to conditions other than to vote in favour of the Resolution, failure of fulfilling any one of these conditions will result in the Restructuring not proceeding

Even if the Resolution is passed, in order for the Capital Restructuring to be implemented there are other conditions that need to be fulfilled, including obtaining:

- (i) the approval of requisite majorities of holders of the Existing Notes;
- (ii) approval from the relevant courts; and
- (iii) consent from the ECA Lenders to an amended ECA Facility.

NWR NV is in breach of one of its undertakings under the ECA Facility as it moved its COMI to England and is also potentially in default of the ECA Facility due to having commenced negotiations with its creditors as part of the Restructuring. While the ECA Lenders have not taken (and have not indicated that they intend to take) any steps in respect of the breach, they have reserved their right in respect of it and may withhold their consent to an amended ECA Facility.

Moreover, the steps required to be taken to successfully effect the Capital Restructuring are inter-conditional. If the Scheme does not become effective and/or if any one of the Restructuring, the Rights Issue or the Placing does not occur, the Capital Restructuring will not take effect.

There is a risk that one or more of these steps may not be completed or satisfied, in which case the Capital Restructuring will not occur. If the Capital Restructuring does not occur, no funds will be available to be drawn by, or released to, the Group under the Super Senior Facility, and the Group will not benefit from the injection of equity capital from the Rights Issue and the Placing.

If funds are not available to be drawn, and the Capital Restructuring does not proceed, the NWR Plc Directors are of the opinion that NWR Plc would cease trading and that the subsidiaries of NWR Plc and NWR NV would become subject to applicable insolvency processes. In such circumstances, Shareholders would lose their existing investment and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue).

Even if the Capital Restructuring does proceed Shareholders may not see a return on their investment

Even if the Capital Restructuring does proceed, the ability of the Group to be in a position to return value to Shareholders for their investment is highly dependent on coal prices. The Group's realised coal prices would need to increase substantially above current levels for Shareholders to receive a return on their investment, and this is out of NWR Plc's control. If coal prices remain at their current levels, it is highly likely that no dividends would be declared, made or paid and that NWR Plc would be unable otherwise to return any value to its Shareholders and the market value of the A Shares may deteriorate. Please refer to the section entitled "*Risks relating to coal prices*" in this section of the document for further details. Furthermore, fluctuations in prices and production costs, which affect the Group's results of operations and cash flows and which may affect NWR Plc's ability to return any value to Shareholders, are subject to numerous factors beyond the Group's control. Please refer to the section entitled "*The Group's business, financial condition and results of operations may vary with fluctuations in the production costs and the prices for coal and the Group's future revenues are highly dependent on and sensitive to the prices for coal. In addition, a decline in coal prices may also require the Group to write down its mineral reserves and resources, which would result in an impairment of the Group's asset value*" in this "*Risk factors*" part of the document for further details.

In addition, there is a risk that the working capital available to the Group is not sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document. Under this Downside Scenario, the projections show that:

- i. there is no shortfall in working capital in the 12 month period following the date of this document but that the Group's available working capital would decline to a minimum of EUR 10 million in Q3 2015; and

- ii. the Group could run out of cash in mid Q4 2015 as the NWR Plc Directors would expect the Group to breach the minimum available cash requirement for the Super Senior Facility which is set at €40 million and is first tested as at 31 October 2015. At that time the ECA Facility would also be capable of acceleration and, should that acceleration be reasonably probable, all of the remaining debt of the Group could become immediately repayable.

Although there is no shortfall in projected working capital in the 12 month period following the date of this document under the Downside Scenario, given the very limited headroom in our forecasts, the NWR Plc Directors are of the view that it is prudent to determine that the Group may not have sufficient working capital for the foreseeable future, that is, for at least the next 12 months following the date of publication of this document. In the event there is a shortfall in working capital in the 12 month period following publication of this document, the Group proposes to seek alternative sources of liquidity, which may include attempting to sell the assets of OKD and NWR KARBONIA, or raise additional debt (to the extent permitted by the New Senior Notes Indenture, the Super Senior Facility and the ECA Facility) or, if no viable alternative solutions are then available, attempting to sell the assets of OKD and NWR KARBONIA in a transaction which is similar in structure to the Alternative Restructuring Plan. Such transaction would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc. There can be no assurance that additional sources of liquidity would be available or that the Alternative Restructuring Plan would be available on the same terms or at all, in which case the Group may be forced into insolvent liquidation. Please refer to the section entitled “*Importance of the vote and working capital*” of Part I (*Letter from the chairman to Shareholders*) of this document for further details.

The A Shares may be delisted from the Official List, the Prague Stock Exchange and/or the Warsaw Stock Exchange if the Group does not establish a sufficient free float in the A Shares

The UKLA requires listed issuers to maintain at least 25 per cent. free float in their listed shares. The Warsaw Stock Exchange and the Prague Stock Exchange both impose similar free float requirements. Upon completion of the Capital Restructuring, the Group may not have a sufficient free float in the A Shares. If this occurs, the UKLA may require in certain circumstances the Group to delist from the Official List. A delisting of the A Shares would adversely affect the ability of new shareholders to buy the A Shares and of holders to sell them. This may significantly adversely affect the price of the A Shares.

Upon completion of the Capital Restructuring and depending on the level of take up by existing minority shareholders in the Rights Issue and the number and level of take up by Existing Noteholders who participate in the Placing and the Noteholder Rights Issue Underwriting, there is a risk that the Group may not have sufficient free float in the A Shares. If, within three months after completion of the Capital Restructuring, there is insufficient free float in the A Shares, NWR Plc proposes to undertake a review of the percentage of A Shares that are held by each of its Shareholders and the manner in which such A Shares are held in order to take appropriate action to rectify the insufficient free float in the A Shares. Please refer to the section entitled “*Free float*” in Part I (*Letter from the chairman to Shareholders*) of this document for further details on the proposed steps to be taken by NWR Plc in the event that there is insufficient free float in the A Shares upon completion of the Capital Restructuring.

In addition, the Group must comply with the free float requirements of the Warsaw Stock Exchange. If the Group does not have a sufficient free float in the A Shares to meet these requirements, the management board of the Warsaw Stock Exchange may also require in certain circumstances the Group to delist from the Warsaw Stock Exchange. Furthermore, if the A Shares cease to satisfy the free float requirement on the main market of the Warsaw Stock Exchange, the A Shares might be moved to the listing on the parallel market of the Warsaw Stock Exchange.

The Group must also comply with the free float requirements of the official market of the Prague Stock Exchange, which is 25 per cent. or such lower percentage that ensures problem-free trading. If the Group does not establish sufficient free float in the A Shares to remain listed on the official market of the Prague Stock Exchange (the Prime Market), the general director of the Prague Stock Exchange may require the A Shares to cease trading on the official market and move the listing of the A Shares to the regulated market of the Prague Stock Exchange (being still the Prime Market), provided NWR Plc meets the other requirements for listing and trading thereon.

There is a risk that the debt and security documents to be entered into in connection with the Restructuring will not become effective on the completion date of the Capital Restructuring and that consequently the Restructuring will not complete at a time when the Rights Issue and the Placing have already completed. Should the Restructuring not complete, Shareholders would lose their existing investment in NWR Plc and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue)

By Admission (nil paid), the Rights Issue will be unconditional but the debt and security documentation relating to the Restructuring will be in agreed form and held in escrow but will not have been executed and released ahead of Admission (nil paid). The release of the debt and security documentation relating to the Restructuring will be conditional on the execution and delivery of customary legal opinions in respect thereof which are to be released on the date of completion of the Capital Restructuring and certain other procedural steps. Whilst NWR Plc believes that the risk is remote, if the requisite legal opinions are not released (or alternative legal opinions not delivered) on the date of completion of the Capital Restructuring (or the relevant procedural steps do not take place), the Restructuring will not complete. As a result, the Shareholders and other purchasers of the New A Shares who have agreed to take up New A Shares in the Rights Issue will have paid the proceeds to the Receiving Agent for their New A Shares (and such New A Shares will have been credited to the Shareholders and other purchasers who have agreed to take up New A Shares in the Rights Issue). These proceeds cannot be returned to Shareholders or others who have taken up or purchased New A Shares in the Rights Issue.

The Restructuring is also conditional upon completion of the Placing, which in turn is conditional on CERCL Mining taking up its Rights in full and having paid all amounts due.

If the proceeds of the Restructuring are not received, the Group would not have sufficient working capital. In these circumstances the Group intends to proceed with the sale of the Assets pursuant to the sale process described in the section entitled “*If the Resolution is not passed and the Capital Restructuring does not proceed it is highly likely that there would be no value returned to Shareholders*” in this “*Risk Factors*” part of this document. This procedure would result in the insolvency of NWR NV and, shortly thereafter, assuming that no proceeds were received in respect of the Rights Issue or Placing, the insolvency of NWR Plc. Therefore, if the Restructuring does not proceed, the NWR Plc Directors are of the opinion that NWR Plc would cease trading and that the subsidiaries of NWR Plc and NWR NV would become subject to applicable insolvency processes. In such circumstances, Shareholders would lose their existing investment and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue).

The Group is majority owned by the CERCL Group, and the CERCL Group’s interests may conflict with the interests of the other Shareholders and/or the interests of the Group.

The CERCL Group owns a majority of the Existing A Shares. NWR Plc has the power to elect all of the members of its own board of directors and appoint new management. The NWR Plc Board has the ability to control decisions affecting (among other things) the Group’s capital structure, including the issue of additional share capital subject to requisite shareholder authorities, the implementation of share repurchase programmes and the declaration of dividends, save that the CERCL Group has the power to approve and prevent any action requiring the approval of a simple majority of the A Shares (including changes to the Group’s capital structure, and acquisitions or sales of all or substantially all of the Group’s assets). The interests of the CERCL Group may not, in all cases, be aligned with the interests of the other Shareholders and/or the Group. If the Group encounters financial difficulties, or is unable to pay its debts as they mature, the interests of the CERCL Group may conflict with those of the other Shareholders. There can be no assurance that the resolution of any matter that may involve the interests of the CERCL Group will be resolved in a manner which other Shareholders would consider to be in their best interests or the best interests of either NWR Plc or the Group. The CERCL Group may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in the CERCL Group’s judgment, could enhance its equity investment, even though such transactions may involve risks to the other Shareholders. Furthermore, the CERCL Group and certain of its shareholders hold investments in entities which the Group has significant commercial arrangements with: for example, the transport agreement between AWT and OKD in relation to the transport of coal and other materials from OKD to its largest customers. AWT owns the “last mile” rail tracks connecting OKD’s

mines and many of its significant customers to the railway network. Either of AWT and OKD may, by giving 18 months' prior written notice, terminate their transport agreement with or without cause, which would materially affect the Group's ability to transport coal to its customers.

The Group has undertaken a significant number of related party transactions and is likely to continue to do so.

The Group has engaged and will continue to engage in a significant number of transactions with related parties, primarily with other entities beneficially owned by the CERCL Group or certain of its shareholders. Please refer to the section entitled “*Related party transactions*” in Part IX (*Additional information*) of this document for further details. The Group expects that its business relationships with entities over which those persons have a significant influence will continue in the future. Further changes in related parties' strategies may result in a reduction, alteration or termination of their relationships with the Group, which could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, the terms of any related party and intra group transactions can potentially be challenged by tax authorities, bankruptcy proceedings or under relevant securities laws on the basis of whether such transactions were on arm's length terms or in compliance with relevant regulations. Relevant tax authorities might challenge such related party or commercial dealings under applicable transfer pricing rules or principles.

The Existing Noteholders will hold a significant proportion of the Group's equity and debt, and the Existing Noteholders' interests may conflict with the interests of the other Shareholders and/or the interests of the Group.

Following the implementation of the Capital Restructuring, the Existing Noteholders will, individually and in aggregate, own a significant proportion of the New A Shares. The Existing Noteholders, in aggregate, will own between approximately 20.5 per cent. and 48.0 per cent. of the share capital in NWR Plc. Individually, certain funds managed or advised by Ashmore will hold between 3.3 per cent. and 12.8 per cent. of the share capital in NWR Plc; certain funds managed or advised by Gramercy will hold between 3.5 per cent. and 9.6 per cent. of the share capital in NWR Plc; certain funds managed or advised by GLG will hold between 0.8 per cent. and 9.6 per cent. of the share capital in NWR Plc; and certain funds managed or advised by M&G will hold between 2.9 per cent. and 16.0 per cent. of the share capital in NWR Plc.

Following the conversion of the New Convertible Notes, the Existing Noteholders are entitled to take up to an additional 30 per cent. of the fully diluted share capital of NWR Plc, therefore providing the Existing Noteholders with a greater equity position in NWR Plc, potentially between approximately 44 per cent. and 64 per cent. of the share capital in NWR Plc.

Consequently, CERCL Mining may cease to be NWR Plc's majority Shareholder and the Existing Noteholders may have the ability to block or veto certain resolutions of NWR Plc or even the power to approve and prevent any action requiring the approval of a simple majority of the A Shares (including changes to the Group's capital structure, and acquisitions or sales of all or substantially all of the Group's assets), which in turn may prejudice the rights of other Shareholders.

Furthermore, on completion of the Capital Restructuring the Existing Noteholders will have the right to nominate two directors to the NWR Plc Board. The NWR Plc Board has the ability to make decisions affecting (among other things) the Group's capital structure, including the issue of additional share capital, the implementation of share repurchase programmes and the declaration of dividends subject to any applicable requirements to obtain the approval of Shareholders and creditors. With representatives on the NWR Plc Board, there is a risk that the representatives may seek to influence the NWR Plc Board as a whole to run the business or amend the capital structure in such a manner as to optimise the Existing Noteholders' overall returns on their equity and debt participations. This may prejudice the rights of other shareholders and may not be in the best interests of NWR Plc or the Group.

The Existing Noteholders will also hold a significant portion of the Group's debt. Therefore, the interests of the Existing Noteholders may not, in all cases, be aligned with the interests of the other Shareholders. If the Group encounters financial difficulties, or is unable to pay its debts as they mature, the interests of the Existing Noteholders may conflict with those of the other Shareholders. There can be no assurance that the resolution of any matter that may involve the

interests of the Existing Noteholders will be resolved in a manner which other Shareholders would consider to be in their best interests or the best interests of either NWR Plc or the Group.

If CERCL Mining and/or any of the Backstop Providers were to default on their contractual obligations the Capital Restructuring would not complete

If CERCL Mining and/or any of the Backstop Providers were to default on their contractual obligations, the Capital Restructuring would not complete and Shareholders would lose their existing investment and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue).

CERCL Mining has irrevocably committed to take up its full entitlement to subscribe for New A Shares under the Rights Issue. The obligations of the Participating Existing Noteholders under the Underwriting Agreement and the Subscription Agreement are conditional on, *inter alia*, CERCL Mining taking up its full entitlement to subscribe for New A Shares under the Rights Issue and having paid all amounts due in respect of the New A Shares at the requisite time and manner as prescribed in the Subscription Agreement. If CERCL Mining breaches these contractual obligations, the Backstop Providers may terminate the Underwriting Agreement and the Subscription Agreement, which would mean that the Placing would not occur, the full proceeds of the Rights Issue will not have been received, the borrowings under the Super Senior Facility would not occur and the Restructuring would not proceed.

If the Backstop Providers default on their obligations under the Underwriting Agreement and the Subscription Agreement, NWR Plc would not receive sufficient proceeds from the Noteholder Equity Investment and therefore the Placing would not occur, the full proceeds of the Rights Issue will not have been received, the borrowings under the Super Senior Facility would not occur and the Capital Restructuring would not proceed.

If the full proceeds of the Placing and the Rights Issue are not received and the borrowings under the Super Senior Facility do not occur, the Group would not have sufficient working capital. In these circumstances the Group intends to proceed with the sale of the Assets pursuant to the sale process described in the section entitled “*If the Resolution is not passed and the Capital Restructuring does not proceed it is highly likely that there would be no value returned to Shareholders*” in the “*Risk Factors*” part of this document. This procedure would result in the insolvency of NWR NV and, shortly thereafter the insolvency of NWR Plc. Therefore, if the full proceeds of the Placing and the Rights Issue are not received and the borrowings under the Super Senior Facility do not occur, the NWR Plc Directors are of the opinion that NWR Plc would cease trading and that the subsidiaries of NWR Plc and NWR NV would become subject to applicable insolvency processes. In such circumstances, Shareholders would lose their existing investment and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue).

(2) Risks relating to coal prices

The Group’s business, financial condition and results of operations may vary with fluctuations in the production costs and the prices for coal and the Group’s future revenues are highly dependent on and sensitive to the prices for coal. In addition, a decline in coal prices may also require the Group to write down its mineral reserves and resources, which would result in an impairment of the Group’s asset value.

The coal mining business is generally a high fixed-cost business. As the majority of the Group’s revenue is derived from sales of coal to external parties, the Group’s business, results of operations and margins are substantially dependent on the market prices and the production costs of coal. The domestic and international coal markets exhibit fluctuations in supply and demand and, consequently, prices vary from one period to another. Prices for coal tend to be cyclical, and over the last several years have been very volatile. Coking coal, from which the Group generates the majority of its income, is particularly volatile. Since 31 December 2012 over the past 18 months, the average coking coal benchmark price has declined by 27 per cent.

Even if the Capital Restructuring does proceed, the ability of the Group to be in a position to return value to Shareholders for their investment is highly dependent on coal prices. The Group’s realised coal prices would need to increase substantially above current levels for Shareholders to receive a return on their investment, and this is out of NWR Plc’s control. If

coal prices remain at their current levels, it is highly likely that no dividends would be declared, made or paid and that NWR Plc would be unable otherwise to return any value to its Shareholders.

Fluctuations in prices and production costs, which affect the Group's results of operations and cash flows, are subject to numerous factors beyond the Group's control, including but not limited to:

- Central European and global economic trends and conditions;
- the supply of and demand for coal in Central Europe and globally;
- the demand for electricity in Central Europe;
- Central European demand for/and the price of steel and the continued financial viability of the Central European steel industry;
- the price and availability of alternative fuels and nuclear energy, including the effects of technological developments and cost of transportation;
- costs of raw materials, labour and services related to operations such as steel, rubber, petroleum products and electricity;
- the proximity to, capacity of and cost of transportation facilities;
- Central European and EU governmental regulations and taxes;
- currency exchange rate fluctuations and rate of inflation; and
- global or Central European political events and other market forces.

If, after the commencement of commercial production, coal prices fall below the costs of production at the Group's coal mines for a sustained period, it may not be economically feasible to continue production at such sites. This would materially and adversely affect production, profitability and the Group's results of operation and financial position. Any termination of mining operations at the Group's sites could result in the Group having to make certain expenditures on the decommissioning and reclamation of such sites. In addition, a decline in coal prices may also require the Group to write down its mineral reserves and mineral resources, which would have a material adverse effect on its earnings, profitability, financial position and results of operations. Should any significant write down in mineral reserves be required, material write downs of the Group's investment in the affected mining properties and increased amortisation, reclamation and closure charges may be required, which would result in an impairment of the Group's asset value. The Group's future profitability may also be materially adversely affected by the effectiveness of any hedging strategy.

A substantial amount of the Group's coal revenue is derived from sales of coking coal. As the demand for coking coal is primarily affected by global demand for coal from the steel industry, the price the Group charges its coking coal customers is directly linked to the global market conditions of the steel industry. A drop in global steel prices may put downward pressure on the prices the Group can charge its coking coal customers. In addition, further consolidation in the steel industry may lead to increased purchasing power for steel producers which could reduce the price paid for coking coal.

The Group is not a low cost producer

The Group has made significant progress in improving its operational performance. However, in response to difficult market conditions, coal mining companies around the world have been forced to pursue aggressive cost-cutting measures to bring their cost per tonne mined into line with the lower price environment. Many have also been forced to close some of their higher cost operations and freeze some of their development projects and this has taken some supply out of the market. However, many projects that were planned and set in motion during the periods of higher coal prices are now coming on line, exacerbating an already oversupplied market. Such activity may have a material adverse effect on the Group's businesses, financial condition and results of operations.

Failure by the Group to implement further profit improvement initiatives could have a material adverse effect on its business, results of operations or financial position. A failure to decrease the Group's production costs will have a material adverse effect on its profitability.

The Group's profit improvement initiatives depend on realising cost savings, efficiencies and synergies from the introduction of new technologies and operating processes, as well as reductions in the size of the Group's workforce.

The Group seeks to implement initiatives in line with its plans to decrease its production over the next several years. Its fixed costs per tonne or production costs therefore will need to decrease in order to maintain a suitable profit level. A failure to decrease production costs in line with the decrease in production or any increase in production costs will have a major impact on its profitability. The Group's main production expenses are personnel costs, service costs, materials and energy costs. Changes in the costs of the Group's mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, and could result in changes in profitability or reserve estimates. Many of these factors are beyond the Group's control. The Group will also incur significant costs in relation to the closures of its mines which are expected in line with its plan to decrease production over time.

Wage levels of the Group also face potential upward pressure as a result of the strong position of trade unions in its workforce. In addition, other input costs in the Group may arise as a result of the continued integration of the Czech Republic and Poland into the EEA or other factors. The Group may be unable to implement one or more of its profit improvement initiatives successfully or it may experience unexpected cost increases that offset savings that it may achieve, which could have a material adverse effect on its business, financial position or results of operations.

The Group relies on third-party suppliers for a number of its raw materials, including electricity, steel and parts used in the construction and continuing development of its mines and the processing of ore. In particular, the cost of electricity in the Czech Republic has increased significantly in the past few years and, while the Group has experienced recent reductions in such cost, the Group expects that increases in the future are likely. Moreover, the Group employs highly specialised machinery, equipment and services, and a future scarcity of suppliers could lead to significant price increases. Any material increase in the cost of raw materials or specialist inputs, or the inability by the Group to source third-party suppliers for the supply of its raw materials or specialist inputs, could have a material adverse effect on the Group's financial condition or results of operations.

In connection with the consummation of the sale of the Group's energy business to Dalkia, the Group is obliged, under a long term framework agreement, to purchase utilities in the requested volumes at agreed prices and the pricing mechanism for supplies will be applicable over the entire duration of the framework agreement. Furthermore, the pricing mechanism stipulates a recurring fixed payment payable in case of the closure of a mine until the expiry of the framework agreement. The fixed payment for the Paskov mine amounts to approximately EUR 1.6 million *per annum* irrespective of the actual off-take.

Economic conditions globally and in Central Europe in the period following the global financial crisis may have an adverse effect on the Group's business.

The global economic downturn, coupled with the global financial and credit market disruptions, had an impact on the coal industry through a decrease in the use of coking coal by the Group's Central European customers, specifically the Central European steel and coking industries, and a decrease in prices for coal. Though parts of the world have seen economic recovery, the speed and degree of growth is variable by geography and by industry. The markets for end products for which coking coal is a key raw material, such as the European auto manufacturing industry, continue to remain subdued. There is no certainty as to whether there will be any material recovery or how sustained the recovery would be and the experience of the global financial crisis has demonstrated the vulnerability of the coal industry to significant changes in global economic conditions. Any actions the Group may take in response to these conditions may be insufficient. A protracted worsening of global economic conditions or disruption in the financial markets could have a material adverse effect on the Group's business, financial condition and results of operations.

(3) Risks relating to the Group's business and the industry

The Group's mining and exploration activities and future mining operations are, and will be, subject to operational risks and hazards inherent in the mining industry.

The Group's business is subject to a number of inherent risks and hazards including environmental hazards, industrial accidents, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, the impact of non-compliance with laws and regulations or the implementation of new laws and regulations, natural phenomena such as inclement weather conditions, above or underground floods, earthquakes, ground movements, tailings, pipeline failures, cave ins, unusual or unexpected geological conditions and technological failure of mining methods. The Group may also contract for the transport of coal and coal products which will expose the Group to risks inherent in transportation, including loss or damage of transportation equipment and spills of cargo. There can be no assurances that the foregoing risks and hazards will not occur or, should they occur, that they will not result in damage to, or destruction of, the properties and assets of the Group, personal injury or death, environmental damage (including soil and groundwater contamination), delays in or interruption of or cessation of production from the properties or impairment of the Group's exploration or development activities, which could result in unforeseen costs, monetary losses, potential legal liability and adverse governmental action, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group must make significant capital expenditures in order to maintain its production levels and improve overall efficiency. The inability to finance these and other expenditures in the longer term could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's business and development of any new reserves requires significant capital expenditures with respect to development, maintenance, production, transport, exploration and coal preparation. The Group's business plan requires substantial capital expenditures for the foreseeable future for the purposes of, among other things, the acquisition of machinery and equipment which are factored into the Group's Life of Mine Plan's base case, maintaining of the Group's producing companies and increasing production efficiency. In addition, costs relating to the Karviná mine have also been accounted for in the Life of Mine Plan. The Group also has a number of development projects and prospects, as well as plans for its existing operations, which involve significant capital expenditure. Some of the Group's development projects and prospects may require greater investment than currently planned. The Group's business and mining plans for Dębieńsko and Morcinek will also entail significant capital expenditures if, and when, mining operations begin there. However the Group anticipates that capital investments in the short to medium term will be decreased as a result of the current economic climate.

The Group expects to be able to meet its current capital expenditures as set forth in the Life of Mine Plan from its operating cash flows. In the longer term, when the Group's financing arrangements mature, the Group's ability to secure future debt or equity financing in amounts sufficient to meet its financial needs could be adversely affected by many factors beyond its control, including but not limited to economic conditions in Central Europe and the health of the Central European banking sector and/or capital markets and factors within its control including its limited remaining reserves as at the maturity of the New Senior Notes and the ECA Facility. If the Group is unable to raise the necessary financing in the longer term, it will have to revise capital expenditures planned for after that date. Such possible reduction could adversely affect the Group's ability to expand its business and meet its production targets and, if the reductions are severe enough, they could adversely affect the Group's ability to maintain its production at planned levels. The Group's approach to development of the Dębieńsko mine is subject to the decision of the Polish mining authorities and the Group's actual capital expenditures on the Dębieńsko project may ultimately be different from those the Group currently anticipate. The Group's capital expenditures plans constitute forward-looking statements and are subject to uncertainties. Please refer to the section entitled "Risks relating to government regulation and government relationships" in this "Risk factors" part of the document for further details.

Extraction of coal from coal deposits may not be commercially viable.

Whether a deposit will be commercially viable depends on a number of factors, including the particular attributes of a deposit, such as its size and grade; the price of coal; prevailing commodity prices; costs and efficiency of the recovery methods that can be employed; proximity to infrastructure; financing costs; and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of commodities and environmental protection. The effect of these factors, either alone or in combination, cannot be accurately predicted and their impact may result in the Group not being able to economically extract minerals from any identified mineral resource or mineral reserve which, in turn, could have a material adverse effect on the Group's business, financial condition and results of operations.

A majority of the Group's revenues are derived from sales made in the Central European market and any significant downturn in the Central European economy or any decrease in the use of coal by the Group's Central European customers could have a material adverse effect on the Group's business, financial condition or results of operations.

A majority of the Group's coal sales are made in the Central European market. As a result of the land-locked nature of Central Europe and high transport costs to regions outside the Central European region, the Group has exposure which is concentrated in the Central European market. As such, the Group's business, financial condition and results of operations are highly dependent on the Central European market. Any significant downturn in the Central European economy, and in particular, with respect to the Central European steel and coking industries, could have a material adverse effect on the Group's business and results of operations. Furthermore, a significant decline in demand for coal or its excess supply by other coal producers may have a material adverse effect on the Group's businesses, financial condition and results of operations.

The Group operates in a competitive industry and the Group's business and financial condition and results of operations will be adversely affected if the Group is not able to compete effectively, including with state-owned companies who may not be driven solely by profits.

Competition in the coal industry is based on many factors, including price, production capacity, coal quality and characteristics, transportation capability, costs and brand name. The Group's coal businesses compete principally in Central Europe with other Central European coal producers and face competition from third parties, including state-owned, partially state-owned and formerly state-owned coal industries in Central Europe. The operations of state-owned coal companies may not be driven solely by profit and, as a result, may sell coal at lower prices or be able to sustain higher costs than the Group. Furthermore, some larger coal mining companies have actually increased their overall production in a drive to bring down costs per tonne. Australia, the largest coking coal exporter, increased its coking coal seaborne supply by approximately 11 per cent. This means that a significant number of coal producers will continue to have lower costs per tonne than the Group.

The Group may be unable to compete effectively due to the improvements in the quality of coal sold by the Group's competitors, a decrease in the quality of the Group's coal or deterioration of coal reserve mining conditions of competitors, particularly government-owned competitors, selling coal at lower prices. Increased competition in the future, including from new competitors that may emerge, could have a material adverse effect on the Group's business, financial condition and results of operations. While the Group believes it does not currently face significant competition from coal suppliers located outside Central Europe, the Group may in the future face increased competition from coal suppliers internationally, particularly in the event the cost of seaborne and overland transportation declines or if additional transportation infrastructure in Central Europe is built and causes a decrease in such competitors' transportation costs, or in the event China eases its restrictions on the export of coal. An increase in competition may have a material adverse effect on the Group's business, financial condition and results of operations.

Competition from other energy sources and negative public perception of coal mining, coal-fired power and heating plants could have an adverse effect on our business.

Thermal coal energy competes with other sources of energy, including oil, natural gas, nuclear and hydroelectricity. These other energy sources are to some extent interchangeable with thermological energy, particularly over the longer term. Sustained lower prices of oil, natural gas, nuclear and hydroelectricity may result in lower demand for thermal coal concentrates which in turn may result in lower market prices for thermal coal. Because of unique political, technological and environmental factors that affect the thermological industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for thermal coal power and increase the regulation of the thermal coal power industry.

Development of shale gas deposits globally and in Central Europe may have an adverse effect on the Group's thermal coal sales.

Large-scale production of shale gas deposits over the past ten years in the United States has resulted in natural gas prices falling to historic lows in the US market, making gas more competitive than coal for electricity generation. This has resulted in a significant number of US coal producers shifting to export their coal products into the global seaborne coal market. Europe is a geographically attractive location for coal shipped from the US Eastern seaboard and is thus seen as a key target market by US producers. The increasing supply of seaborne ex-US coal may have a material adverse effect on global coal prices and have a particular impact on European producers. Although not on the same scale as the United States, shale gas deposits have recently been discovered in Europe, including several Central European countries, in which some exploration is currently taking place. However, due to ongoing environmental concerns, many European countries have banned shale gas production outright whilst others are taking a wait and see approach. Even though commercial production in those countries in Europe that have allowed exploration to continue is seen to be at least eight to ten years away, any large increase in the domestic gas supply in the Group's region could see gas becoming more price competitive with thermal coal for heat and electricity generation. A more competitive price environment for thermal coal in the Central European region could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's coal mining operations are subject to operating risks that could result in decreased coal production or product mix of coking and thermal coal, which could reduce the Group's revenues.

The level of the Group's coal mining production is subject to operating conditions and events beyond its control that could disrupt operations and affect production at particular mines for varying lengths of time. These conditions and events include:

- depletion of the Group's reserves and resources;
- restrictions on extraction due to subsidence constraints imposed by surface properties or infrastructure;
- the Group's inability to acquire, maintain or renew necessary permits for mining or surface rights in a timely manner, or at all;
- changes in governmental regulation of the coal industry, including the imposition of additional taxes, fees or actions to suspend or revoke the Group's permits or changes in the manner of enforcement of existing regulations;
- adverse weather and natural disasters, such as heavy rains and flooding;
- increased or unexpected reclamation costs; and
- interruptions due to transportation delays.

Furthermore, coal mining involves hazardous activities such as operating large pieces of rotating and other heavy equipment and delivering coal via large transportation systems. The Group's underground mining operations and product mix may be affected by mining conditions such as:

- unfavourable geologic conditions, such as the highly variable thickness of the coal deposits and the amount of rock embedded in or overlying the coal deposits, especially in the Ostrava region;
- the highly variable tectonic character of the coal deposits in the Ostrava region;
- mine safety accidents, including fires and explosions from methane or rock bursts, and mine closures and fatalities resulting from such accidents;

- mining and processing equipment failures and unexpected maintenance problems;
- increased water entering mining areas and increased or accidental mine water discharges; and
- other operational risks associated with industrial or engineering activity, such as risks relating to mechanical breakdowns and the use of explosive materials.

In addition, although the Group has implemented a number of safety measures, the above risks may be exacerbated due to the depth of the Group's mines (currently ranging from approximately 600 to 1,100 metres deep, and in the future may extend to 1,400 metres deep), which are among the deepest in Central Europe.

These conditions and events may increase the Group's cost of mining and delay or halt production at particular mines, either permanently or for varying lengths of time. Furthermore, the realisation of some of these risks could result in damage to the Group's coal deposits or coal production facilities or the transportation facilities it utilises, personal injury or death, environmental damage to the Group's properties or the properties of others, or delays in mining out coal or in the transportation of coal, which could lead to monetary losses and potential legal liability.

Disruptions in transportation services or increases in the costs of transportation services could adversely impact the Group's ability to deliver coal to its customers, which could cause a decline in the Group's revenues and profitability.

The Group depends primarily upon railways to deliver coal to its customers. The cost and dependability of transportation are critical factors in the Group's customers' purchasing decisions. Increases in these transportation costs could make thermal coal a less competitive source of energy or could make some of the Group's operations less competitive than those of other coal producers.

The Group has long-term contracts in place for the provision of railway transportation services from AWT and certain of its subsidiaries, namely an association of AWT Cechofracht a.s. (which operates the Czech part of the railway system for export deliveries and also provides transport services to Germany and France) and AWT (which operates a regional railway system in the Czech Republic). In addition, the Group has transportation agreements with METALIMEX for the provision of rail transport services in Austria and other countries.

AWT owns the "last mile" rail tracks connecting the Group's mines and many of its significant customers to the railway network. The Group has the right to use these "last mile" tracks under a long-term contract with AWT, however either party may, by giving 18 months' prior written notice, terminate the contract with or without cause. Termination of the contract with AWT would affect the Group's ability to access coal from its mines and transport coal to its customers and would therefore have an adverse effect on the Group's revenues and profitability.

The Group's transportation providers may face difficulties in the future that may impair the Group's ability to supply coal to its customers. Alternatively, upon expiry or termination, supply agreements may not be able to be renegotiated at existing rates, which may lead to increased transportation costs. In addition, disruption of railway services due to weather-related problems, mechanical difficulties, strikes, lockouts and other events could temporarily impair the Group's ability to transport coal to its customers and may result in breaches of supply agreements with customers and consequently a loss of such customers or liability for contractual damages. If there are disruptions of the transportation services provided by the Group's primary rail carriers that transport its produced coal and the Group is unable to find alternative transportation providers to ship its coal, its business could be adversely affected. Prolonged disruptions to the Group's transportation services could result in delays to shipments to its customers or an inability to supply coal for its customers, which could result in customers using the Group's competitors for their coal needs, adversely affecting the Group's revenues and profitability.

Contracted coal price data included in this document may differ materially from actual coal prices and volumes realised.

The contracted coal price included in this document are based upon a number of assumptions and factors, including, among others, exchange rate fluctuations, timing and frequency of contract negotiations or renegotiations, shortened term of contracted prices, quality of mix of product required by customers, timing of deliveries, flexible provisions in individual contracts,

cost of input materials, trends in the steel industry, and costs of other substitute products. In addition, unanticipated events and the slower than expected global economic revival may continue to adversely affect any of these assumptions or factors and consequently may adversely affect the price and demand data included in this document. As a result, the actual realised prices and volumes sold for coal may differ materially from contracted price and demand data included in this document.

The Group's framework agreements provide that prices are renegotiated periodically, which may lead to lower revenues when coal prices decline, and may result in economic penalties upon a failure to meet required coal specifications.

The Group historically contracts its coal sales under long-term framework agreements. These framework agreements are typically periodic in nature and have been important to the stability and profitability of the Group's operations. The execution of a satisfactory coal supply agreement is frequently the basis on which the Group undertakes the development of coal reserves required to be supplied under the contract, but because framework agreements require the purchase price and quantity to be renegotiated at periodic intervals, these agreements generally do not commit the Group's customers to purchase any quantity of coal at any price beyond the contracted periods.

Any renegotiations would likely reflect prevailing market conditions at the time of the renegotiation and could result in a decreased price, volume or both.

As a result, the Group's framework agreements would provide only limited price protection if coal prices decline. When the Group's current framework agreements expire, the Group's customers may decide not to extend or enter into new framework agreements or may decide to purchase less coal than in the past or on different terms, including under different pricing terms. If one or more of the framework agreements with the Group's major customers were renegotiated or terminated or if any of the Group's major customers were to significantly reduce their purchases of coal from the Group, or the Group was unable to sell coal to them on terms as favourable to the Group as the terms under the Group's current agreements, the Group's revenues and operating profits could be materially adversely affected.

The Group sometimes experiences a reduction in coal prices in new framework agreements that replace some of its expiring contracts. Some of the Group's framework agreements contain force majeure provisions allowing temporary suspension of performance by the Group or the customer for the duration of specified events beyond the control of the affected party. In addition, some of the Group's material contracts contain change of control provisions which would result in the imposition of certain obligations on the Group and in some instances termination if a change of control is triggered as result of the Restructuring.

The majority of coal sales are based on long-term framework agreements, which contain provisions requiring the Group to deliver coal meeting quality thresholds for certain characteristics such as BTU (a unit measuring the amount of heat needed to raise the temperature of one pound of water by one degree Fahrenheit), sulphur content, ash content, hardness and ash fusion temperature. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries or, in the extreme, rescission of individual orders, any of which may result in the Group not achieving the revenue or profit it expects to achieve from such framework agreements.

The volume and grade of the coal the Group recovers may be less than the estimates included in this document.

A review of the Group's mineral resources and reserves is underway. Independent third parties are conducting this review. John T. Boyd Company ("JT Boyd") is reviewing the Group's Czech assets and IMC-Montan Consulting GmbH ("IMC") is reviewing the Dębieńsko project in Poland. For the Czech assets, having regard to the revised Life of Mine Plan, JT Boyd has reported on a preliminary basis a total of 66 million tonnes of JORC compliant marketable (proven and probable) reserves as at 31 March 2014. For the Czech assets, the JORC marketable reserve figure as at 31 December 2013 of 64 million tonnes represents a 65 per cent. decrease from the JORC marketable reserves as at 31 December 2012 of 184 million tonnes. The primary factor accounting for this reduction is the material decrease in market prices for coal beginning in mid to late-2012 that has continued throughout 2013 and into 2014. In the context of the review, the Group has updated its Life of Mine Plan. The revised Life of Mine Plan

excludes the Paskov mine after 2017, and part of the original Karviná expansion project. In the revised Life of Mine Plan, the annual production of the Group declines progressively over the coming ten years: from the 2014 target of 9 to 9.5 million tonnes to approximately 4 million tonnes in 2023. At current long-term coal price assumptions, production beyond 2023 is not expected.

The coal reserve and mineral resource estimates inherently include a degree of uncertainty and depend to some extent on geological assumptions, coal prices, cost assumptions, and statistical inferences which may ultimately prove to have been unreliable. There are complex non-linear relationships between these factors. Consequently, coal reserve and mineral resource estimates are often regularly revised based on actual production experience or new information (including price information) and can therefore be expected to change. Furthermore, should the Group encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, coal reserve and mineral resource estimates may have to be adjusted and mining plans may have to be altered in a way that might adversely affect the Group's operations. Moreover, a further decline in the price of coal, stabilisation at a price lower than recent levels, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environment, permitting, title or tax regulations that are adverse to the Group, may result in the volumes of coal that the Group can feasibly extract being significantly lower than the reserve and resource estimates indicated in this document. If it is determined that mining of certain of the Group's coal reserves has become uneconomic, this may ultimately lead to a reduction in the Group's aggregate reserves. If the Group's actual mineral reserves and resources are less than current estimates, the Group's prospects, value, business, financial condition and results of operations may be adversely affected.

In addition, it is possible that the quality of the coking coal products will deteriorate as reserves at the Group's mines are depleted and may not continue to meet the requirements of the Group's customers. The inability of such coal to meet quality specifications and certification requirements will cause the Group to sell such coal at lesser quality coal grades and may have a negative effect on the realised price for the coal product and on the product mix of coking and thermal coal. As such, the Group's actual reserve and resource figures could significantly differ from those included in this document.

No assurances can be given that estimates used in feasibility studies, the Life of Mine Plan or the Mineral Expert Reports will be realised.

The estimates of commodity prices and the currency exchange rates used in the Group's technical reports, feasibility studies and the Life of Mine Plan are based on conditions prevailing at the time of writing of such reports. These conditions can change significantly over relatively short periods of time and, as such, there can be no assurances that the estimates of coal prices and currency exchange rates used in such reports will remain accurate. Furthermore, if the assumptions in the Mineral Expert Reports, upon which the estimates for the Group's mineral reserves and resources are based, prove to be incorrect, the Group may be unable to recover and produce the estimated levels or quality of mineral reserves and the Group's business, prospects, financial condition and results of operations could be adversely affected.

No assurances can be given that future mineral production estimates will be achieved.

Estimates of future production for the Group's mining operations are derived from the Group's mining plans. These estimates and plans are subject to change. The Group cannot give any assurances that it will achieve its production estimates. The Group's failure to achieve its production estimates could have a material adverse effect on the Group's future cash flows, results of operations, production cost, financial condition and prospects.

The plans are developed based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions, hydrologic conditions and the physical (such as hardness) and metallurgical characteristics (such as dilatation) of the coal and the estimated rates and costs of production. Actual production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above, and as set out below, including:

- mining dilution (declining recovery);
- accidents;
- equipment failures;

- adverse geological or tectonic conditions;
- changes in power costs and potential power shortages;
- shortages of principal supplies needed for operation;
- strikes and other actions by the labour force;
- surface subsidence from underground mining; and
- regulatory restrictions imposed by government agencies.

Such occurrences could, in addition to stopping or delaying mineral production, result in damage to mineral properties, injury or death to persons, damage to the Group's property or the property of others, monetary losses and legal liabilities. These factors may also cause a coal seam that has been mined profitably in the past to become unprofitable. Estimates of production from properties not yet in production or from operations that are to be extended are based on similar factors (including, in some instances, feasibility studies prepared by the Group's personnel and outside consultants) but it is possible that actual operating costs and economic returns will differ significantly from those currently estimated. It is not unusual in new mining operations to experience unexpected problems during the start-up phase and delays can often occur in the commencement of production, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The profitability of the Group depends upon its ability to successfully exploit existing reserves and, in the longer term, to develop or acquire economically attractive coal reserves at competitive costs.

The profitability of the Group depends substantially on its ability to mine coal reserves that can be mined at competitive costs and to meet the quality needed by its customers. Reserves may not be available when required or, if available, may not be capable of being mined at costs comparable to the Group's current costs.

Because the Group's coal reserves deplete as they produce coal, the Group's ability to sustain or increase its current level of production in the long-term will depend, in part, upon its ability to acquire and develop additional coal reserves that are economically marketable and to develop new and expand existing mining operations. In the context of the review of the Group's reserves and resources, NWR Plc has updated its Life of Mine Plan. The revised Life of Mine Plan excludes the Paskov mine after 2017, and part of the original Karviná expansion project. In the revised Life of Mine Plan, the annual production of the Group declines progressively over the coming ten years: from the 2014 target of 9 to 9.5 million tonnes to approximately 4 million tonnes in 2023. At current long-term coal price assumptions, production beyond 2023 is not expected.

Additionally, the Group may not be able to accurately assess the geological characteristics of any reserves that it acquires or develops, which may adversely affect the Group's profitability and financial condition if the Group's assessment proves incorrect.

Furthermore, the Group's planned development, acquisition and exploration projects and acquisition activities may not result in significant additional reserves and such reserves may not be profitable. Exploration for coal involves many risks and uncertainties and success in exploration is dependent on a number of factors, including the quality of management, quality and availability of geological expertise and the availability of exploration capital. Major expenses may be required to establish reserves by drilling, to construct mining or processing facilities at a site, developing metallurgical processes and to extract coal. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically.

Even if an exploration programme is successful and economically marketable coal is found, it can take a number of years from the initial phases of drilling to start of production, during which time the economic feasibility of extraction may change and coal that was economically marketable at the time of discovery ceases to be economically marketable. There can be no assurances that coal recovered in small scale tests will be duplicated in large scale tests under on site conditions or in production scale operations, and material changes in geological resources or recovery rates may affect the economic viability of coal projects. There can be no assurances that exploration and development programmes will result in profitable commercial mining operations. The economics of acquiring new reserves are affected by many factors beyond the Group's control, including competition from other coal companies for suitable reserves, the lack

of suitable acquisition candidates, the lack of funds to acquire reserves, the inability to acquire reserves on commercially reasonable terms, the cost of operations, fluctuations in the price of coal, costs of processing equipment and such other factors as government regulations. In addition, the quantity of coal ultimately extracted may differ from that indicated by drilling results and such differences could be material.

The Group's ability to exploit its resources which are currently not proven reserves and implement its development projects could be limited by many factors beyond its control, including, but not limited to, the Group's ability to obtain the necessary licences and execution and operational risks.

The Group's ability to commercially exploit resources which are currently not proven reserves has even greater risk attached to it than the exploitation of proven reserves. Additional factors affecting the ability of the Group to successfully transform its development projects into profitable mining operations include the gathering of geological data, the obtaining of reserve assessments by external engineers, the granting of consents and permits from the relevant government departments, working with environmental groups, working with unions, the availability, terms, conditions and timing of acceptable arrangements for mining, transportation and construction and the performance of engineering and construction contractors, mining contractors, suppliers and consultants. A delay in gathering information necessary for an application for, or the denial of, a licence or governmental approval may adversely affect the Group's business, financial condition and results of operations. There can be no guarantee as to when the Group's development projects will receive the appropriate government approval, if at all, and whether the necessary project infrastructure will be completed, whether the resulting operations will achieve the anticipated production volumes or whether the costs in developing these projects will be in line with those anticipated. Furthermore, a significant portion of the Group's current estimated coal resources are located in excess of 1,400 metres below ground, which would render such resources difficult to mine. Regardless of whether the appropriate approval is received, such development projects are considered by the Group to be only marginally economically viable at current coal prices.

The Group is seeking to develop and mine the Dębieńsko and Morcinek coalfields, each of which requires various approvals and licences by Polish government ministries and local municipalities. Certain permits necessary for new mining opportunities are obtained upon the approval of various governmental agencies and the absence of a long-term relationship with Polish regulatory authorities such as those that other Polish mining companies may have make it more difficult for the Group to obtain such necessary permits for new mining opportunities in Poland. Delay or failure in securing the relevant governmental approvals or permits as well as any adverse change in government policies may delay or impede the Group's development and acquisition plans. Even if relevant governmental licences and permits are obtained, if the Group is unable to complete its development projects within the time frame allowed by the licences and permits, it may lose its licences to mine some of the mining areas designated to NWR Plc. Furthermore, even if relevant governmental licences and permits are obtained, the development and mining of the Dębieńsko and Morcinek coalfields are not considered by the Group as economically viable at current coal prices.

To be able to commence mining under the Dębieńsko licence, the Group must acquire additional property. Even though negotiations have progressed between the Group and the current owners of the properties, there is no assurance that the negotiations will result in the required purchases, or that the Group will be able to purchase these properties on commercially reasonable terms. Furthermore, the Group intends to apply for an amendment to its current Dębieńsko licence, which will incorporate changes in the method of access to the reserves and the year in which production will start. In spite of previously granted decisions by the Polish mining authorities, there is no guarantee that the amendment to the licence will be approved by the Polish mining authorities. Please refer to Part II (*Market overview and description of the business*) in this document for further details.

Unless there is a sustained significant improvement in the long term coal price, the Group's reserve base associated with its four Czech mines is not expected to increase significantly. Furthermore, unless there is a sustained significant improvement in the long term coal price, the Group will be unable to raise the significant capital required to develop the Polish projects. The Group's reserve base will generally diminish each year by the annual amount of production. The

Group's inability to increase its reserve base may have a material adverse effect on the growth prospects of the Group. Please refer to Part II (*Market overview and description of the business*) in this document for further details.

The Group depends on the continued availability of experienced miners, the shortage of which could result in the Group having insufficient employees to operate its business, which could adversely affect the Group's business, financial condition and results of operations.

Efficient coal mining using modern techniques and equipment requires experienced miners with proficiency in multiple mining tasks. Underground miners have a limited mining life due to limits on dust exposure, hence operational mines experience a relatively high turnover of permanent underground mining employees. The Group is therefore dependent on a continued availability of experienced miners which may not always be available.

The Group and its contractors may also face the prospect of increased competition for Polish trained workers, as a result of the recent and future privatisation of Polish competitors creating alternative job prospects.

In addition, the average age of the Group's mine workers is approximately 43 years of age, which is relatively old for the mining industry. In the event that the Group is unable to employ the necessary number of experienced miners, there could be an adverse impact on the Group's labour productivity and costs and its ability to maintain or expand production, which could have a material adverse effect on the Group's business, financial condition and results of operations. In order to mitigate these risks, the Group uses a proportion of contractors to offset any shortage of experienced miners.

The Group could be adversely affected if it fails to maintain satisfactory labour relations.

For the year ended 31 December 2013, the Group employed an average total of 12,606 employees and 3,130 contracted workers. At 31 December 2013, the Group estimates that more than half of its employees are members of trade unions. Maintaining satisfactory labour relations with the Group's employees and organised labour are important to its success.

Although the Group has historically enjoyed a positive and productive working relationship with the trade unions under the collective bargaining and wages agreements, no assurance can be made that these relationships will remain positive and productive, particularly in light of possible changes to the Group's policy and procedure that may result from the implementation of the Group's profit improvement plan. In line with the Life of Mine Plan, the Group's production profile is to decrease over the next few years. This will require a significant reduction in fixed costs which include amongst other things changes to the Group's employee base.

In October 2013, the trade union representing OKD employees announced a strike alert as a protest against the conditions of a proposed collective agreement for 2014 to 2018. In November 2013, the Group announced that OKD had reached an agreement with the trade unions and signed a new collective bargaining agreement for the years 2014 to 2018 which will lead to an approximate decrease of 8 per cent. in personal expenses at OKD in 2014 compared with 2013 in CZK terms.

Separate amendments to the collective bargaining agreement applicable to the individual organisational units (mines) are regularly negotiated with the local trade unions established at the individual units (mines). In addition, a higher-level (sector) collective bargaining agreement applies to OKD. OKD is bound by the higher-level collective bargaining agreement, and as a result the employees will not be provided with less favourable employment conditions than those outlined in the higher-level collective bargaining agreement. If future negotiations result in changes in compensation structure or any other changes in the Group's policy or procedure, there may be a negative impact on the Group's relationship with the trade unions and the Group's employees, which could negatively affect the Group's business, financial condition and results of operations.

NWR Plc's ability to operate effectively could be impaired if NWR Plc fails to attract and retain key managers.

NWR Plc's senior executives together have an average of approximately 20 years of experience in the mining industry, with specific experience in, among other things, maintaining strong customer relations and making strategic and opportunistic acquisitions. The ability to maintain NWR Plc's competitive positions and to implement NWR Plc's business strategy is dependent

on NWR Plc's senior management and the ability to attract and retain experienced and qualified members of management. In particular, the contributions of the Executive Directors and the chief executive officer of OKD (Dale Ekmark) are critical to the management of NWR Plc. If NWR Plc is not able to continue to retain such key personnel, it may be unable to manage itself or otherwise compete effectively in the Central European coal industry, which could adversely affect its business.

The Group depends on a small number of major customers, the loss of any of which, or the Group's inability to collect payment from any of which, could adversely affect the Group's financial condition and results of operations.

For the year ended 31 December 2013, the Group derived approximately 79 per cent. of its third-party thermal coal revenues from sales to its six largest thermal coal customers and 93 per cent. of its coking coal revenues from sales to its six largest coking coal customers. At 31 December 2013, the Group had material supply agreements with these customers that expire at various times between 2015 and 2016. Failure to renew such agreements or the closure of any of its customers could force the Group to reduce productions or rely on customers located further afield, resulting in lower relative prices for its products.

Furthermore, the Group's ability to receive payment for coal sold and delivered depends on the continued creditworthiness of its customers. If the Group is unable to collect payments from a number of these customers, the Group's financial condition and results of operations could be materially adversely affected.

The Group's coal operations company, OKD depends on a small number of major customers, one of which is OKK. The terms of a supply contract have been negotiated by OKD with the buyer as part of the OKK Disposal and the price thereunder is negotiated and set on a quarterly basis. Although the NWR Plc Board does not expect this to occur, if OKD and the buyer are unable to agree on a price, the supply contract may terminate. Termination of the supply contract, a decrease in purchase volumes or a decrease in the prices of OKD coking coal sold to OKK could have an adverse effect on the Group's business, cash flow, operating result, financial condition and/or prospects.

The Group's exposure to several tax jurisdictions may have an adverse effect on NWR Plc.

The Group is subject to the tax laws of several jurisdictions, including the United Kingdom, the Netherlands, Poland and the Czech Republic. NWR Plc and/or any member of the Group may be treated as being resident for tax purposes and/or otherwise subject to tax in jurisdictions other than their places of incorporation. The combined effect of the application to NWR Plc of the tax laws, including the application or disapplication of tax treaties concluded by the relevant countries, of more than one of these jurisdictions and/or their interpretation by the relevant tax authorities could, under certain circumstances, produce contradictory results and related tax liabilities for NWR Plc and may materially and adversely affect NWR Plc's business, financial condition and operating results.

Members of the Group are subject to risks in connection with the tax positions taken in the course of its business.

Members of the Group take tax positions in the course of its business with respect to various tax matters, including, but not limited to, the taxation of foreign exchange results, compliance with arm's-length principles in respect of transactions with related parties, the tax deductibility of interest and other costs and the amount of depreciation or write-down on the assets that it recognises for tax purposes. There is no assurance that the tax authorities in the United Kingdom, the Netherlands, the Czech Republic, Poland or any other jurisdiction will agree with the positions taken by members of the Group.

In the event that the tax authorities disagree with members of the Group on any of the positions taken, members of the Group may be subject to an unexpected tax liability that may have an adverse effect on the financial condition of the Group.

The Group's insurance coverage with respect to its operations may be inadequate and the occurrence of a significant event could adversely affect the Group's business, financial condition and results of operations.

The Group maintains an amount of insurance protection that it considers adequate in the ordinary course of operations, but it cannot provide any assurance that its insurance will be sufficient or provide effective coverage under all circumstances and against all hazards or

liabilities to which it may be subject. Specifically, the Group does not maintain insurance in respect of its underground operations or for all of the Group's mining equipment. As a result, the Group's insurance may not be sufficient to replace facilities or equipment that is damaged in part or in full.

Damages or third-party claims for which the Group is not fully insured could hurt the Group's financial results and materially harm its financial condition. Further, due to rising insurance costs and changes in the insurance markets, insurance coverage may not continue to be available at all or at rates or on terms similar to those presently available. Any losses not covered by insurance could have a material adverse effect on the results of the Group. From time to time, the Group may be subject to subrogation claims by insurance providers and, if such subrogation claims are not covered by other insurance policies, this could have a material adverse effect on the Group. The Group typically purchases business interruption insurance for its facilities. However, if the Group has a stoppage of operations, its insurance policies may not cover every contingency and may not be sufficient to cover all of the Group's lost revenues. In the future, the Group may be unable to purchase sufficient business interruption insurance at desirable costs.

The Group's activities are subject to risks related to extreme weather events and climate change.

Extreme weather events (such as unusually heavy snowfall or flooding) have the potential to disrupt the Group's operations. Where appropriate, emergency plans have been developed for managing extreme weather conditions; however, there can be no assurances that such plans will be sufficient to cope with all such events, and extended disruptions to supply lines could result in interruptions to production.

The Group's operations depend on regular supplies to operate efficiently. In the event that the effects of climate change cause prolonged disruption to the delivery of essential commodities, the Group's production could be reduced, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may face the risk of litigation in connection with its business and other activities.

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Group's business, financial condition and results of operations.

Fluctuations of the Czech koruna and Polish zloty against other currencies could affect the Group's business, financial condition and results of operations.

The Group's coal products are typically priced in Czech korunas and Euro, and the Group's direct costs, including raw materials, labour and/or transportation costs, are largely incurred in Czech korunas, while other costs, such as interest expense, are incurred in Czech korunas and Euro. The mix of the Group's revenues and costs is such that appreciation of the Czech koruna against the Euro tends to result in a decrease in the Group's revenues relative to its costs and a decline in its results of operations. In addition, if the Czech koruna depreciates significantly against the Euro, the Group could have difficulty repaying or refinancing its foreign currency denominated indebtedness.

A number of factors affect the price at which the Group sells coal, including, among other things, the global benchmark prices and the spot price of coal, which are denominated in US dollars, as well as local pricing conditions in Central Europe. To the extent that the price of the Group's coal is affected by global benchmark coal prices, a long-term depreciation of the US dollar against the Czech koruna and/or the Euro could adversely affect the Group's price of coal and consequently, its revenue.

The Group is also exposed to translation risk, which arises due to the conversion of balance sheet and income statement items denominated in foreign currencies to Euro for the preparation of its consolidated financial statements.

The Czech koruna depreciated against the Euro by approximately 3 per cent. in the year ended 31 December 2013 year-on-year (based on the average foreign exchange rate for the year ended 31 December 2013). Accordingly, fluctuations of the Czech koruna against the Euro could affect the Group's business, financial condition and results of operations and further appreciation of the Czech koruna against the Euro could adversely affect the Group's results.

In addition, the Group's development projects in Poland will be subject to fluctuations of the Polish zloty against the Euro and Czech koruna. However, since the projects are not yet in operation but at the initial development phase, the potential adverse impact of such fluctuations on the Group's results of operations is difficult to estimate.

To hedge against foreign exchange rate and interest rate fluctuations, the Group may use derivative financial instruments. Using derivative financial instruments may be costly and ineffective.

The Group has entered into various hedging transactions to help manage the risk of changes in interest rates or currency fluctuations with respect to borrowings made or to be made, or other obligations incurred or to be incurred, by the Group. The Group may use derivative financial instruments for this purpose, which may include interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts, options or repurchase agreements. The Group's actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge and may differ from time to time. In some cases, the Group may not elect or have the ability to implement such hedges or, if the Group does implement them, they may not achieve the desired effect. They may also expose the Group to the risk that its counterparties to hedging contracts will default on their obligations. Furthermore, although hedging transactions may limit to some degree the Group's risk from fluctuations in currency exchange and interest rates, the Group potentially forgoes benefits that might result from such fluctuations. The Group is fully hedged against interest rate risk. However, there can be no assurance that NWR Plc will be hedged as intended against currency and interest rate fluctuations in 2014, or that it will be able to hedge against the risk of interest rate or currency fluctuations in the future.

The Group does not hedge a material amount of its future coal production and is exposed to changes in the market price of coal.

The Group currently does not hedge a material amount of its future coal production, and therefore is exposed to spot price movements, although it may engage in additional hedging activities in the future. Hedging activities would be intended to protect the Group from fluctuations in the price of coal and to minimise the effect of declines in coal prices on results of operations for a period of time. Although hedging activities may protect the Group against lower coal prices, they may also limit the price that can be realised where the market price of coal exceeds the price under such hedging mechanisms.

If the Group fails to maintain a minimum liquidity threshold of EUR 40 million on or after 31 October 2015, an event of default will be triggered under the Super Senior Facility (and a cross-default under the ECA Facility) and the holders of the New Senior Notes and the New Convertible Notes may exercise their right to accelerate.

As part of the Capital Restructuring, NWR NV has negotiated a Super Senior Facility with the Existing Noteholders (a summary of which is provided in the section entitled "Super Senior Facility" in Part IX (*Additional information*) of this document). The Super Senior Facility includes a minimum liquidity maintenance covenant (the "**Minimum Liquidity Covenant**"), which states that the Group must maintain a minimum available cash level of EUR 40 million (excluding mining reserve damages). This covenant will be tested first as at 31 October 2015 and then on a quarterly basis from 31 December 2015 for the duration of the Super Senior Facility, which is due to mature two years from the Restructuring Effective Date. NWR Plc has the option (though not the obligation) to cure a breach of the Minimum Liquidity Covenant by injecting additional cash into NWR NV. This cash injection has to be completed no longer than 10 business days following delivery of the quarterly accounts which disclose a breach of the Minimum Liquidity Covenant to the lenders under the terms of the Super Senior Facility. However, such option may not be exercised more than once during the term of the Super Senior Facility. In order to be able to make an injection of cash into NWR NV in these circumstances it is likely that NWR Plc would need to raise additional cash which may not be achievable.

In the event that NWR NV breaches the Minimum Liquidity Covenant, and NWR Plc does not exercise its option to remedy such breach, an event of default will be triggered under the Super Senior Facility. This will in turn give rise to (a) the right for those Existing Noteholders who are lenders under the Super Senior Facility to accelerate the Super Senior Facility; (b) a cross-default of the ECA Facility (giving the ECA Lenders the right to accelerate the ECA Facility); and (c) the possibility that, should those Existing Noteholders or ECA Lenders accelerate the debt owed to them, the holders of the New Senior Notes and the New Convertible Notes will also accelerate due to a cross-default arising under the New Senior Notes and New Convertible Notes, respectively.

Under the Base Case scenario, the NWR Plc Directors do not anticipate a breach of this covenant. However, under the Downside Scenario, the Group could run out of cash in mid Q4 2015 as the NWR Plc Directors would expect the Group to breach the Minimum Liquidity Covenant when it is first tested as at 31 October 2015. At that time the ECA Facility would also be capable of acceleration and, should that acceleration be reasonably probable, all of the remaining debt of the Group could become immediately repayable.

Although there is no shortfall in projected working capital in the 12 month period following the date of this document under the Downside Scenario, given the very limited headroom in our forecasts, the NWR Plc Directors are of the view that it is prudent to determine that the Group may not have sufficient working capital for the foreseeable future, that is, for at least the next 12 months following the date of publication of this document.

The Group is required under the laws of various jurisdictions to create and maintain cash reserves for reclamation costs and potential liability for damage to properties owned by third parties, and such reserves may be insufficient to cover the actual costs of reclamation and liabilities.

Under Czech law, the Group is required to provide, as one of the requirements for obtaining a permit for mining each new part of the designated mining area, a reclamation plan, which obligates the Group to restore the mining site in accordance with specific standards. The Group is further required to create and maintain a cash reserve to cover the costs of implementing such reclamation plan.

In addition, the Group is also required under Czech law to create and maintain cash reserves to cover potential liabilities arising from damages associated with the Group's mining activities made to properties owned by third parties. At 31 December 2013 approximately two-thirds of the land within the Group's active mining area was owned by the Czech government or other third parties. The Group may therefore be liable for damages caused by its activities on such properties owned by third parties.

If the Group transfers any real estate assets to the holders of the B Shares or some other third party, it will be liable for any loss the transferee may incur on the real estate as a result of the Group's mining activities. Thus, as the potential liability increases, the Group may be required to create higher cash reserves. These cash reserves may not be sufficient to cover the actual costs of reclamation or compensation paid to a third party for property damage, either of which could require the Group to make significant payments in the future, adversely impacting the Group's business, financial condition and results of operations.

The formation and privatisation of the Former OKD Company and government sales could be challenged or otherwise subject to scrutiny or criticism, which could materially affect the Group's business, financial condition and results of operations.

The Former OKD Company was formed through the transformation of a state enterprise into a joint stock company in 1991 and its shares were privatised by the Czech government in a series of transactions between 1992 and 2004. These transactions involved privatisation through a voucher programme, consisting of the sale of vouchers to Czech citizens, and subsequent sales of shares in the Former OKD Company by the Czech National Property Fund. In addition, between 2002 and 2004, the Former OKD Company transferred mines that had become inactive (together with certain liabilities) to Czech public enterprises. These transactions and their implementation by the Czech government have in the past been, and continue to be, criticised, and a successful challenge of such transactions before the Czech government, Czech courts, arbitration tribunals or competent European institutions, could result in attempts to unwind or otherwise invalidate such transactions and/or create adverse publicity. There have been and continue to be a variety of legal claims, investigations, critical negative statements by political

figures and purported advocacy groups and reports in the Czech media in respect of these transactions and associated matters. Such criticism and challenges and the associated adverse publicity could affect the attractiveness of the Group as a supplier or counterparty and have other effects, which could materially adversely affect the Group's business, financial condition and results of operations.

Criminal acts such as fraud, bribery and corruption may materially adversely affect the Group's business and reputation despite any internal controls it may have in place.

The Group faces a number of risks from criminal acts such as fraud, bribery and corruption. The Group is reliant on its internal control environment, including its internal financial controls and particularly its enterprise resource planning and/or metals accounting systems, to provide it with reasonable assurance that the Group's operations are proceeding as intended. While the NWR Plc Board believes that there are adequate procedures, systems and controls in place to support the Group's business, there can, however, be no assurance that the systems and procedures implemented will be effective in preventing fraud, bribery and corruption.

The Group operates and conducts business in markets and countries which are susceptible to the risk of corruption. Although NWR Plc's internal policies and procedures mandate strict compliance with applicable laws prohibiting corrupt payments to other businesses, officials or employees or other persons, there is no assurance that such internal policies and procedures have been or will be adhered to by its employees. Findings against the Group, its directors, officers or employees, or involvement in bribery, corruption or other illegal activity could result in criminal or civil penalties, including substantial monetary fines under, for example, local laws and the UK Bribery Act 2010. Any government investigations or other allegations against the Group, its directors, officers or employees, or findings of involvement in bribery, corruption or other illegal activity by such persons, could significantly damage the Group's reputation and its ability to do business, and could materially adversely affect the Group's business, financial condition and results of operations.

(4) Risks relating to government regulation and government relationships

Extensive government regulations impose significant costs on the Group's mining operations, and future regulations could increase those costs or limit the Group's ability to produce and sell coal.

The coal mining industry is subject to increasingly strict government regulation with respect to matters such as:

- limitations on land use;
- employee health and safety;
- mandated benefits for retired coal miners;
- mine permitting and licensing requirements;
- reclamation and restoration of mining properties;
- air quality standards;
- water pollution;
- protection of human health, plant life and wildlife;
- the discharge of materials into the environment;
- surface subsidence from underground mining; and
- the effects of mining on groundwater quality and availability.

In addition, Czech regulations impose strict standards for particulate matter emissions, which may restrict the Group's ability to develop new mines or could require the Group to modify its existing operations and increase its costs of doing business.

Czech safety and health regulation in the coal mining industry is a comprehensive and pervasive system designed for the protection of employee safety and health. The costs, liabilities and requirements associated with these and other regulations may be costly and time-consuming and may delay commencement or continuation of exploration or production operations. Failure to comply with these regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of clean-up and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other

enforcement measures that could have the effect of limiting production from the Group's operations. The Group may also incur costs and liabilities resulting from claims for damages to property or injury to persons arising from the Group's operations. The Group must compensate employees for work-related injuries. If the Group does not make adequate provisions for its workers' compensation liabilities and is pursued for such sanctions, costs and liabilities, the Group's business, financial condition and results of operations could be adversely affected.

The possibility exists that new legislation and/or regulations and orders may be adopted that may materially adversely affect the Group's mining operations, the Group's cost structure and/or the ability of the Group's customers to use coal. New legislation or administrative regulations (or new judicial interpretations or administrative enforcement of existing laws and regulations), including proposals related to the protection of the environment that would further regulate and tax the coal industry, may also require the Group or its customers to change operations significantly or incur increased costs. These regulations, if enacted in the future, could have a material adverse effect on the Group's financial condition and results of operations.

For the Group's potential Polish projects, changes and developments in economic, tax, regulatory, administrative or other policies in Poland, could significantly and adversely affect the Group's business, prospects, financial condition and results of operations.

The Group may be unable to obtain and renew permits and licences necessary for its operation or mining of specific coal deposits, which would reduce its production and adversely impact the Group's business, financial condition and results of operations.

Mining companies must obtain numerous permits issued by various governmental agencies and regulatory bodies in a number of jurisdictions that impose strict regulations on various environmental and safety matters in connection with coal mining. The permitting rules are complex and may change over time, making the Group's ability to comply with the applicable requirements more difficult or even impossible, thereby precluding continuing or future mining operations. Private individuals and the public have certain rights to comment upon and otherwise engage in the permitting process, including through court intervention. Accordingly, the permits the Group needs may not be issued, maintained or renewed, or may not be issued or renewed in a timely fashion, or may involve requirements that restrict the Group's ability to conduct its mining operations. An inability to conduct the Group's mining operations pursuant to applicable permits would reduce the Group's production, cash flow and profitability.

Furthermore, the Group is required to obtain licences for mining of specific coal deposits including the Group's Polish projects at Dębieńsko and Morcinek. While the Group holds a licence for mining activities and concessions to mining areas covering all coal deposits, which it lists as reserves and resources, it needs to obtain a specific permit each time it wishes to commence the exploitation of any specific deposit. Despite the Group having a good historic record of obtaining such specific permits in the Czech Republic, the Group may not be able to obtain such specific permits in the future. In particular, one of the conditions for obtaining each such specific permit in the Czech Republic is an agreement on handling of conflicts of interest with the owner or owners of properties affected by the proposed mining of the specific coal deposit. Accordingly, the failure to reach an agreement as to the remedy of mining damage with any owner of properties affected by the proposed mining of specific coal deposits may result in the Group being unable to mine such deposits. The failure to obtain a permit to commence mining any of the specific coal deposits, which comprise the Group's reserves or resources, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is required to obtain permits on an ongoing basis for its existing mining operations. In addition, the Group requires permits and licences with respect to any new mining project at all phases of project development. The failure, or delay, in obtaining the necessary permits and licences to develop mining projects into commercial operations may adversely affect the Group's business, financial condition and prospects.

The terms of the state aid for the closure of Paskov mine is subject to regulatory approvals.

Although the Czech government has approved the Paskov Agreement (regarding financial support of the closure of Paskov mine), this agreement is subject to the notification to and approval by the European Commission. There is no guarantee that the European Commission

will approve the agreement the Group has reached with the Czech government. If the European Commission does not grant the necessary approvals, the Group will have to fund all of the costs of the closure of the Paskov mine and re-assess the timing of the closure of the mine.

The Group is required to make mining concession fee payments to the Czech and Polish governments, and significant increases in such fees in the future could adversely affect the Group's business, financial condition and results of operations.

Pursuant to the Mining Act, holders of mining licences are required to pay concession fees to the Czech government. The concession fees comprise fees calculated based on (i) mined area and (ii) mined coal fee, the levels of which are set by regulations of the Czech government and the Czech Ministry of Industry and Trade, respectively, up to a limit of (i) CZK 100 *per annum* per hectare of the mined area in the case of the mined area fee and (ii) 10 per cent. of the average price of the coal in the case of the mined coal fee.

Currently, the level of concession fees that the Group is required to pay for coal are (i) the mined coal fee of 0.5 per cent. times the EXW (which refers to Ex Works Incoterm, when the seller fulfils its obligation to deliver to the buyer upon having the goods available at the seller's premises) revenues multiplied by costs for unprocessed coal divided by the costs of making products and (ii) the mined area fee of CZK 100 *per annum* per hectare of the mined area. For the year ended 31 December 2013, the Group's total payment of mined coal fees was approximately CZK 85 million and mined area fees was approximately CZK 2 million.

Such concession fees may be increased significantly by the Czech and/or Polish government in the future, which would lead to an increase in the Group's mining costs, adversely affecting the Group's business, financial condition and results of operations.

The Group's relationship with the Czech government may be affected by the public perception of the Group, its management or its shareholders.

The Group's business is materially affected by regulation in the Czech Republic and by government decisions and priorities, such as those which led to the Paskov Agreement. The Group is one of the largest industrial employers in the Czech Republic, its main operations were formerly state owned and its situation attracts considerable media and political attention. The attitudes or actions of the government and regulators may be affected by public perception in the Czech Republic relating to the Group, its management or its shareholders and these could affect the attractiveness of the Group as a supplier or counterparty and have other effects, which could materially adversely affect the Group's business, financial condition and results of operations.

The Group's operations may substantially impact the environment or cause exposure to hazardous materials, and the Group's properties may have significant environmental contamination, any of which could result in material liabilities to the Group.

The Group uses, and in the past has used, hazardous materials and generates, and in the past has generated, hazardous waste. In addition, many of the locations that the Group owns or operates were used for coal mining and/or involved hazardous material usage before and after the Group was involved with those locations. The Group may be subject to claims for toxic torts, natural resource damage, water pollution, property damage, personal injury and other damage to the environment as well as for the investigation of and demands for the clean-up of soil, surface water, groundwater, and other media. Such claims may arise, for example, out of current or former activities at sites that the Group owns or operates currently, as well as at sites that the Group or predecessor entities owned or operated in the past, and at contaminated sites that have always been owned or operated by third parties. The Group's liability for such claims may be joint and several, so that it may be held responsible for more than its share of the remediation costs or other damages, based on its contribution to the damage caused. The Group has from time to time been subject to claims arising out of contamination at its own and other facilities and may incur such liabilities in the future. Such liabilities include those deriving from environmental damage caused by the Group to assets of the Real Estate Division, and the Group will continue to be subject to these liabilities even after the relevant assets of the Real Estate Division are transferred by the Real Estate Division to a third party. Whilst as a matter of law NWR Plc as a whole will be responsible for the reclamation of such damaged land and

the related costs, such responsibility and costs have been allocated under the Articles of Association and the Divisional Policy Statements to the Mining Division and the holders of the A Shares.

During mining operations, mining waters are drained into surface waters, which can impact flows and water quality in surface water bodies. For the purposes of regulating water contamination levels, mining companies operating in the Silesian region in the Czech Republic that wish to drain their mining water into surface water are first required to obtain a licence from the Regional Office of Moravian – Silesian Region. The quality of the surface water is constantly monitored and regular samples are taken. Whilst the Group has water treatment measures in place to limit the risk of any chemicals used during the mining process being filtered into the mining waters and drained into the surface water, there is no guarantee that water contamination will not occur. If the Regional Office of Moravian – Silesian Region detect chemical contamination in surface water samples which are attributed to the Group's drainage system, it is likely that a penalty will be imposed on the Group and the Group may be required to implement improved drainage systems, which may be costly. The costs of the Group's efforts at the streams it is currently addressing, and at any other streams that may be identified in the future, could be significant.

These and other impacts that the Group's operations may have on the environment, as well as exposures to hazardous substances or wastes associated with the Group's operations and environmental conditions at the Group's properties, could result in costs and liabilities that would materially and adversely affect the Group.

The Group's liability arising from the contamination of land caused in the pre-privatisation era may be covered by a state indemnity existing under the agreement ("**Ecological Agreement**") entered into in 1996 by the Former OKD Company and the Czech National Property Fund. The Former OKD Company was the original party to the Ecological Agreement. Upon the demerger of the Former OKD Company into OKD, by operation of law and in accordance with the applicable government order, the rights and obligations of the Former OKD Company under the Ecological Agreement were assigned to OKD and subsequently to OKK. As a consequence of the divestment of OKK, the Ecological Agreement passed with OKK upon completion and contractual arrangements have been put in place between the Group and the METALIMEX group as part of the transaction to require due performance of the rights under the Ecological Agreement on the OKD sites. Therefore, to the extent that any of the Group's former sites are affected by historical environmental damage and fall under the scope of coverage arising from Ecological Agreement, the Group will be dependent on contractually agreed co-operation with OKK (and indirectly with its new owners) to administer and facilitate the provision of the financial means arising from the Ecological Agreement. Prior to the divestment of OKK, the Group, through OKK, had direct rights from the Ecological Agreement and was able to use those rights in prioritising the removal of environmental damage from those sites which were prioritised by OKD for the mining activity. Such approach and strategy is now dependent on the co-operation with OKK and its new owners. If OKK does not comply with its contractual obligations to enforce the Ecological Agreement, the Group may not receive the benefits of the obligations of the Czech National Property Fund under the Ecological Agreement. If the Group does not receive the benefits of the obligation under the Ecological Agreement, the Group may not be reimbursed for any costs arising from the contamination of land, which would have fallen within the scope of the state indemnity. As a result, the Group may be liable for any payments without recourse and the Group's cash position and financial condition would be adversely affected.

The adoption of stricter environmental regulations to reduce carbon dioxide emissions could result in restrictions on coal use and reduce the demand for coal.

The European Union, the Czech Republic and the Republic of Poland have entered into international agreements that require them to mitigate greenhouse gas emissions. In order to discharge these obligations, the European Union and its member states have sought to regulate emissions of greenhouse gas through a broad spectrum of measures including direct regulation, taxation, trading schemes and incentives for non-fossil fuel power generation. These efforts to control greenhouse gas emissions and to incentivise alternative sources of power generation could result in reduced demand for coal or could adversely affect the business of the Group's customers and, in turn, have a material adverse effect on the Group's business, prospects and results of operations.

Stricter environmental regulation of emissions from coal-fired electricity generating plants, including emissions of sulphur dioxide, particulates and nitrous oxides have been legislated by the European Union and will come into effect from 2016 onwards. These measures could increase the costs of using coal, thereby reducing demand for coal as a fuel source, and the volume and price of the Group's coal sales. Further restrictions and tightening of regulations could make coal a less attractive fuel alternative in the planning and building of utility power plants in the future.

Regulation of carbon dioxide emissions may continue to tighten within the European Union such that the continued use of coal for power generation may only be possible through the implementation of new technologies, such as carbon capture and storage to mitigate carbon dioxide emissions. These technologies are untested on a commercial scale and there can be no guarantee that they will ever become commercially available. In addition, their implementation may increase operational costs for power generators, which may adversely impact demand for coal.

(5) Risks relating to an investment in the New A Shares, the Rights Issue and the Placing

NWR Plc's share price may fluctuate

Shareholders and prospective investors should be aware that the value of an investment in the New A Shares may go down as well as up. The market price of the New A Shares, Nil Paid Rights and Fully Paid Rights may be subject to fluctuations due to a change in sentiment in the market regarding the New A Shares, Nil Paid Rights and Fully Paid Rights and may not always reflect the underlying asset value. Such fluctuations depend on the market's perception of the likelihood of completion of the Rights Issue, the Placing and the Restructuring as well as the market's response to various facts and events including:

- fluctuations in the price of coal;
- the controlling entity (if any) of NWR Plc;
- general economic and political conditions, including in the Central European region;
- any regulatory changes affecting the Group's operations;
- variations in the Group's anticipated or actual operating results;
- business developments concerning the Group or its competitors;
- the operating and share price performance of other companies in the industries and markets in which the Group operates;
- speculation about the Group's business in the press, media or investment community;
- fluctuations in the exchange rate between the US dollar and pounds sterling or other currencies affecting the Group's business; and
- other factors unrelated to the Group's operating results.

Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for securities and which may be unrelated to the Group's performance or prospects. Furthermore, the Group's operating results and prospects from time to time may be below the expectation of market analysts and/or investors. Any of these events may result in a decline in the market price of the New A Shares, Nil Paid Rights and Fully Paid Rights.

Changes in the price of the A Shares and the New A Shares on the Prague Stock Exchange and the Warsaw Stock Exchange may trigger automatic trading halts and this may affect the marketability and price of those shares.

An active trading market in the Nil Paid Rights may not develop

An active trading market in the Nil Paid Rights may not develop on the London Stock Exchange and the Warsaw Stock Exchange during the trading period. Because the trading price of the Nil Paid Rights depends on the trading price of the Existing A Shares, the Nil Paid Rights price may be volatile and subject to the same risks as noted elsewhere in this document. In addition, changes in the price of the Nil Paid Rights may trigger automatic trading halts on the Warsaw Stock Exchange. This may affect investors' ability to sell Nil Paid Rights should they wish to do so. Volatility of the price of the Existing A Shares may also magnify the volatility of the price of the Nil Paid Rights.

If there is a substantial decline in the price of the Existing A Shares, the Nil Paid Rights may become worthless

The public trading market price of the Existing A Shares may decline below the subscription price for the New A Shares. Should that occur after investors exercise their rights in the Rights Issue, investors will suffer an immediate unrealised loss as a result. Following the exercise of rights, such investors may be unable to sell New A Shares at a price equal to or greater than the subscription price. Shareholders who decide not to exercise the Nil Paid Rights may also sell or transfer them. If the public trading market price of the A Shares declines below the subscription price for the New A Shares, investors who have acquired any such Nil Paid Rights in the secondary market will suffer a loss as a result.

Any future A Share issues and sales of A Shares by major Shareholders may have an adverse effect on the market price of the A Shares

Immediately after completion of the Capital Restructuring, CERCL Mining will continue to be the majority shareholder of NWR Plc and the aggregate holdings of CERCL Mining and the Existing Noteholders will total in aggregate between 71.0 per cent. and 98.5 per cent. of the issued A Shares. There may be limited liquidity in the trading of the A Shares and the price of an A Share may be adversely affected. Future trading prices of the New A Shares will depend on many factors, including, among others, prevailing interest rates, the Group's operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the New A Shares. Any such disruption may have a negative effect on you, as a holder of New A Shares, regardless of the Group's prospects and financial performance. No person has any obligation to undertake any market making activities with respect to the New A Shares. In addition, liquidity may be limited if NWR Plc makes large allocations to a limited number of investors. If no active trading market develops, you may not be able to resell your New A Shares at a fair value, if at all. Further issues of A Shares may dilute the percentage ownership of holders of New A Shares.

Other than pursuant to the Rights Issue and the Placing, as a result of the conversion of the New Convertible Notes and under any management or employee incentive plan, the Group has no current plans for a subsequent issue of A Shares. However, it is possible that the Group may decide to offer additional A Shares in the future (for example, for the purpose of assisting NWR Plc to cure a breach of its requirement to maintain sufficient free float). If Shareholders did not take up any such offer of A Shares or were not eligible to participate in such offering, their proportionate ownership and voting interests in NWR Plc would be reduced. An additional offering or a significant sale of A Shares by any of the Group's major Shareholders could have an adverse effect on the market price of the outstanding A Shares.

Investors may not receive compensation for expired and unexercised rights

The subscription period for the New A Shares being offered in the Rights Issue is expected to commence on 4 September 2014 and is expected to expire at 11:00 a.m. on 23 September 2014. If an investor fails to exercise its Nil Paid Rights prior to the end of the subscription period, it may not receive the economic benefit of such Nil Paid Rights because there is no assurance that the procedure in respect of Nil Paid Rights not taken up, described in Part VIII (*Terms and conditions of the Rights Issue*) of this document, will be successful in either selling the Nil Paid Rights or in respect of the prices obtained.

An investor in NWR Plc whose principal currency is not Euro is exposed to foreign currency risk

The A Shares are denominated in Euro. An investment in A Shares by an investor whose principal currency is not Euro exposes the investor to foreign currency rate risk. Any depreciation of the Euro in relation to such foreign currency will reduce the value of the investment in the A Shares in foreign currency terms, and any appreciation of the Euro will increase the value in foreign currency terms.

The ability of Shareholders from outside the United Kingdom to bring actions or enforce judgments against NWR Plc or the NWR Plc Directors may be limited

The ability of a Shareholder from outside the United Kingdom to bring an action against NWR Plc may be limited under English law. NWR Plc is a public limited company incorporated under the laws of England and Wales. The rights of holders of Ordinary Shares are governed by

English law and by the Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-UK corporations. In particular, English law significantly limits the circumstances under which shareholders of English companies may bring derivative actions. Under English law generally, only NWR Plc can be the proper claimant in proceedings in respect of wrongful acts committed against it. Neither an individual Shareholder nor any group of Shareholders has any right of action in such circumstances. In addition, it may be difficult for a Shareholder from outside the United Kingdom to effect service of process outside of the United Kingdom or prevail in a claim against NWR Plc under, or to enforce liabilities predicated upon, non-UK securities laws, including US appraisal rights afforded to dissenting Shareholders, US disclosure liability laws or other US federal securities laws.

A Shareholder may not be able to enforce a judgment against some or all of the NWR Plc Directors and Senior Managers if they are located in a different jurisdiction. Consequently, it may not be possible for such a Shareholder to effect service of process upon the NWR Plc Directors and Senior Managers within such Shareholder's country of residence nor to enforce against the NWR Plc Directors and Senior Managers judgments of courts of such Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that such a Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of certain countries against the NWR Plc Directors or Senior Managers who are residents of countries other than those in which judgment is made. In addition, certain courts may not impose civil liability on the NWR Plc Directors or Senior Managers in any original action based solely on securities laws brought against the NWR Plc Directors or Senior Managers in a court of competent jurisdiction in other countries.

Admission of the New A Shares may not occur when expected

Application for Admission of the New A Shares is subject to the approval (subject to satisfaction of any conditions to which such approval is expressed to be subject) of the UK Listing Authority and Admission (nil paid) will become effective as soon as a dealing notice has been issued by the UK Listing Authority and the London Stock Exchange has acknowledged that the New A Shares (nil and fully paid) will be admitted to trading. Additionally, application for Admission of the New A Shares to trading on the Prime Market of the Prague Stock Exchange and of the New A Shares and the Nil Paid Rights to trading on the main market of the Warsaw Stock Exchange is subject to, among other things, its approval by the Prague Stock Exchange and Warsaw Stock Exchange (respectively) and satisfaction of any condition specified in such approvals. There can be no guarantee that any conditions to which Admission is subject will be met or that the UK Listing Authority will issue a dealing notice. Please refer to the section entitled "*Expected timetable of principal events*" of this document for further information on the expected dates of these events.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2014
RIGHTS ISSUE AND PLACING	
Announcement of the Rights Issue and Placing.....	8:00 a.m. (London time), 31 July
Publication of this document.....	30 July
Despatch of this document and Forms of Proxy	31 July
Latest time and date for receipt of Forms of Proxy	10:00 a.m. (CET), 18 Aug
General Meeting	10:00 a.m. (CET), 20 Aug
Subdivision of Existing A Shares	27 Aug
Rights Issue Record Date for entitlements under the Rights Issue for Qualifying Shareholders	5:00 p.m. (London time), 2 Sept
Despatch of Provisional Allotment Letters (to Qualifying non-CREST Shareholders only) ⁽¹⁾	3 Sept
Stock accounts credited with Nil Paid Rights (for Qualifying CREST Shareholders and Participating Existing Noteholders)	8:00 a.m. (London time), 4 Sept
Admission/commencement of dealings in Nil Paid Rights on the London Stock Exchange and Existing A Shares (held on the Rights Issue Record Date) marked “ex-rights”	8:00 a.m. (London time), 4 Sept
Nil Paid Rights and Fully Paid Rights enabled in CREST	8:00 a.m. (London time), 4 Sept
Recommended latest time and date for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (<i>i.e.</i> if your Nil Paid Rights or Fully Paid Rights are in CREST and you wish to convert them into certificated form)	4:30 p.m. (London time), 17 Sept
Latest time and date for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (<i>i.e.</i> if your Nil Paid Rights or Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them into uncertificated form)	4:30 p.m. (London time), 18 Sept
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	11:00 a.m. (London time), 19 Sept
Latest time and date for acceptance, payment in full and registration of renunciation of Provisional Allotment Letters	11:00 a.m. (London time) 23 Sept
Announcement of the results of the Rights Issue through a Regulatory Information Service, ESPI and the Central Storage of Regulated Information	8:00 a.m. (London time), 24 Sept
New A Shares credited to CREST stock accounts	24 Sept
Commencement of dealing in New A Shares fully paid	24 Sept
Despatch of definitive share certificates for New A Shares in certificated form	by no later than 8 Oct
RESTRUCTURING	
Shareholders’ Meeting	20 Aug
Creditors’ meeting to vote on the Scheme.....	29 Aug
Sanction Hearing	2 Sept
Chapter 15 Hearing	3 Sept
Expected completion date of the Capital Restructuring	1 Oct

Notes:

- (1) Subject to certain restrictions relating to Qualifying Shareholders with registered addresses outside the UK, the Czech Republic and Poland details of which are set out in Part VIII (*Terms and conditions of the Rights Issue*) of this document.
- (2) References to times in this document are to London time unless otherwise stated.
- (3) The times and dates set out in the expected timetable of principal events above and mentioned in this document and in the Provisional Allotment Letters are indicative only and may be adjusted by NWR Plc in which event details of the new dates will be notified to the FCA, the London Stock Exchange, the ESPI, the Central Storage of Regulated Information and, where appropriate, Qualifying Shareholders and Participating Existing Noteholders.
- (4) If you have any queries on the procedure for acceptance and payment, you should contact Computershare Investor Services PLC, Corporate Actions Projects, BS99 6AH on 0870 707 4034 or from outside the United Kingdom on +44 870 707 4034. Please note that Computershare Investor Services PLC cannot provide financial advice on the Rights Issue and the Placing or as to whether or not you should take up your rights under the Rights Issue.

RESTRUCTURING, RIGHTS ISSUE AND PLACING STATISTICS

Number of Existing A Shares in issue at the date of this document	264,742,143
Number of A Shares to be issued for the purposes of the Rights Issue and the Placing	6,394,436,852
Estimated gross proceeds to NWR Plc of the Placing	€32 million
	19 New A
	Shares for every
	1 Existing A
	Share held on
	the Rights Issue
Basis of Rights Issue	Record Date
Issue price per New A Share	€0.023457891
Number of New A Shares to be provisionally allotted pursuant to the Rights Issue ...	5,030,100,717
	approximately
Estimated gross proceeds of the Rights Issue.....	€118 million
Estimated aggregate gross proceeds to NWR Plc of the Rights	approximately
Issue and the Placing.....	€150 million
	approximately
Estimated aggregate net proceeds to NWR Plc of the Rights Issue and the Placing	€143.4 million
New A Shares as a percentage of NWR Plc's enlarged issued share capital immediately	approximately
after the Rights Issue and the Placing.....	96%
Number of New A Shares in issue immediately following the Rights Issue and the	
Placing	6,659,178,995

IMPORTANT INFORMATION

General notice

J.P. Morgan is acting exclusively for NWR Plc in relation to the Rights Issue and nobody else and will not be responsible to anyone other than NWR Plc for providing the protections afforded to customers of J.P. Morgan nor for providing advice in relation to the Rights Issue and the Placing, the contents of this document, or any other matter referred to in this document.

A letter from the chairman of NWR Plc, which contains the unanimous recommendation of the NWR Plc Directors to vote in favour of the Capital Restructuring, is set out in Part I (*Letter from the chairman to Shareholders*) of this document. A meeting to consider the proposals contained in the notice of general meeting set out at the end of this document will be held at 10.00 a.m. (CET) on 20 August 2014 at NWR Plc's corporate office at Jachthavenweg 109h, 1081 KM Amsterdam, the Netherlands.

Notice to investors in the European Economic Area (other than the UK, the Czech Republic and Poland)

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**relevant member state**”) (except for the UK, the Czech Republic and Poland), no Nil Paid Rights, Fully Paid Rights or New A Shares have been offered or will be offered pursuant to the Rights Issue or the Placing to the public in that relevant member state prior to the publication of a prospectus in relation to the Nil Paid Rights, the Fully Paid Rights and the New A Shares which has been approved by the competent authority in the relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state all in accordance with the Prospectus Directive, except that, offers of Nil Paid Rights, Fully Paid Rights and New A Shares may be made to the public in that relevant member state at any time:

- (a) to any legal entity which is a qualified investor, as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the relevant member state has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in that relevant member state; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Nil Paid Rights, Fully Paid Rights or New A Shares shall result in a requirement for the publication by NWR Plc or any Backstop Provider of a prospectus pursuant to Article 3 of the Prospectus Directive (or any measure implementing the Prospectus Directive in that relevant member state).

For this purpose, reference to “any offer of any Nil Paid Rights, Fully Paid Rights or New A Shares to the public” in relation to any Nil Paid Rights, Fully Paid Rights or New A Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and/or the Placing and any Nil Paid Rights, Fully Paid Rights and/or New A Shares to be offered so as to enable an investor to decide to acquire any Nil Paid Rights, Fully Paid Rights and/or New A Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state. The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measures in each relevant member state, and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

In the case of any Nil Paid Rights, Fully Paid Rights or New A Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that (i) it is a qualified investor within the meaning of Article 2(1)(c) of the Prospective Directive and (ii) the Nil Paid Rights, the Fully Paid Rights and/or the New A Shares acquired by it in the Rights Issue and/or the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Nil Paid Rights, Fully Paid Rights or New A Shares to the public other than their offer or resale in a relevant member state to qualified investors within the meaning of Article 2(1)(c) of the Prospective Directive or in circumstances in which the prior consent of NWR Plc has been obtained to each such proposed offer or resale. Each of NWR Plc and its Affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the

above, a person who is not a qualified investor within the meaning of Article 2(1)(c) of the Prospective Directive and who has notified NWR Plc in writing of such fact may, with the prior written consent of NWR Plc, be permitted to acquire or purchase Nil Paid Rights, Fully Paid Rights and/or New A Shares in the Rights Issue and/or the Placing.

Notice to all overseas investors

All Overseas Shareholders and any person who is resident or located in or a citizen or national of any country outside the United Kingdom, Czech Republic, and Poland and any person (including, without limitation, a custodian, nominee or trustee) who holds Existing A Shares for the account or benefit of any Overseas Shareholder or any such person who has a contractual or legal obligation to forward this document or any Provisional Allotment Letter, if and when received, or any other document relevant to the Rights Issue or the Placing, to a jurisdiction outside the UK, the Czech Republic and Poland should read the section entitled “*Overseas Shareholders*” of Part VIII (*Terms and conditions of the Rights Issue*) of this document.

Notice to all investors

The distribution of this document and/or any accompanying documents (and/or any Provisional Allotment Letter) and/or the transfer of Nil Paid Rights or Fully Paid Rights in or into jurisdictions outside the UK, the Czech Republic and Poland may be restricted by law. Persons into whose possession any of these 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 or regulations of any such jurisdiction. In particular, such documents should not be distributed, forwarded or transmitted in or into the United States (subject to certain exceptions) or any of the Excluded Territories or any jurisdiction where the extension or availability of the Rights Issue and/or the Placing would breach any applicable law. For further information on the manner of distribution of the Nil Paid Rights, the Fully Paid Rights and the New A Shares, and transfer restrictions to which they are subject, please refer to the sections entitled “*Action to be taken by Qualifying Non Crest Shareholders in relation to the Nil Paid Rights represented by Provisional Allotment Letters*”, “*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights and Fully Paid Rights in CREST and (where relevant) NDS or CSD*” and “*Overseas Shareholders*” of Part VIII (*Terms and conditions of the Rights Issue*) of this document.

The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters and the New A Shares are not transferable except in accordance with, and the distribution of this document is subject to, the restrictions set out in the sections entitled “*Action to be taken by Qualifying Non Crest Shareholders in relation to the Nil Paid Rights represented by Provisional Allotment Letters*”, “*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights and Fully Paid Rights in CREST and (where relevant) NDS or CSD*” and “*Overseas Shareholders*” of Part VIII (*Terms and conditions of the Rights Issue*) of this document. No action has been taken by NWR Plc or any other person that would permit an offer of the New A Shares or rights thereto or possession or distribution of this document or any other offering or publicity material or the Nil Paid Rights, the Fully Paid Rights or the Provisional Allotment Letters in any jurisdiction where action for that purpose is required, other than in the United Kingdom, the Czech Republic and Poland.

Notice to investors in the Czech Republic

This document has been approved by the FCA and will be notified to the Czech National Bank in accordance with Section 36f of Act No. 256/2004 Coll., on Doing Business on Capital Markets, as amended (the “**Czech Capital Markets Act**”), for the purposes of offering the New A Shares, Nil Paid Rights and Fully Paid Rights to the public in the Czech Republic and the listing of the New A Shares on the Prime Market of the Prague Stock Exchange. As a result, this document and any marketing materials may be distributed by NWR Plc to the public in the Czech Republic and the New A Shares, Nil Paid Rights and Fully Paid Rights may be offered by NWR Plc. for sale, purchase or barter to the public in the Czech Republic, in each case in compliance with the Czech Capital Markets Act and other applicable mandatory provisions of law.

Notice to investors in Poland

NWR Plc will be authorised to carry out the public offering and/or admittance to trading and listing on the Warsaw Stock Exchange of the New A Shares and Nil Paid Rights in Poland once this Prospectus has been notified to the Polish Financial Supervision Authority (*Komisja Nadzoru*

Finansowego) under Article 37 of the Public Offering Act. For the purposes of the Rights Issue and the Placing in Poland NWR Plc will make the Prospectus together with the Polish translation of the summary section available on NWR Plc's website (<http://www.newworldresources.eu/en>).

Notice to investors in Canada

The Existing A Shares held on the Rights Issue Record Date, Nil Paid Rights or Fully Paid Rights have not been or will not be registered under the securities legislation of any province or territory of Canada. Subject to certain exceptions, the New A Shares, the Existing A Shares held on the Rights Issue Record Date, Nil Paid Rights or Fully Paid Rights will not be directly or indirectly offered for subscription or purchase, taken up, sold, delivered, renounced or transferred in or into Canada. Therefore, subject to certain exceptions, no offer or sale of Existing A Shares held on the Rights Issue Record Date, Nil Paid Rights or Fully Paid Rights will be made within Canada and no Provisional Allotment Letters will be sent to, nor will any Nil Paid Rights be credited to, a stock account in CREST on behalf of any Shareholder with a registered address or who is resident or located in Canada.

Notice to investors in Japan

The Nil Paid Rights, the Fully Paid Rights, the Existing A Shares held on the Rights Issue Record Date and the New A Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the “**FIEL**”). This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to investors in Switzerland

The Nil Paid Rights, the Fully Paid Rights and the Existing A Shares held on the Rights Issue Record Date may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Nil Paid Rights, the Fully Paid Rights, the Existing A Shares held on the Rights Issue Record Date and the New A Shares or the Rights Issue and the Placing may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Rights Issue and the Placing, NWR Plc, the Nil Paid Rights, the Fully Paid Rights and the Existing A Shares held on the Rights Issue Record Date have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of the Nil Paid Rights, the Fully Paid Rights and the Existing A Shares held on the Rights Issue Record Date will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (“**FINMA**”), and the offer of Nil Paid Rights, the Fully Paid Rights or the Existing A Shares held on the Rights Issue Record Date has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Nil Paid Rights, the Fully Paid Rights and the Existing A Shares held on the Rights Issue Record Date.

Notice to investors

Each person to whom Nil Paid Rights, the Fully Paid Rights or the New A Shares are distributed, offered or sold outside the United States will be deemed by his subscription for, or purchase of, Nil Paid Rights, the Fully Paid Rights or the Existing A Shares held on the Rights Issue Record Date to have made the representations and warranties, on his behalf and on behalf of any investor accounts for which he is subscribing for or purchasing the Nil Paid Rights, the Fully Paid Rights, the Existing A Shares held on the Rights Issue Record Date or the New A Shares, as the case may be, set out in

the section entitled “*Additional representations and warranties*” of Part VIII (*Terms and conditions of the Rights Issue*) of this document, as applicable.

Each subscriber or purchaser acknowledges that NWR Plc and the Bank will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by his subscription for, or purchase of, the Nil Paid Rights, the Fully Paid Rights or the Existing A Shares held on the Rights Issue Record Date, as the case may be, are no longer accurate, he shall promptly notify NWR Plc. If such subscriber or purchaser is subscribing for, or purchasing, the Nil Paid Rights, the Fully Paid Rights or the New A 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.

Own investigation

Any decision in connection with the Rights Issue and the Placing should be made solely on the basis of the information contained in this document. Without limitation to the foregoing, reliance should not be placed on any information in announcements released by NWR Plc prior to the date hereof, except to the extent that such information is repeated or incorporated by reference into this document.

Apart from the responsibilities and liabilities, if any, which may be imposed upon the Bank under the FSMA or the regulatory regime established thereunder: (i) the Bank 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 NWR Plc, the Nil Paid Rights, the Fully Paid Rights, the New A Shares, the Provisional Allotment Letters, the Rights Issue or the Placing 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) the Bank 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.

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The contents of this document should not be construed as legal, business or tax advice. Each prospective investor should consult his, her or its own legal adviser, financial adviser and/or tax adviser for advice. None of NWR Plc or the Bank nor any of their respective representatives is making any representation to any offeree or purchaser of the New A Shares, the Existing A Shares held on the Rights Issue Record Date, Nil Paid Rights or Fully Paid Rights regarding the legality of an investment in the New A Shares, the Existing A Shares held on the Rights Issue Record Date, Nil Paid Rights or Fully Paid Rights 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 NWR Plc and the terms of the Rights Issue and the Placing, including the merits and risks involved.

Any reproduction or distribution of this document in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than in considering an investment in the New A Shares, the Existing A Shares held on the Rights Issue Record Date, Nil Paid Rights or Fully Paid Rights offered or otherwise made available hereby, is prohibited. Each offeree of the New

A Shares, the Existing A Shares held on the Rights Issue Record Date, Nil Paid Rights or Fully Paid Rights by accepting delivery of this document agrees to the foregoing.

Information not contained in this document

No person has been authorised to give any information or make any representation other than those contained in or incorporated by reference into this document and, if given or made, such information or representation must not be relied upon as having been authorised by NWR Plc, the Bank 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 NWR Plc 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 the Bank 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 NWR Plc or its subsidiaries, or the New A Shares, the Existing A Shares held on the Rights Issue Record Date, Nil Paid Rights or Fully Paid Rights (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 NWR Plc or the Bank.

No incorporation of website information

The contents of NWR Plc's website or any website mentioned in this document or any website directly or indirectly linked to NWR Plc's website have not been verified and do not form part of this document and investors should not rely on it.

Mineral resources and mineral reserves reporting – basis of preparation

As stated in paragraph 1.3 of the IMC MER, the resources and reserves of the Dębieńsko mine area have been estimated by various state geological institutions and more recently by NWR KARBONIA in line with the principles of the classification system used in Poland. The basis of the Polish classification system assigns resources to clearly defined categories combining measures of confidence of resource identification with criteria of economic feasibility to enable the Polish government to keep balance books of national mineral resources for planning purposes.

Resource estimates for Dębieńsko have been reviewed in terms of the nature of evidence to confirm the reasonableness of the existing estimations. The resources were then restated as measured, indicated or inferred resources in accordance with the JORC Code. The criteria for the estimation of resources is based on coal seams greater than 1.0m in thickness and with a minimum of 15,000 kcal/kg calorific value and sulphur value less than 2 per cent. Using these cut off limits, the resources in the seams of interest to NWR KARBONIA and the resources statement of the individual units were reviewed and the coal resources were restated in accordance with the JORC Code. Please refer to paragraph 2.6 (*Sources of information and methodology*) of the IMC MER for details of the methodology used by IMC in preparing its mineral experts' report.

Please refer to paragraph 3.3.2 (*Boyd resource, audit and estimation methodology*) and paragraph 3.4.2 (*Reserve estimation methodology*) in the JT Boyd MER for details of the resource and reserve estimation methodology used by JT Boyd in preparing its mineral experts' report. The reserve reporting in the JT Boyd MER has been prepared in accordance with the JORC Code.

Cautionary note regarding forward-looking statements

This document includes forward-looking statements. The words "believe", "anticipate", "expect", "intend", "aim", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements under the headings "*Summary*", "*Risk factors*", "*Market overview and description of the business*" and "*Operating and financial review*" regarding NWR Plc's strategy, dividend policy and other future events or prospects are forward-looking statements. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond

NWR Plc's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that NWR Plc's actual results of operations, financial condition and the development of the industry in which NWR Plc operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that NWR Plc, or persons acting on its behalf, may issue. Factors that may cause NWR Plc's actual results to differ materially from those expressed or implied by the forward-looking statements in this document include but are not limited to the risks described in the section entitled "*Risk factors*" of this document.

These forward-looking statements reflect NWR Plc's judgment at the date of this document and are not intended to give any assurances as to future results. Save for those forward-looking statements required by the Listing Rules, Disclosure Rules and Transparency Rules and/or the Prospectus Rules, NWR Plc undertakes no obligation to update these forward-looking statements, and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. NWR Plc will comply with its obligations to publish updated information as required by law or by any regulatory authority but assumes no further obligation to publish additional information.

The forward-looking statements contained in this document do not in any way seek to qualify the working capital statement as set out in the section entitled "*Working capital*" of Part IX (*Additional information*) of this document.

Basis of presentation of financial information

Introduction

Unless otherwise indicated herein, the financial information included or incorporated by reference in this document is based on Adopted IFRS and those parts of the Companies Act which are applicable to the companies reporting under Adopted IFRS. Adopted IFRS differs in certain aspects from IFRS as issued by the International Accounting Standards Board.

The preparation of financial information in accordance with Adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Non-IFRS financial measures

This document contains references to certain non-IFRS measures, including EBITDA, Net Debt and Total EBITDA.

The Group defines EBITDA as net profit after tax from continuing operations before non-controlling interests, income tax, net financial costs, depreciation and amortisation, impairment of property, plant and equipment ("**PPE**") and gains/losses from sale of PPE, in each case, relating to continuing operations. While the amounts included in EBITDA are extracted derived from the Group's 3M 2014 Interim Consolidated Financials, 2013 Consolidated Financials, 2012 Consolidated Financials and 2011 Consolidated Financials, it is not a financial measure determined in accordance with IFRS as adopted by the EU. Accordingly, EBITDA should not be considered as an alternative to net income or operating income as an indication of the Group's performance or as an alternative to cash flows as a measure of the Group's liquidity. The Group currently uses EBITDA in its business operations to, among other things, evaluate the performance of its operations, develop budgets and measure its performance against those budgets. The Group considers EBITDA a useful tool to assist in evaluating performance because it excludes interest, taxes and other non-cash charges. As such, the Group believes that EBITDA is a useful indicator of its ability to incur and service its indebtedness and can assist certain investors, security analysts and other interested parties in evaluating the Group.

EBITDA has limitations as an analytical tool, and investors should not consider them in isolation.

Some of these limitations are:

- it does not reflect NWR Plc's cash expenditures or future requirements for capital expenditures or contractual commitments;
- it does not reflect changes in, or cash requirements for, NWR Plc's working capital needs;

- it does not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on NWR Plc's debt;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and EBITDA does not reflect any cash requirements that would be required for such replacements;
- some of the exceptional items that NWR Plc eliminates in calculating EBITDA reflect cash payments that were made, or will in the future be made; and
- the fact that other companies in NWR Plc's industry may calculate EBITDA differently than NWR Plc does, which limits their usefulness as comparative measures.

The Group defines net debt as total debt less cash and cash equivalents. Total debt includes issued bonds, long-term interest bearing loans and borrowings, including current portion, plus short-term interest bearing loans and borrowings.

NWR Plc defines Total EBITDA as the total of EBITDA from continuing operations and EBITDA from discontinued operations. The financial statements show the results from electricity trading as profit from discontinued operations. To present comparable figures with previously published financial information, NWR Plc presents Total EBITDA.

EBITDA, Net Debt and Total EBITDA are not measures determined based on IFRS and should not be construed as an alternative to any IFRS measure such as operating income, net income or cash flow from operations. EBITDA, Net Debt and Total EBITDA as presented in this document may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. EBITDA measures used in this document are each separately defined. The financial information included in this document is not intended to comply with reporting requirements of the SEC. Compliance with such requirements may require the modification or exclusion of certain financial measures.

The non-IFRS financial measures: (i) are not accounting measures within the scope of IFRS; and (ii) should not be considered as a measure of the Group's financial performance which may be substituted for gross profit, operating profit, profit/(loss) before tax or other income or cash flow data determined in accordance with IFRS.

The non-IFRS financial measures are included in this document as a supplemental disclosure, because the NWR Plc Board believes that these measures provide useful comparative information to an investor, help investors evaluate the performance of the underlying business or are measures commonly used by certain investors and securities analysts for evaluating performance. In addition, the Group uses certain of the non-IFRS measures to assess the financial performance of its businesses.

However, the Group's definition, presentation or calculation of each of the non-IFRS financial measures may be different from definitions, presentations and calculations used by other companies and therefore comparability may be limited. Investors should therefore exercise caution in comparing non-IFRS financial measures reported by the Group to similar measures of other companies.

Rounding adjustments

Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data has been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Currency and exchange rate

References in this document to "pence", "pound", "pound sterling", "sterling", "UK pound", "GBP" or "£" are to the lawful currency of the United Kingdom. References to "Euro," "EUR" or "€" are to the single currency adopted by participating member states of the European Union as their lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union. The financial information and financial statements included in this document are presented in Euro. References to "Czech koruna" or "CZK" are to the lawful currency of the Czech Republic. References to "zloty" or "PLN" are to the lawful currency of Poland.

NWR Plc plans to exchange a substantial proportion of the pounds sterling proceeds of the Rights Issue into Euro and has entered into may in the future enter into appropriate arrangements in this

respect. There can be no guarantee that such arrangements, if and when entered into, will result in NWR Plc receiving, in Euro terms, proceeds of the same amount as is stated in this document.

Sourcing of information

Certain information in this document has been sourced from third parties. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

All information contained in this document which has been sourced from third parties has been accurately reproduced and, as far as NWR Plc is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Unless otherwise indicated, all sources for industry data and statistics are estimates or forecasts contained in or derived from internal or industry sources that the NWR Plc Board believes to be reliable. Market data used throughout this document was obtained from independent experts, independent industry publications and other publicly available information. Although the NWR Plc Board believes that these sources are reliable, it has not independently verified and does not guarantee the accuracy and completeness of this information.

Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, the market statistics included in this document should be viewed with caution and no representation or warranty is given by any person as to their accuracy.

Profit forecast

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

References to time

Unless otherwise stated, all references to time in this document are references to the time in London, United Kingdom.

Defined terms

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined in the Definitions and Glossary sections respectively of this document.

DIRECTORS, SECRETARY AND ADVISERS

Directors

Gareth Penny	<i>(Executive Chairman)</i>
Marek Jelínek	<i>(Executive Director/Chief Financial Officer)</i>
Zdeněk Bakala	<i>(Non-Independent Non-Executive Director/Vice Chairman)</i>
Peter Kadas	<i>(Non-Independent Non-Executive Director/Vice Chairman)</i>
Bessel Kok	<i>(Senior Independent Director)</i>
Hans-Jörg Rudloff	<i>(Independent Non-Executive Director)</i>
Steven Schuit	<i>(Independent Non-Executive Director)</i>
Barry Rourke	<i>(Independent Non-Executive Director)</i>
Paul Everard	<i>(Independent Non-Executive Director)</i>
Alyson Warhurst	<i>(Independent Non-Executive Director)</i>

Company secretary and registered office

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Independent auditors

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London
E14 5GL

Reporting accountants

KPMG LLP
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E14 5GL

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Receiving Agent

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BS99 6AH

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

PART I
LETTER FROM THE CHAIRMAN TO SHAREHOLDERS

Jachthavenweg 109h
1081 KM Amsterdam
the Netherlands

Gareth Penny (*Executive Director / Chairman*)
Marek Jelínek (*Executive Director / Chief Financial Officer*)
Zdeněk Bakala (*Non-Independent Non-Executive Director / Vice Chairman*)
Peter Kadas (*Non-Independent Non-Executive Director / Vice Chairman*)
Bessel Kok (*Independent Non-Executive Director and Senior Independent Director*)
Hans-Jörg Rudloff (*Independent Non-Executive Director*)
Steven Schuit (*Independent Non-Executive Director*)
Barry Rourke (*Independent Non-Executive Director*)
Paul Everard (*Independent Non-Executive Director*)
Alyson Warhurst (*Independent Non-Executive Director*)

30 July 2014

Dear Shareholders,

Proposed capital restructuring
and
proposed 19 for 1 rights issue of up to 5,030,100,717 New A Shares
and
proposed placing of 1,364,336,135 New A Shares
and

Notice of General Meeting

1. Introduction

Overview

On 2 June 2014, NWR Plc and NWR NV announced that they had agreed the key terms of a restructuring of their capital structure with the Adhoc Committee, which is made up of certain of the largest Existing Noteholders, and with CERCL Mining, NWR Plc's majority Shareholder. On 2 July 2014, NWR Plc and NWR NV announced that (i) they had agreed revised terms to the proposed capital restructuring transaction announced on 2 June 2014 with, among others, the Adhoc Committee and with CERCL Mining; and (ii) NWR NV, as part of its contingency planning, had commenced a sale process for the sale of its operating subsidiaries.

The key features of the proposed capital restructuring are:

- a reverse Dutch auction by which NWR NV repurchases for up to €60 million a proportion of the Existing Senior Secured Notes from the Existing Senior Secured Noteholders (the “**Existing Senior Secured Notes Tender**”);
- a fixed price cash tender by which NWR NV repurchases for up to €30 million a proportion of the Existing Senior Unsecured Notes from the Existing Senior Unsecured Noteholders (the “**Existing Senior Unsecured Notes Tender**”);
- approximately €150 million of additional equity capital to be raised by NWR Plc by way of (a) a rights issue to Shareholders; and (b) a placing of equity to participating Existing Noteholders; and
- a new €35 million super senior facility to be provided and committed by certain Existing Noteholders.

I am therefore writing to you on behalf of the NWR Plc Board to provide you with further details of the proposed Capital Restructuring of the Group, to explain the background and the strategic rationale for the Capital Restructuring and to recommend that you vote in favour of the Resolution at the General Meeting that are required in order for the Capital Restructuring to be implemented and for the Rights Issue and the Placing to proceed. **In particular, your attention is drawn to the section entitled “Importance of the vote and working capital” of this Part I (Letter from the chairman to Shareholders).**

If the Capital Restructuring does not proceed the NWR Plc Directors are of the opinion that NWR Plc would cease trading and that the subsidiaries of NWR Plc and NWR NV would become subject to applicable insolvency processes and that there would be no residual value for Shareholders. Accordingly, it is very important that Shareholders vote in favour of the Resolution.

Even if the Capital Restructuring does proceed, Shareholders should be aware that the working capital available to the Group is not sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document. Your attention is drawn to the section entitled “Importance of the vote and working capital” in this Part I (Letter from the chairman to Shareholders) for further details.

For Shareholders, the main benefit of the Capital Restructuring is to enable the Group to continue to trade, allowing some time for coal prices to increase while also allowing Shareholders to retain some investment in NWR Plc.

Background

Due to the global pressure on both coking and thermal coal prices and the challenging market conditions experienced in recent times, the Group’s financial situation has continued to deteriorate. In January 2014, the Group initiated a review of its strategic alternatives and began preparations for a restructuring of its capital structure, including the Existing Notes.

At the present market prices for coal, the Group is currently cash flow negative and the current low coal price environment has placed significant pressure on the Group’s liquidity position and also on its solvency. A failure to achieve a satisfactory capital structure for liquidity and solvency purposes would pose a significant risk of the Group ceasing to operate as a going concern.

After discussions with representatives of many of the Group’s key stakeholders, including holders of the Existing Notes, the ECA Lenders and NWR Plc’s majority Shareholder, CERCL Mining, the board of directors of NWR NV has decided to implement the Restructuring, which the NWR Plc Board supports. In addition, the NWR Plc Board and the board of directors of NWR NV have decided to seek the injection of new capital into the Group and to reduce the Group’s debt.

The Capital Restructuring is conditional on, amongst other things, the consent of the requisite majorities of holders of the Existing Notes having been obtained, the Scheme becoming effective and the Rights Issue and the Placing taking place. The issue of A Shares as consideration for the purchase of NVA Shares (following the issue of such NVA Shares) upon conversion of the New Convertible Notes, is subject to approval by the Shareholders at the General Meeting. The injection of new equity capital into NWR Plc from the Shareholders and the holders of the Existing Notes is to be effected pursuant to the Rights Issue and the Placing, respectively, which are conditional on the Resolution having been passed by the Shareholders at the General Meeting and on the Scheme becoming effective. Further capital is being injected into the Group pursuant to the Super Senior Facility. Existing Noteholders can only participate in the underwriting of the Rights Issue (through the Noteholder Rights Issue Underwriting) and the Placing if they first commit to participating in the Super Senior Facility at least *pro rata* to their respective holdings of the Existing Notes. Therefore, the steps required to be taken to successfully effect the Capital Restructuring and inject new capital into the Group are inter-conditional. If the Scheme does not become effective and/or if any one of the Restructuring, the Rights Issue or the Placing does not occur, the Capital Restructuring will not take effect.

Pursuant to the Restructuring Agreement, NWR NV undertook to continue to comply with all obligations under the Existing Notes. This included the obligation to pay the Coupon Payment of EUR 11 million on the Existing Senior Unsecured Notes that was due on 15 July 2014, provided that the Existing Noteholders locked-up (under the Restructuring Agreement) holding an aggregate in principal value of more than 50 per cent. of the Existing Notes, consent to

NWR NV making the Coupon Payment. On 15 July 2014, NWR NV announced that it had not received consent from the requisite proportion of Existing Noteholders to make the Coupon Payment and that consequently, it had not made the Coupon Payment. The locked-up Existing Senior Unsecured Noteholders have undertaken not to take any acceleration or enforcement action, and to rescind any such action by any other group of Existing Senior Unsecured Noteholders (the Existing Senior Unsecured Notes Indenture requires the support of 50 per cent. of the Existing Senior Unsecured Notes by value for such rescission).

Having regard to this position and all other relevant facts and circumstances, including but not limited to: the consideration that is to be paid to the Existing Senior Unsecured Noteholders as part of the Capital Restructuring; the undertakings given by certain of these Existing Noteholders and their present level of support for the Capital Restructuring; and taking into account the likely timing of the Existing Noteholders' and Shareholders' votes on the proposed Capital Restructuring, NWR NV's board of directors were of the view that it would be prudent and in the best interests of NWR NV's creditors as a whole to continue to assess the progress and development of the proposed Capital Restructuring before taking a decision to make the Coupon Payment. The Existing Senior Unsecured Notes Indenture provides for a 30 day grace period for payment. As at the date of this document, the Coupon Payment has not been made by NWR NV.

In view of the proposed Capital Restructuring, NWR NV is in discussions with the ECA Lenders regarding amendment of the ECA Facility in order to facilitate the Capital Restructuring under the terms of the ECA Facility. Agreement on the revised terms of the ECA Facility with the ECA Lenders is a condition precedent to the Capital Restructuring and so will be in place prior to completion of the Capital Restructuring.

Certain funds managed or advised by Ashmore, Gramercy, GLG and M&G (in their capacity as Backstop Providers) have committed to take up to 26.67 per cent., 20.00 per cent., 20.00 per cent., and 33.33 per cent., respectively, of the New A Shares offered to the Existing Noteholders pursuant to the Placing (the "**Placing Commitments**"). To the extent that the New A Shares are not taken up by the Other Existing Noteholders or who have acceded to the Subscription Agreement, the Backstop Providers will subscribe for such New A Shares in proportion to their respective Placing Commitments. The Backstop Providers have also agreed, subject to certain conditions, to underwrite the Rights Issue pursuant to the Noteholder Rights Issue Underwriting. Under the terms of the Underwriting Agreement, the Backstop Providers have agreed to subscribe for up to 1,832,882,291 New A Shares not taken up under the Rights Issue at the Issue Price amounting to a commitment of approximately EUR 43 million. Each Backstop Provider has committed to take up its agreed proportion of the Noteholder Rights Issue Underwriting to the extent that there are any New A Shares not taken up by Shareholders in the Rights Issue and for which subscribers have not been procured by the Bookrunner and which are not subscribed for by Other Existing Noteholders. The Existing Noteholders can only provide their respective Placing Commitments and participate in the Noteholder Rights Issue Underwriting if they commit to participate in the Super Senior Facility at least *pro rata* to their holdings of the Existing Notes. Each Backstop Provider has therefore committed to participate in the Super Senior Facility whereby it has agreed to provide up to €8.75 million (or 25 per cent.) of the amount to be available under the Super Senior Facility. Please refer to the section entitled "*Participation in the Noteholder Equity Investment*" in this Part I (*Letter from the chairman to Shareholders*) for further details on the allocation of the Noteholder Equity Investment participation among the Existing Noteholders. The Participating Existing Noteholders in their capacity as Existing Noteholders will have a right under the Underwriting Agreement to nominate two independent non-executive directors to the NWR Plc Board and the board of NWR NV during each of the periods between the date of Admission (nil paid) and the date falling seven days thereafter. In order for the nominations to be effective, each nomination must be approved by the Existing Noteholders holding, in aggregate, at least 50 per cent. of the Existing Notes.

CERCL Mining owns 63.56 per cent. of the Existing A Shares as at the date of this document. CERCL Mining was until recently part of the BXR Group, whose shareholders announced on 1 April 2014 that they would in future conduct their investment activities separately but would continue, through a joint venture, to co-own the BXR Group's core natural resources investments, specifically its holding of Existing A Shares owned through CERCL Mining. As a result, CERCL Mining's parent company CERCL Holdings has become the joint venture

company which is co-owned by those shareholders. CERCL Mining has been involved in the discussions relating to the Capital Restructuring, is committed to supporting the Group through the Capital Restructuring and intends to remain NWR Plc's majority shareholder. CERCL Mining has irrevocably committed to taking up its full entitlement of Rights in the Rights Issue which amounts to a total investment of approximately €75 million.

In view of the recent changes to the Listing Rules relating to controlling shareholders of listed companies, CERCL Mining has entered into an amended and restated relationship agreement with NWR Plc in compliance with the new rules.

We are therefore writing to you to seek your approval of the proposed Resolution which is required to be passed in order to implement various aspects of the Capital Restructuring: (a) to give the NWR Plc Directors the authority to allot New A Shares for the purposes of the Rights Issue and the Placing; (b) to empower the NWR Plc Directors to allot New A Shares pursuant to that authorisation as if Shareholders' rights of pre-emption did not apply to the allotment, or applied to the allotment with such modifications as the NWR Plc Directors may determine; (c) to give the NWR Plc Directors the authority to allot the A Shares, as consideration for the purchase of NVA Shares (following the issue of such NVA Shares) upon conversion of the New Convertible Notes; (d) to approve the placing of New A Shares to the Existing Noteholders at the relevant level of discount; (e) to approve the Subdivision of the Existing A Shares; (f) to approve an amendment to the Articles of Association to provide for the D Shares which will be created as a result of the Subdivision; (g) to give the NWR Plc Directors the authority to allot New A Shares following the Rights Issue and the Placing; and (h) to empower the NWR Plc Directors to allot New A Shares pursuant to that authorisation as if Shareholders' rights of pre-emption did not apply to the allotment.

In parallel with the implementation of the Capital Restructuring, NWR NV has agreed the terms of an alternative restructuring plan (the "**Alternative Restructuring Plan**") with certain Existing Senior Secured Noteholders should the requisite votes to support the Capital Restructuring from the Existing Senior Unsecured Noteholders and/or the Shareholders not be obtained. In the Alternative Restructuring Plan: (a) NWR NV's shares in the Assets would be transferred to a special purpose vehicle; (b) the Existing Senior Secured Notes would be exchanged and/or released in return for (i) the *pro rata* issuance of new debt instruments (a senior secured note and a junior PIK note of, in total, EUR 400 million) issued by the special purpose vehicle and a company that is a parent undertaking of that special purpose vehicle, (ii) the *pro rata* issuance of new equity in the ultimate parent undertaking of the special purpose vehicle and (iii) rights to subscribe *pro rata* for further equity in the ultimate parent company; (c) the Existing Senior Unsecured Notes would remain liabilities of NWR NV; and (d) persons other than the Existing Senior Secured Noteholders would potentially be able to participate in the equity of the ultimate parent undertaking of the special purpose vehicle.

The Alternative Restructuring Plan is part of the Restructuring Agreement and this agreement requires the Existing Senior Secured Noteholders that are party to the Restructuring Agreement to support the Alternative Restructuring Plan as well as the Capital Restructuring. The Alternative Restructuring Plan is to be progressed by NWR NV in parallel with the implementation of the Capital Restructuring. The Alternative Restructuring Plan will, however, only be implemented if the requisite majorities from Shareholders and creditors are not obtained (or if a termination event occurs) in respect of the Capital Restructuring.

In case the Alternative Restructuring Plan is to be implemented, the Group has commenced a sale process for the Assets. This sale process is part of the Group's contingency planning to ensure continuation of the operations of these Assets should the conditions (including, *inter alia*, the passing of the Resolution) for the Capital Restructuring not be met. The Group anticipates that a sale of the Assets would be effected by way of an English scheme of arrangement and a pre-packaged English administration procedure. This procedure is being proposed by NWR NV to the Scheme Creditors at the same time as the Capital Restructuring to facilitate the potential sale of the Assets should the Capital Restructuring not occur. This procedure would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc.

Even if the Capital Restructuring does proceed, the ability of the Group to be in a position to return value to Shareholders for their investment is highly dependent on coal prices. The Group's realised coal prices would need to increase substantially above current levels for Shareholders to receive a return on their investment, and this is out of NWR Plc's control. If

coal prices remain at their current levels, it is highly likely that no dividends would be declared, made or paid and that NWR Plc would be unable otherwise to return any value to its Shareholders. Please refer to the section entitled “*Risks relating to coal prices*” in the “*Risk factors*” part of this document for further details.

In this document, “Capital Restructuring” includes the Restructuring being the financial, debt and corporate restructuring of the Group, the Rights Issue and the Placing.

2. Background to and reasons for the Capital Restructuring

The deterioration of global coal and coke markets began in mid-2011, worsened in 2013 and has continued into 2014. In May 2013, NWR Plc announced that the on-going challenging market conditions had necessitated an operational review with the aim of adjusting the Group’s business to the challenging market conditions. As a result of the operational review, we started various business optimisation and portfolio optimisation steps, including the sale of our coke operations, OKK (which was completed on 6 December 2013), and the stress testing of the economic position of individual mines that could be idled or divested. Following the stress testing of our mining operations and the investigation of other strategic options, we concluded that it was not possible to sustain operations at our high-cost Paskov mine in the new pricing environment in the long term. On 17 September 2013, NWR Plc announced the closure of the Paskov mine. Following this announcement, we have been in discussions with the Czech government and on 22 April 2014 we announced that we had reached agreement with certain members of the Czech government on a proposal to be submitted to the government as regards the financial support of the closure of the Paskov mine. The Czech government approved the Paskov Agreement on 28 April 2014 and it was signed on 6 June 2014, however this agreement is still subject to the notification to, and approval by, the European Commission, which is expected to be received by the end of 2014.

The prolonged global pressure on both coking and thermal coal prices, the expiry of our RCF and the likely downward revision of our coal resource and reserve balances (as a direct result of the deterioration in the long term coal price outlook), triggered the NWR Plc Board’s decision to initiate a review of the Group’s capital structure on 22 January 2014.

We have discussed with many of our key stakeholders a revised capital structure that recognises and respects their interests. This included NWR Plc’s majority shareholder, CERCL Mining, which has agreed that it will invest new capital into a revised and satisfactory capital structure and which has agreed to the terms of the Capital Restructuring. NWR Plc also had discussions with the Adhoc Committee, which is made up of certain of the largest Existing Noteholders, who have agreed to the terms of the Capital Restructuring, which are summarised in the sections entitled “*Overview of the Restructuring*”, “*Overview of the Scheme*” and “*Structure of the Rights Issue and Placing*” of this Part I (*Letter from the chairman to Shareholders*).

3. Overview of the Restructuring

The Restructuring is conditional on, amongst other things, the consent of the requisite majorities of holders of the Existing Notes having been obtained, the Scheme becoming effective and the Rights Issue and the Placing taking place. The Rights Issue and the Placing are inter-conditional and are also conditional on the Resolution having been passed at the General Meeting and the Scheme becoming effective. Therefore, Shareholders should note that the steps required to be taken to effect the Capital Restructuring and inject new capital into the Group are inter-conditional. If the Scheme does not become effective and/or if any one of the Restructuring, the Rights Issue or the Placing does not occur, the Capital Restructuring will not take effect.

Restructuring process with stakeholders

The Group commenced negotiations with certain large Existing Noteholders on 22 January 2014, with the aim of addressing the unsustainable debt service obligations in relation to the Existing Notes and ensuring that the Group could operate as a going concern into the future.

The Group’s intention was to seek to avoid the adverse consequences of the Group, or parts of it, going into a formal insolvency process, and in particular, the value destruction which would result from any such insolvency process.

NWR NV believes that even lower recoveries would be achieved if its subsidiaries entered into formal insolvency processes in their respective jurisdictions and that there would be no recoveries for NWR Plc and its shareholders.

Following negotiations with certain Existing Noteholders, as of 15 July 2014, holders of approximately 84 per cent. of the aggregate principal amount of Existing Senior Secured Notes and approximately 65 per cent. of the aggregate principal amount of the Existing Senior Unsecured Notes have entered into, or acceded to, the Restructuring Agreement. The terms of the Restructuring Agreement contain, amongst other things, provisions outlining the obligation of the consenting Existing Noteholders to vote in favour of the Scheme.

The total outstanding principal amount of the Existing Notes together with any unpaid and accrued interest will be released in full and exchanged, with respect to (i) the Existing Senior Secured Notes, for the cash distributed through the Existing Senior Secured Notes Tender, the New Senior Notes and the New Convertible Notes and any cash available for distribution through the Existing Senior Secured Notes Tender that is not so distributed; and (ii) the Existing Senior Unsecured Notes, for the cash distributed through the Existing Senior Unsecured Notes Tender, the New Convertible Notes, the Contingent Value Rights and any cash available for distribution through the Existing Senior Unsecured Notes Tender that is not so distributed, as well as the opportunity for the Scheme Creditors to participate in the Placing, the Noteholder Rights Issue Underwriting and the Super Senior Facility. The Existing Senior Secured Notes Tender is to be conducted through a reverse Dutch auction by which NWR NV repurchases a proportion of the Existing Senior Secured Notes from the Existing Senior Secured Noteholders and the Existing Senior Unsecured Notes Tender contemplates a fixed price cash tender by which NWR NV repurchases a proportion of the Existing Senior Unsecured Notes from the Existing Senior Unsecured Noteholders. This will result in a total release of the obligations of NWR NV and the Existing Guarantors to Scheme Creditors under the Existing Senior Secured Notes (together with the Existing Transaction Security Documents and the Existing Intercreditor Agreement) and Existing Senior Unsecured Notes (as applicable).

NWR Plc proposes to raise approximately €150 million (before expenses) of additional equity capital, approximately €118 million pursuant to the Rights Issue and approximately €32 million pursuant to the Placing. In relation to the Rights Issue, CERCL Mining has made an irrevocable commitment to invest approximately €75 million equity in NWR Plc and existing minority shareholders of NWR Plc will have the opportunity to participate in the Rights Issue *pro rata* to their existing shareholdings in NWR Plc.

The proposed amended debt profile of the Group (including the option of PIK interest for both the New Senior Notes and New Convertible Notes for further flexibility) and the injection of additional equity capital in NWR Plc will reduce the financial burden on the business, enabling the Group to continue to trade despite the weak macroeconomic climate in the coal mining industry.

By Admission (nil paid), the Rights Issue will be unconditional but the debt and security documentation relating to the Restructuring will be in agreed form and held in escrow but will not have been executed and released ahead of Admission (nil paid). The release of the debt and security documentation relating to the Restructuring will be conditional on the execution and delivery of customary legal opinions in respect thereof which are to be released on the date of completion of the Capital Restructuring and certain other procedural steps. Whilst NWR Plc believes that the risk is remote, if the requisite legal opinions are not released (or alternative legal opinions not delivered) on the date of completion of the Capital Restructuring (or the relevant procedural steps do not take place), the Restructuring will not complete. As a result, the Shareholders and other purchasers of the New A Shares who have agreed to take up New A Shares in the Rights Issue will have paid the proceeds to the Receiving Agent for their New A Shares (and such New A Shares will have been credited to the Shareholders and other purchasers who have agreed to take up New A Shares in the Rights Issue). These proceeds cannot be returned to Shareholders or others who have taken up or purchased New A Shares in the Rights Issue.

The Restructuring is also conditional upon completion of the Placing, which in turn is conditional on CERCL Mining taking up its Rights in full and having paid all amounts due.

If the proceeds of the Restructuring are not received, the Group would not have sufficient working capital. In these circumstances the Group intends to proceed with the sale of the Assets pursuant to the sale process described in the section entitled “*If the Resolution is not passed and the Capital Restructuring does not proceed it is highly likely that there would be no value returned to Shareholders*” in the “*Risk Factors*” part of this document. This procedure would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc. Therefore, if the Restructuring does not proceed, the NWR Plc Directors are of the opinion that NWR Plc would cease trading and that the subsidiaries of NWR Plc and NWR NV would become subject to applicable insolvency processes. In such circumstances, Shareholders would lose their existing investment and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue).

Consequences of a failure to implement the Restructuring

If the Restructuring is not completed to allow an exchange of the Existing Notes for New Senior Notes, New Convertible Notes and Contingent Value Rights, the Alternative Restructuring Plan would be implemented which would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc. Further, if the guarantees are called under the Existing Senior Secured Notes Indenture, it is very unlikely that the Existing Guarantors would be able to repay the amounts owed by NWR NV under the Existing Senior Secured Notes Indenture and so the directors of other Group entities would be likely to have no other option but to file for insolvency in the relevant jurisdictions.

Position after the Capital Restructuring

The Group cannot give any assurance (even if the Capital Restructuring is successfully completed) that the business will be successful in the future. Please refer to the section entitled “*Risk factors*” of this document for a more detailed discussion of some of the principal risks and uncertainties to which the business of the Group will be subject. In particular the NWR Plc Directors believe that the coal prices realised by the Group would need to increase substantially from current levels in order for the Group’s level of indebtedness after the Capital Restructuring to be sustainable on a long-term basis. Even if the Capital Restructuring does proceed, Shareholders should be aware that the working capital available to the Group is not sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document. Your attention is drawn to the section entitled “*Importance of the vote and working capital*” in this Part I (*Letter from the chairman to Shareholders*) for further details. Nevertheless, the board of directors of NWR NV and the NWR Plc Board consider that the implementation of the Capital Restructuring is in the best interests of all stakeholders.

Debt structure of the Group after the Restructuring

Immediately following the completion of the Restructuring:

- (a) NWR NV will have indebtedness of approximately €300,000,000 pursuant to the New Senior Notes, which will mature in 5.5 years from completion of the Restructuring;
- (b) NWR NV will have indebtedness of approximately €150,000,000 pursuant to the New Convertible Notes, which will mature six years from completion of the Restructuring and will be mandatorily (and automatically) convertible upon maturity;
- (c) NWR HOLDINGS BV will have indebtedness of approximately €35,000,000 pursuant to the Super Senior Facility Agreement, which will mature two years from completion of the Restructuring;
- (d) NWR NV will have a liability amounting to the fair value of the €35,000,000 Contingent Value Rights which will be contingent on increases in average realised coking coal prices achieved by OKD;
- (e) NWR NV will have indebtedness of approximately €50 million pursuant to the ECA Facility;
- (f) there will be substantial inter-company indebtedness within the Group owed by NWR NV’s subsidiaries to NWR NV approximately equal to the outstanding indebtedness under the Super Senior Facility and pursuant to the distribution of up to €60 million out of the net proceeds of the Rights Issue and the Placing to members of the Group; and

- (g) the Group will have certain other debt for borrowed money under agreements with its bank lenders, as summarised in the section entitled “*Material contracts*” in Part IX (*Additional information*) of this document.

Objectives of the Restructuring

The primary objectives of the Restructuring are to:

- (a) mitigate the risk of any of the Group companies having to file for bankruptcy or liquidation (or another formal insolvency process) at any point and therefore preventing a successful completion of the Restructuring, as a result of which the recoveries for Scheme Creditors would be significantly less than if the Restructuring was to be successfully completed;
- (b) implement a new capital structure so that the Group will possess a strengthened balance sheet and a more appropriate debt service and maturity profile in light of the ongoing difficult trading conditions in the global coal mining market;
- (c) support the Group by allowing it to conserve cash resources by the introduction of a mechanism for “PIK” interest in the New Senior Notes and New Convertible Notes;
- (d) ensure NWR NV can service its general corporate and working capital obligations allowing NWR NV to continue trading; and
- (e) provide holders of Existing Senior Unsecured Notes with the opportunity to participate further in a potential upside arising from an increase in the Group’s average realised coking coal prices above specified levels, pursuant to the CVR Trust Deed.

4. Overview of the Scheme

The Restructuring will be effected pursuant to the Scheme. Pursuant to the Scheme, all of the Existing Notes not repurchased by NWR NV by way of the Senior Secured Notes Tender and the Senior Unsecured Notes Tender will be cancelled and the New Senior Notes, the New Convertible Notes and the Contingent Value Rights will be issued to Scheme Creditors. In addition, pursuant to the Scheme, the Scheme Creditors will waive and release a number of claims they might have, in return for the Scheme Creditors and/or their nominated recipients (if applicable) receiving their consideration as per the terms of the Scheme. The Scheme Creditors may participate in the Super Senior Facility and the Placing. In order for the Scheme Creditors to participate in the Placing and the Noteholder Rights Issue Underwriting they must participate in the Super Senior Facility.

New Senior Notes

The New Senior Notes will accrue a cash coupon of 8 per cent. *per annum* and will be payable semi-annually in arrears on 1 November and 1 May in each year, beginning on 1 November 2014, with the first interest period from the date of issue and the last interest period to the maturity date being short interest periods. NWR NV will have the benefit of a PIK toggle which will allow NWR NV to elect to pay the whole (and not just part) of the interest due on a particular interest payment date in kind (rather than in cash) at a rate of (i) 11 per cent. *per annum* for the period from completion of the Restructuring until and including 1 November 2016 and (ii) 9 per cent. *per annum* following this period. The availability of the PIK toggle option is subject to the Group’s unrestricted and available cash falling below a liquidity threshold of €110 million and €75 million during the respective periods noted above. The New Senior Notes will mature 5.5 years from completion of the Restructuring.

New Convertible Notes

The New Convertible Notes will accrue interest at a rate of 4.0 per cent. *per annum* (subject to the PIK provisions described below) which will be payable annually in arrear on 1 November in each year, beginning on 1 November 2014, with the first interest period from the date of issue and the last interest period to the maturity date being short interest periods. NWR NV may elect to either pay interest in cash, or capitalise (as PIK) all of the interest payable by issuing additional New Convertible Notes in lieu of paying cash, in which case such interest will be capitalised at a rate of 8.0 per cent. *per annum*. Any such election is generally at NWR NV’s absolute discretion, although in certain circumstances NWR NV is obliged to capitalise (as PIK) interest payable. The New Convertible Notes will mature six years from the Restructuring Effective Date and, unless previously converted, redeemed or purchased and cancelled, will

mandatorily convert upon maturity. Holders of the New Convertible Notes have the option to convert their New Convertible Notes from the date falling six months after the Restructuring Effective Date until the final maturity date (when they will mandatorily convert), or if, at the option of NWR NV, an earlier redemption date is proposed, holders can convert prior to such redemption date. Upon conversion, each holder of the New Convertible Notes shall be entitled to NVA Shares, which (pursuant to the Deed Poll) will be immediately exchanged for A Shares in NWR Plc equal to such holder's *pro rata* share of the following percentage (corresponding to the calendar year in which the conversion occurs) of the ordinary share capital of NWR Plc calculated based on the ordinary share capital of NWR Plc as at the Restructuring Effective Date, on an as-diluted basis assuming that NWR Plc shall issue New A Shares in each case, subject to certain adjustments upon the occurrence of certain dilutive events:

2015	2016	2017	2018	2019	2020
25.0%	27.5%	30.0%	30.0%	30.0%	30.0%

Contingent Value Rights

Holders of Existing Senior Unsecured Notes will receive Contingent Value Rights *pro rata* to their holdings. The Contingent Value Rights consist of two tranches, the first being €20 million and the second being €15 million.

Holders of Contingent Value Rights will automatically receive full payment for the Contingent Value Rights at any time over a period of six years, commencing from completion of the Restructuring, if NWR NV's realised prices for coking coal exceed certain levels pre-defined for each tranche.

For further details please refer to the section entitled "*Material contracts to be entered into by the Group upon completion of the Capital Restructuring*" in Part IX (*Additional information*) of this document.

Super Senior Facility

The Backstop Providers have agreed to provide a fully committed EUR 35 million credit facility that will rank super senior to the New Senior Notes on enforcement only and to the New Convertible Notes at all times. All Existing Noteholders will be offered the opportunity to participate in the Super Senior Facility at least *pro rata* to their holdings of the Existing Notes. Each Backstop Provider has committed to participate in the Super Senior Facility whereby it has agreed to provide up to EUR 8.75 million (or 25 per cent.) of the amount to be available under the Super Senior Facility. Please refer to the section entitled "*Overview of the Super Senior Facility*" in this Part I (*Letter from the chairman to Shareholders*) and "*Super Senior Facility*" in Part IX (*Additional information*) of this document for further details of the Super Senior Facility.

5. Structure of the Rights Issue and the Placing

NWR Plc proposes to raise approximately €150 million (before expenses) of additional equity capital, approximately €118 million pursuant to the Rights Issue and approximately €32 million pursuant to the Placing. The issue of equity has been structured in a way to ensure that (i) CERCL Mining, which has irrevocably committed to take up its full entitlement of Rights, remains the majority shareholder of NWR Plc; and (ii) the Existing Noteholders are offered the opportunity to invest in the equity of NWR Plc.

Rights Issue

The Rights Issue is an offer by NWR Plc of Rights to 19 New A Shares for each Existing A Share held by Shareholders at the Rights Issue Record Date at the Issue Price.

CERCL Mining is fully supporting the Rights Issue and, to ensure that NWR Plc receives the maximum proceeds of the Rights Issue (net of expenses) in order to support the Group's financial position, CERCL Mining has agreed, pursuant to the terms of the CERCL Undertaking, to take up its full Rights as Shareholder, being a total investment of approximately €75 million. The remaining approximate amount of €43 million of Rights, to the extent not taken up in the Rights Issue, will be underwritten by the Participating Existing Noteholders (the "**Noteholder Rights Issue Underwriting**"). Each Existing Noteholder is being offered the right to subscribe for any New A Shares not taken up under the Rights Issue,

including the placing of the rump, up to its *pro rata* share (as defined below) pursuant to the Noteholder Rights Issue Underwriting at the Issue Price subject to participating in the Super Senior Facility at least *pro rata* to its holding of Existing Notes. Please refer to the section entitled “*Participation in the Noteholder Equity Investment*” of this Part I (*Letter from the chairman to Shareholders*) of this document for further details. Each Backstop Provider has committed to take up a proportion of the Noteholder Rights Issue Underwriting (“**Backstop Provider’s Commitment**”) to the extent that there are any New A Shares not taken up by Shareholders in the Rights Issue and for which such subscribers have not been procured by the Bookrunner and which are not subscribed for by Other Existing Noteholders. To the extent that Other Existing Noteholders subscribe for New A Shares in the Noteholder Rights Issue Underwriting and/or Shareholders take up their rights to participate in the Rights Issue, each Backstop Provider’s Commitment will be reduced proportionately.

If a Qualifying Shareholder does not wish to subscribe for the New A Shares to which it is entitled, such Shareholder can sell its Rights to those New A Shares and receive the net proceeds in cash. The Bookrunner will (as agent for NWR Plc) endeavour to procure, by no later than close of business on the second Business Day after 23 September 2014, subscribers for all (or, at NWR Plc’s and the Bookrunner’s discretion, for as many as can be so procured) of those New A Shares not taken up at a price per New A Share which is at least equal to the aggregate of the Issue Price and the expenses of procuring such subscribers (including any applicable brokerage and commissions and amounts in respect of any irrecoverable value added tax)). Please refer to the section entitled “*Rump Placing Agreement*” in Part IX (*Additional information*) of this document for further details.

Placing

Each Existing Noteholder is being offered the right to subscribe for New A Shares up to its *pro rata* share (as defined below) pursuant to the Placing at the Issue Price subject to participating in the Super Senior Facility at least *pro rata* to its holding of Existing Notes. Please refer to the section entitled “*Participation in the Noteholder Equity Investment*” of this Part I (*Letter from the chairman to Shareholders*) for further details. The Issue Price represents a 82.93 per cent. discount to the Closing Price of 10.875 pence per Existing A Share on 29 July 2014. The Closing Price is denominated in sterling while the Issue Price is denominated in Euro, therefore a conversion rate of 0.7914:1.00 EUR as at 29 July 2014 has been applied.

NWR Plc intends to raise approximately €32 million pursuant to the Placing. Under the terms of the Subscription Agreement, the Backstop Providers have committed to take up their respective Placing Commitments of the New A Shares offered to the Existing Noteholders pursuant to the Placing. To the extent that the New A Shares are not taken up by the Other Existing Noteholders, the Backstop Providers will subscribe for such New A Shares.

Participation in the Noteholder Equity Investment

Certain Existing Noteholders including members of the Adhoc Committee have committed to provide or procure the provision of approximately €75 million in aggregate in cash as equity in NWR Plc pursuant to certain commitment letters.

Pursuant to the Scheme, all Existing Noteholders have been given the opportunity to participate in the Noteholder Equity Investment but only if they first commit to participate in the Super Senior Facility at least *pro rata* to their holdings of Existing Notes. Each Existing Noteholder is entitled to participate in the first round allocations of the Noteholder Equity Investment (as described in sub-paragraph (i) below) up to an amount equal to the proportion which the total amounts outstanding under the Existing Notes owed to the Existing Noteholder bears to the total amounts outstanding under the Existing Notes owed to all the Existing Noteholders (such proportion being referred to as “*pro rata*” or in respect of an Existing Noteholder, its “*pro rata* share” provided that the Existing Noteholder also provides at least its *pro rata* share of the Super Senior Facility). In addition, each Existing Noteholder is entitled to participate in the second round allocations of the Noteholder Equity Investment (such Existing Noteholder being the “**Equity Oversubscriber**”) (as described in sub-paragraph (ii) below) if (a) the amount it is willing to subscribe for in the Noteholder Equity Investment exceeds its *pro rata* share (any such excess amount being an “**Oversubscription Amount**” and any Existing Noteholder who is willing to subscribe for any such excess amount being an “**Oversubscriber**”); (b) all Existing Noteholders

do not take up their *pro rata* shares; and (c) that Existing Noteholder provides at least its *pro rata* share of the Super Senior Facility and the Oversubscription Amount will be applied as set out in sub-paragraph (ii)(B) below.

Participations in the Noteholder Equity Investment will be allocated between Participating Existing Noteholders on the following basis:

- (i) *first round of allocations*, to each Existing Noteholder that offers to participate in the Noteholder Equity Investment, the lower of: (A) the amount proposed to be subscribed for by such Existing Noteholder; and (B) their *pro rata* share of the Noteholder Equity Investment;
- (ii) *second round of allocations*, to the extent that amounts allocated under sub-paragraph (i) above do not aggregate to the Noteholder Equity Backstop Amount, the amount of such shortfall being the “**Noteholder Equity Investment Shortfall**”:
 - (A) the Noteholder Equity Investment Shortfall will be allocated to each Equity Oversubscriber in respect of such its Oversubscription Amount (subject to sub-paragraph (B) below); and
 - (B) The Noteholder Investment Shortfall amount allocated to each Equity Oversubscriber shall be the lower of: (A) its Oversubscription Amount; and (B) the result of the Equity Shortfall multiplied by, in respect of an Existing Noteholder, the proportion borne by the aggregate of its Existing Notes, to the total amount of the Existing Notes, held by all Equity Oversubscribers.

The calculation in sub-paragraph (ii)(B) above shall be repeated until such time as the Noteholder Equity Investment Shortfall is zero or there are no more Equity Oversubscribers, provided that each of the allocations made pursuant to sub-paragraph (ii) above shall be taken into account when calculating the Noteholder Equity Investment Shortfall and for determining whether an Existing Noteholder is an Equity Oversubscriber or has an Oversubscription Amount; and

- (iii) *third round of allocations*, to the extent that amounts allocated under sub-paragraph (ii) above aggregate to an amount less than the Noteholder Equity Investment Shortfall (the “**Remaining Shortfall**”), to each Backstop Provider, calculated as a result of the Remaining Shortfall multiplied by (i) its Noteholder Equity Backstop Amount minus the amounts allocated to it under (i) and (ii) above; divided by the aggregate of all of the Noteholder Equity Backstop Amounts of all the Backstop Providers minus the aggregate amounts allocated to any Backstop Provider pursuant to (i) and (ii) above,

provided that, for all amounts allocated under paragraphs (i), (ii) and (iii) above, if they relate to the Rights Issue, to the extent that the aggregate amount of New A Shares to be subscribed for by the Participating Noteholders and Backstop Providers pursuant to the terms of the Underwriting Agreement is less than the amount of New A Shares available to Existing Noteholders through the Noteholder Rights Issue Underwriting (the “**Rights Issue Excess Underwriting Amount**”), the allocations of each Participating Existing Noteholder will be scaled back by an amount equal to its *pro rata* proportion of the Rights Issue Excess Underwriting Amount, based on the proportion borne by the amount of Existing Notes held by that Participating Existing Noteholder to the total amount of Existing Notes held by all of those Participating Existing Noteholders participating in the Rights Issue.

Fees

The Backstop Providers are entitled to a fee equal to 3.50 per cent. of their respective full commitments under the Noteholder Equity Backstop Amount (irrespective of the extent to which they are actually required to participate in the Noteholder Equity Investment) which shall be paid on completion of the Capital Restructuring.

Dilution

The total number of A Shares in issue immediately prior to the Rights Issue and the Placing will represent approximately 4.0 per cent. of the total number of A Shares in issue immediately following completion of the Rights Issue and the Placing. The new equity being injected will therefore be represented by approximately 96.0 per cent. of the total number of A Shares in issue immediately following completion of the Rights Issue and the Placing.

As a result of the Placing, your interest in NWR Plc will be diluted, and the dilution you will suffer would be 20.5 per cent. once the Placing has been completed, as New A Shares are being issued for the purposes of the Placing. If you decide to sell or not take up some or all of your Rights (or, because you are an Overseas Shareholder or otherwise, you are not able to sell or take up some or all of your Rights), the proportion of NWR Plc you will own will be significantly smaller once the Rights Issue and the Placing have been completed, as New A Shares are being issued for the purposes of the Rights Issue as well as for the purposes of the Placing. In these circumstances your interest in NWR Plc will be diluted further and the maximum dilution you would suffer immediately following completion of the Rights Issue and the Placing in the event that you do not take up any of your Rights would be 96.0 per cent.

In addition, the Restructuring involves the issue of the New Convertible Notes, which (unless previously converted, redeemed or purchased and cancelled by NWR NV in the limited circumstances where that is permitted) shall be converted into NVA Shares and such NVA Shares will be immediately purchased by NWR Plc with the consideration for such purchase being the issue of, or transfer and delivery of, A Shares in NWR Plc. If all the New Convertible Notes are converted and no other shares are issued by NWR Plc, your maximum dilution as a result of the Rights Issue, the Placing and the conversion of the New Convertible Notes would be (i) 44.3 per cent. if you take up all of your Rights in the Rights Issue and (ii) 97.2 per cent. if you do not take up any of your Rights in the Rights Issue.

Following the implementation of the Capital Restructuring, the Existing Noteholders will, individually and in aggregate, own a significant proportion of the New A Shares. The Existing Noteholders, in aggregate, will own between approximately 20.5 per cent. and 48.0 per cent. of the share capital in NWR Plc. Individually, certain funds managed or advised by Ashmore will hold between 3.3 per cent. and 12.8 per cent. of the share capital in NWR Plc; certain funds managed or advised by Gramercy will hold between 3.5 per cent. and 9.6 per cent. of the share capital in NWR Plc; certain funds managed or advised by GLG will hold between 0.8 per cent. and 9.6 per cent. of the share capital in NWR Plc; and certain funds managed or advised by M&G will hold between 2.9 per cent. and 16.0 per cent. of the share capital in NWR Plc.

Following the conversion of the New Convertible Notes, the Existing Noteholders are entitled to take up to an additional 30 per cent. of the fully diluted share capital of NWR Plc, therefore providing the Existing Noteholders with a greater equity position in NWR Plc, potentially between approximately 44.3 per cent. and 63.6 per cent. of the share capital in NWR Plc.

Free float

The UKLA requires listed issuers to maintain at least 25 per cent. free float in their listed shares. Upon completion of the Capital Restructuring and depending on the level of take up by existing minority shareholders in the Rights Issue and the number and level of take up of Existing Noteholders who participate in the Placing and the Noteholder Rights Issue Underwriting, there is a risk that the Group may not have sufficient free float in the A Shares. If, within three months after completion of the Capital Restructuring, there is insufficient free float in the A Shares, NWR Plc proposes to undertake a review of the percentage of A Shares that are held by each of its Shareholders and the manner in which such A Shares are held by them. NWR Plc will discuss with each of its Shareholders who holds A Shares representing 5 per cent. or more of the issued share capital of NWR Plc (whether such shares are held individually or together with any persons acting in concert) the possibility of such Shareholder (and any persons acting in concert with it) selling a proportion of its holding in the market in order to increase NWR Plc's free float. If any group of Shareholders is deemed to hold A Shares representing 5 per cent or more of the issued share capital of NWR Plc by virtue of the group of Shareholders being considered to act in concert, NWR Plc will explore with those Shareholders and the UKLA whether it would be possible to make any modifications to the management or control of that group of Shareholders that could result in them no longer being considered to act in concert in order to satisfy the UKLA's free float requirements. In addition, the NWR Plc Board would consider, in these circumstances, proposing a resolution to its Shareholders to approve a further small issue of A Shares to new investors in order to satisfy the UKLA's free float requirements. If the free float in the A Shares remains insufficient to meet the UKLA's requirements at the completion of this review process, the NWR Plc Board would explore alternative solutions, within the three month period after completion of the

Capital Restructuring including proposing a resolution to its Shareholders to cancel NWR Plc's listing on the premium segment of the Official List and its trading on the main market of the London Stock Exchange and moving its listing to another market in London.

6. Principal terms of the Rights Issue

NWR Plc is proposing to raise approximately €118 million (before expenses), by way of the Rights Issue of 5,030,100,717 New A Shares. The Issue Price of 2.3457891€ per New A Share, which is payable in full on acceptance by not later than 11:00 a.m. (London time) on 23 September 2014, represents a 82.93 per cent. discount to the Closing Price of 10.875 pence per Existing A Share on 29 July 2014 (being the last Business Day prior to the announcement of the Rights Issue) and a 19.54 per cent. discount to the theoretical ex-rights price of 2.916€ per Existing A Share calculated by reference to the Closing Price on the same day. The Closing Price is denominated in sterling while the Issue Price is denominated in Euro, therefore a conversion rate of 0.7914:1.00 EUR as at 29 July 2014 has been applied.

The Rights Issue is being underwritten (save in respect of those New A Shares which CERCL Mining has irrevocably committed to take up) by the Participating Existing Noteholders. Each Backstop Provider has committed to take up its Backstop Provider's Commitment to the extent that there are any New A Shares not taken up by Shareholders or others in the Rights Issue and for which subscribers have not been procured by the Bookrunner and which are not subscribed for by Other Existing Noteholders. To the extent that Other Existing Noteholders, Shareholders or purchasers of Rights subscribe for New A Shares in the Noteholder Rights Issue Underwriting; or subscribers of New A Shares have been procured by the Bookrunner, and/or purchasers of New A Shares from the Bookrunner take up their rights to participate in the Rights Issue, each Backstop Provider's Commitment will be reduced proportionately. A summary of the material terms of the Underwriting Agreement is set out in the section entitled "*Underwriting Agreement*" in Part IX (*Additional information*) of this document. J.P. Morgan is acting as sponsor in relation to the Rights Issue.

If a Qualifying Shareholder (other than, subject to certain exceptions, a Qualifying Shareholder with a registered address in, or who is resident or located in or a citizen or national of, the United States or any of the Excluded Territories) does not wish to subscribe for the New A Shares to which he is entitled, such Shareholder can instead sell or transfer his rights to subscribe for those New A Shares and receive the net proceeds (if any) of the sale or transfer in cash. This is referred to as dealing in the rights "nil paid".

NWR Plc proposes to offer New A Shares by way of the Rights Issue to Qualifying Shareholders (other than, subject to certain exceptions, Qualifying Shareholders with registered addresses in, or who are resident or located in or citizens or nationals of, the United States or any of the Excluded Territories) on the following basis and otherwise on the terms and conditions set out in Part VIII (*Terms and conditions of the Rights Issue*) of this document and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letters:

19 New A Shares at 2.3457891€ each for every 1 Existing A Share

held by and registered in the names of Qualifying Shareholders on the Rights Issue Record Date. Holdings of Existing A Shares held on the Rights Issue Record Date in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Fractional entitlements to New A Shares will not be allotted and, where necessary, entitlements will be rounded down to the nearest whole number of New A Shares (nil paid).

The New A Shares will, when issued and fully paid, rank *pari passu* in all respects with the A Shares resulting from the Subdivision (as defined below) of the Existing A Shares, including the right to receive in full all dividends and other distributions declared, made or paid by reference to a record date after the date of their issue.

The Rights Issue is conditional, *inter alia*, upon:

- (a) the passing of the Resolution (without amendment) at the General Meeting;
- (b) the Subscription Agreement not having been terminated in accordance with its terms prior to Admission (nil paid);

- (c) the Underwriting Agreement having become unconditional in all respects (save for the condition in relation to Admission (nil paid) and not having been terminated in accordance with its terms prior to Admission (nil paid);
- (d) CERCL Mining irrevocably undertaking to NWR Plc to take up its entire entitlement to subscribe for New A Shares under the Rights Issue and not having exercised any of its termination rights in such irrevocable undertaking prior to Admission (nil paid);
- (e) an order of the High Court of England and Wales sanctioning the Scheme having been delivered to the Registrar of Companies of England and Wales;
- (f) the Chapter 15 Order being obtained; and
- (g) Admission (nil paid) occurring not later than 8.00 a.m. on 4 September 2014 (or such later time or date as NWR Plc and all of the Backstop Providers may agree).

It is expected that Admission will become effective and that dealings in the New A Shares (fully paid and for normal settlement) will commence on the London Stock Exchange at 8.00 a.m. (London time) on 24 September 2014 and subsequently (on or about the same date) on the Warsaw Stock Exchange and Prague Stock Exchange. It is expected that Admission (nil paid) will become effective and that dealings in the Nil Paid Rights will commence on the London Stock Exchange at 8.00 a.m. (London time) on 4 September 2014 and subsequently (on or about the same date) on the Warsaw Stock Exchange.

Currently no arrangements have been made by NWR Plc for the listing of the Nil Paid Rights on the Prague Stock Exchange.

Further terms and conditions of the Rights Issue are set out in Part VIII (*Terms and conditions of the Rights Issue*) of this document and, where relevant, will be set out in the Provisional Allotment Letter.

Qualifying Shareholders who have registered addresses, or who are resident or located in or citizens or nationals of any country outside the United Kingdom, the Czech Republic and Poland, and persons who hold Existing A Shares for the account or benefit of any such person or who have a contractual or other legal obligation to forward this document, or a Provisional Allotment Letter if and when received, or any other document relevant to the Rights Issue or the Placing to a jurisdiction outside the United Kingdom, the Czech Republic and Poland, should read the section entitled “*Overseas Shareholders*” of this Part I (*Letter from the chairman to Shareholders*) and the section entitled “*Overseas Shareholders*” of Part VIII (*Terms and conditions of the Rights Issue*) of this document.

As the proposed Issue Price per New A Share will be below the current nominal value of the A Shares, and section 580 of the Companies Act prohibits the allotment of shares at a discount, NWR Plc is proposing to reduce the nominal value of the Existing A Shares. NWR Plc is proposing that each Existing A Share of €0.40 nominal value will be subdivided into 1 A Share of €0.0004 nominal value and 999 D Shares of €0.0004 nominal value, such D Shares having very limited rights (the “**Subdivision**”). Each of the Rights Issue and the Placing is conditional upon (among other things) the approval by the Shareholders of the resolution to subdivide the Existing A Shares.

The proportion of the issued share capital of NWR Plc held by each Shareholder immediately following the Subdivision will remain unchanged. In addition, apart from having a different nominal value, each A Share of €0.0004 nominal value will carry the same rights as set out in the Articles of Association that currently apply to Existing A Shares of €0.40 nominal value.

All uncertificated Existing A Shares credited to Shareholders’ stock accounts in CREST, the NDS, and/or the CSD will be amended as soon as possible after 8:00 a.m. on 27 August 2014 or shortly thereafter to confirm the new nominal value of €0.0004. No new share certificates will be issued in respect of Existing A Shares in certificated form in connection with the Subdivision and no action will, or needs to, be taken in respect of such Existing A Shares as a result of the Subdivision.

The D Shares created on the Subdivision becoming effective will have no voting or dividend rights and, on a return of capital on a winding up, will have no valuable economic rights. No share certificates will be issued in respect of the D Shares, nor will stock accounts in CREST be credited with any entitlement to D Shares, nor will they be listed on the Official List or admitted to trading on the London Stock Exchange or any other investment exchange.

Requests will be made to (i) the UKLA and the London Stock Exchange to reflect the Subdivision on the Official List and the London Stock Exchange's main market for listed securities; (ii) the Prague Stock Exchange to reflect the Subdivision on the Prague Stock Exchange's Prime Market; and (iii) the Warsaw Stock Exchange to reflect the Subdivision on the Warsaw Stock Exchange's main market.

7. Principal terms of the Placing

NWR Plc is proposing to raise approximately €32 million (net of expenses), by way of the Placing of 1,364,336,135 New A Shares. The Issue Price of 2.3457891¢ per New A Share, which is payable in full on acceptance by not later than 11:00 a.m. on 23 September 2014, represents a 82.93 per cent. discount to the Closing Price of 10.875 pence per Existing A Share on 29 July 2014 (being the last Business Day prior to the announcement of the Rights Issue and the Placing). The Closing Price is denominated in sterling while the Issue Price is denominated in Euro, therefore a conversion rate of 0.7914:1.00 EUR as at 29 July 2014 has been applied.

NWR Plc proposes to offer New A Shares by way of the Placing to Existing Noteholders on the terms and subject to the conditions set out in the Subscription Agreement. For further information, please refer to the section entitled "*Participation in the Noteholder Equity Investment*" of this Part I (*Letter from the chairman to Shareholders*) and the section entitled "*Subscription Agreement*" of Part IX (*Additional information*) of this document for further details on the allocations under the Noteholder Equity Investment and the terms of the Subscription Agreement, respectively.

The New A Shares will, when issued and fully paid, rank *pari passu* in all respects with the A Shares resulting from the Subdivision of the Existing A Shares, including the right to receive in full all dividends and other distributions declared, made or paid by reference to a record date after the date of their issue.

The Placing will take place after the period for acceptances under the Rights Issue has closed and is conditional, *inter alia*, upon:

- (a) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission (nil paid)) and not having been terminated prior to Admission (nil paid);
- (b) the Subscription Agreement becoming unconditional in all respects and not being terminated in accordance with its terms;
- (c) an order of the High Court of England and Wales sanctioning the Scheme having been delivered to the Registrar of Companies of England and Wales;
- (d) the Chapter 15 Order being obtained; and
- (e) CERCL Mining having subscribed for the New A Shares that it has irrevocably undertaken, prior to Admission (nil paid), to take up in the Rights Issue, and having paid all amounts due in respect of the New A Shares at the requisite time and manner as prescribed in the Subscription Agreement.

8. Use of proceeds of the Rights Issue and the Placing

The Rights Issue and Placing proceeds of approximately €150 million (before expenses), which is approximately €143.4 million net of expenses relating and in accordance with the Rights Issue and Placing will be applied by NWR Plc as follows:

- (a) €53.4 million (net of expenses) to NWR NV for general working capital purposes;
- (b) €60 million available to repurchase the Existing Senior Secured Notes in accordance with the Existing Senior Secured Notes Tender;
- (c) €30 million available to repurchase the Existing Senior Unsecured Notes in accordance with the Existing Senior Unsecured Notes Tender; and
- (d) all remaining proceeds after the application thereof to (a) to (c) above shall be applied *pro rata* in redemption of the Existing Senior Secured Notes (in respect of any surplus arising following the Existing Senior Secured Notes Tender) and the Existing Senior Unsecured Notes (in respect of any surplus arising following the Existing Senior Unsecured Notes Tender).

An additional EUR 11 million of new working capital will be available to the Group from the draw down of EUR 35 million from the Super Senior Facility out of which the remaining EUR 24 million of the costs of the Restructuring will be settled.

The total costs and expenses of, and incidental to, the Capital Restructuring are estimated to amount to EUR30.6 million, of which EUR 6.6 million relate and are incidental to the Rights Issue and the Placing.

9. Overview of the Super Senior Facility

The Backstop Providers have agreed to provide a fully committed €35 million credit facility that will rank super senior to the New Senior Notes on enforcement only and to the New Convertible Notes at all times. All Existing Noteholders will be offered the opportunity to participate in the Super Senior Facility at least *pro rata* to their holdings of the Existing Notes. Each Backstop Provider has committed to participate in the Super Senior Facility whereby it has agreed to provide up to €8.75 million (or 25 per cent.) of the amount to be available under the Super Senior Facility.

The Super Senior Facility Agreement will provide for a term loan of approximately €35 million, which shall be fully utilised on or around the completion of Restructuring and which shall be repayable in full on the date falling two years after the completion of Restructuring. NWR HOLDINGS BV shall apply all amounts borrowed by it under the Super Senior Facility Agreement towards general corporate and working capital purposes.

The obligations under the Super Senior Facility will be super senior obligations of NWR HOLDINGS BV and will initially be guaranteed on a super senior basis by NWR NV, OKD and NWR KARBONIA. The Super Senior Facility will initially be secured by (i) a pledge of the shares in NWR HOLDINGS BV, OKD, and NWR; (ii) receivables, into NWR Plc and NWR HOLDINGS BV; (iii) moveable assets of NWR Plc and NWR NV; and (iv) bank accounts of NWR Plc. Please refer to the section entitled “*Super Senior Facility*” in Part IX (*Additional information*) of this document for further details of the Super Senior Facility.

The Super Senior Facility includes the Minimum Liquidity Covenant, which states that the Group must maintain a minimum available cash level of EUR 40 million (excluding mining reserve damages). This covenant will be tested first as at 31 October 2015 and then on a quarterly basis from 31 December 2015 for the duration of the Super Senior Facility, which is due to mature two years from the Restructuring Effective Date. NWR Plc has the option (though not the obligation) to cure a breach of the Minimum Liquidity Covenant by injecting additional cash into NWR NV. This cash injection has to be completed no longer than 10 business days following delivery of the quarterly accounts which disclose a breach of the Minimum Liquidity Covenant to the lenders under the terms of the Super Senior Facility. However, such option may not be exercised more than once during the term of the Super Senior Facility. In order to be able to make an injection of cash into NWR NV in these circumstances it is likely that NWR Plc would need to raise additional cash which may not be achievable.

10. Trend information – current trading and future prospects

Current trading

Based on the Group’s unaudited management accounts for the first three months of 2014, there has been a decline in total revenues. Total revenues decreased by 18 per cent., from EUR 211 million to EUR 173 million, in the three month period ended 31 March 2014, year on year, principally as a result of lower sales volumes and lower realised prices for thermal coal. The decline in revenues is also attributable to lower realised prices for coking coal that were partly offset by its higher sales volumes. Lower sales volumes and lower transport charges also resulted in a decrease in transport revenues, with a similar decrease in transport costs, with no material impact on profitability.

The three month period ended 31 March 2014 saw positive EBITDA from continuing operations of EUR 10 million, representing an increase of EUR 35 million compared to negative EBITDA of EUR 25 million recorded in the three month period ended 31 March 2013. This increase in EBITDA is attributable mainly to the decrease in operating expenses that outweighed the decrease in revenues.

With respect to coal production, total production in the three month period ended 31 March 2014 (2,226 thousand tonnes) increased by 4 per cent. compared to the three month period ended 31 March 2013 (2,147 thousand tonnes). Coal volumes sold were lower by 12 per cent. compared to the three month period ended 31 March 2013, principally as a result of a decrease in thermal coal sales, which was partially offset by increased sales of coking coal in the three month period ended 31 March 2014. Coal inventories increased by 314 thousand tonnes to 694 thousand tonnes in the three month period ended 31 March 2014. Total coal production in the six month period ended 30 June 2014 (4,497 thousand tonnes) increased by 5 per cent. compared to the six month period ended 30 June 2013 (4,281 thousand tonnes). Coal volumes sold were lower by 24 per cent. compared to the six month period ended 30 June 2013, principally as a result of a decrease in thermal coal sales, which was partially offset by increased sales of coking coal in the six month period ended 30 June 2014. Coal inventories increased by 14 per cent. year-on-year to 858 thousand tonnes as at 30 June 2014.

Based on the Group's preliminary management accounts, the first six months of 2014 follow similar trends to those experienced in the first three months of 2014. These included: a decrease in revenues, compared to the first six months of 2013, attributable primarily to lower sales volumes and reduced average sales price of coking coal; and an increase in EBITDA, compared to the first six months of 2013, due to a reduction in mining unit costs and the build up of inventories in the first six months of 2014 compared to the reduction in inventories in the comparative period.

During the first six months of 2014 there has been a material improvement in the Group's operating loss (and loss before tax) mainly due to the EUR 307 million impairment charge recognised at 30 June 2013 with no corresponding amount recognised at 30 June 2014, as well as the consequential reduction in depreciation charge in addition to the factors that improved EBITDA. With respect to the financial position of the Group as at 30 June 2014, total assets has decreased mainly due to a decrease in cash and cash equivalents, resulting from cash outflows from both operating activities (including interest payments) and from investing activities. Total equity has decreased as a consequence of the loss for the period.

The average agreed price for coking coal deliveries in the third quarter of 2014 is EUR 85 per tonne, representing a 1 per cent. increase compared to the Q2 2014 realised price. This average coking coal price is based on the expectation that coking coal sales for third quarter 2014 will be split approximately 45 per cent. hard coking coal (mid-volatility), 42 per cent. semi-soft coking coal and 13 per cent. PCI coking coal.

Future prospects

The Group has developed a Life of Mine Plan which relates to the Group's Czech assets and which assumes that its Czech mines will be operational from 2014 and will undergo a period of progressive closure until the end of 2023. During this period aggregate coal production and sales are estimated to amount to 70 million tonnes, of which JT Boyd classified 64 million tonnes as reserves as at 31 December 2013. Currently, JT Boyd estimates that marketable reserves are 66 million tonnes (as at 31 March 2014, the increase being due to the extension in the life of the Paskov mine); however subject to the successful completion of the extension of the Karviná mine, the NWR Plc Board expects reserves to increase to 70 million tonnes.

Pursuant to the Life of Mine Plan, total annual coal production declines progressively over the next ten years. In 2014, production is expected to be approximately 9.0 to 9.5 million tonnes and a year on year decline in production of four per cent. is expected in 2015. For the period between 2016 and 2019, a year on year decline in production of approximately twelve per cent. *per annum* is anticipated. With respect to the remaining period covered by the Life of Mine Plan, approximately 4.5 million tonnes is expected to be produced in 2020 and approximately 4.0 million tonnes *per annum* is expected to be produced from 2021 to 2023. PCI coal is to comprise 0.5 million tonnes of production *per annum*, while coking coal (excluding PCI coal) is expected to comprise approximately 50 per cent. of total production from now until the end of 2019 and then increase to 60 per cent. from 2020 to 2023. It is expected that thermal coal will comprise the remainder of production.

In our Life of Mine Plan, we have made provision for mine closure costs by assuming aggregate provisions for technical liquidation, mining damages and reclamation costs amounting to approximately EUR 151 million (before inflation and undiscounted) over the next nine years to the end of 2023.

In terms of capital expenditure, our Life of Mine Plan anticipates that the CAPEX for the Group (including reserve development CAPEX) will average EUR 91 million *per annum* for the period commencing 2014 to 2017, with an additional EUR 20 million investment over and above the EUR 91 million average in 2018. For the remaining period covered by the Life of Mine Plan (2019 to 2023), we expect that the CAPEX for the Group will decrease to approximately EUR 3 per tonne.

To reaffirm, we are working towards attaining the following 2014 targets for our current mining operations – coal production of between 9 to 9.5 tonnes, 55 to 60 per cent. of coking coal in the sales mix, cash mining unit costs in the mid-EUR 60's per tonne (including the Paskov mine) by the end of the year, lower overheads, less than EUR 100 million of CAPEX for the Group, and an improved LTIFR.

For the Group's Polish assets, previously, a coal reserve of 190Mt had been disclosed by NWR KARBONIA. However, at a projected long-term mid-volatile coking coal price of EUR 124.7/t for Dębieńsko coking coal, the Dębieńsko project is marginally sub-economic, which prevents a statement of coal reserves in accordance with JORC being made. IMC has reported a total coal resource figure (in accordance with the JORC Code) of 556 Mt at the Dębieńsko mine as at 1 April 2014.

Even if the Capital Restructuring does proceed, the ability of the Group to be in a position to return value to Shareholders for their investment is highly dependent on coal prices. The Group's realised coal prices would need to increase substantially above current levels for Shareholders to receive a return on their investment, and this is out of NWR Plc's control. If coal prices remain at their current levels, it is highly likely that no dividends would be declared, made or paid and that NWR Plc would be unable otherwise to return any value to its Shareholders. Please refer to the section entitled "*Risks relating to coal prices*" in the "*Risk factors*" part of this document for further details.

Furthermore, if the Capital Restructuring does proceed, Shareholders should be aware that the working capital available to the Group is not sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document. Your attention is drawn to the section entitled "*Importance of the vote and working capital*" in this Part I (*Letter from the chairman to Shareholders*) for further details.

For further information, and for further details on the future prospects of the Group, and our 3M 2014 Interim Consolidated Financials that were published on 14 May 2014 which are incorporated by reference herein, please refer to Part II (*Market overview and description of the business*) of this document.

11. Financial effects of the Capital Restructuring

On a *pro forma* basis and assuming that the Capital Restructuring had taken place on 31 March 2014, the Group would have had net assets of approximately €207 million, compared with the net liabilities of approximately €307 million reported as at 31 March 2014. Please refer to Part IV (*Unaudited pro forma financial information for the Group*) of this document which contains an unaudited *pro forma* statement of net assets, prepared to illustrate the effect of the Capital Restructuring on the net assets of the Group as if it had taken place on 31 March 2014.

As set out in the section entitled "*Overview of the Restructuring*" of this Part I (*Letter from the chairman to Shareholders*), the proposed amended debt profile of the Group (including the introduction of PIK interest for both the New Senior Notes and the New Convertible Notes for further flexibility) and the injection of additional equity capital in NWR Plc pursuant to the Rights Issue and the Placing, will reduce the financial burden on the Group's business, enabling the Group to continue to trade despite the weak macroeconomic climate in the coal mining industry.

12. Risk factors

The section entitled "*Risk factors*" of this document, sets out a number of risks and other factors that should be carefully considered when deciding on what action to take in relation to the Rights Issue or the Placing, and whether or not to subscribe for Nil Paid Rights, Fully Paid Rights or New A Shares. They are based on information known as at the date of this document which the NWR Plc Board considers to be material. Additional risks and uncertainties not presently known to NWR Plc or the NWR Plc Directors, or that NWR Plc or the NWR Plc

Directors currently consider to be immaterial, may also have a material adverse effect on the Group's business, results of operations, financial condition and prospects. If any or a combination of these risks occurs, the market price of the A Shares (and of the Nil Paid Rights and the Fully Paid Rights) could decline and investors may lose all or part of their investment.

13. Directors' intentions

Each of the NWR Plc Directors who holds Existing A Shares, being Marek Jelínek, Bessel Kok, Hans-Jörg Rudloff, Steven Schuit, Barry Rourke and Paul Everard, has agreed to take up his rights to subscribe for New A Shares under the Rights Issue in full.

In addition, such NWR Plc Directors have irrevocably undertaken to vote in favour of the Resolution to be proposed at the General Meeting in respect of their own beneficial holdings of Existing A Shares, amounting to 267,501 Existing A Shares and 0.1 per cent. of the total number of votes available to be cast at the General Meeting.

14. Taxation

Information on UK, Czech Polish and Dutch taxation with regard to the Rights Issue and the Placing is set out in the sections entitled "*Czech Republic taxation*", "*Certain material Polish tax considerations*" and "*Netherlands taxation*", respectively, of Part VI (*Taxation*) of this document. This information is intended only as a general guide to the current UK, Czech, Polish or Dutch tax position.

If you are in any doubt as to your own tax position, or are subject to tax in a jurisdiction other than the UK, the Czech Republic, Poland or the Netherlands you should consult your own independent professional adviser without delay.

15. Outstanding awards under employee share plans

Appropriate adjustments may be made to outstanding awards (including options) granted under the Deferred Bonus Plan and the Stock Option Plan (together, the "**Share Plans**" and each a "**Share Plan**") in accordance with the rules of the relevant Share Plan, in order to compensate the holders of such outstanding awards for any reduction in the value of their awards resulting from the Rights Issue.

Any such adjustments:

- will be made after completion of the Rights Issue by the Remuneration Committee;
- may include adjustment of the number of shares subject to awards and, in the case of options, the exercise price; and
- will not require shareholder approval.

Alternatively or additionally to any such adjustments, the Remuneration Committee may decide to offer the holder of each outstanding award the opportunity to cancel the award in return for payment of a cash amount representing the value of the award.

The holders of outstanding awards under the Incentive Plans will be contacted separately with further information on how their awards will be affected by the Rights Issue and the Placing.

Descriptions of the Incentive Plans appear in the section entitled "*Incentive plans*" of Part IX (*Additional information*).

16. New management incentive arrangements

New incentive arrangements have been introduced for the reward and retention of the senior management teams of NWR Plc and OKD following the Capital Restructuring, such arrangements comprising the following three elements:

- one-off deferred cash bonus awards of between 100 per cent. and 150 per cent. of the participant's base salary (each, a "**Restructuring Bonus Award**");
- annual bonuses, dependent upon stretching performance targets (each, an "**Annual Bonus Award**"); and
- phantom share awards under the LTIP (each, a "**Special LTIP Award**").

Further details of the Restructuring Bonus Awards, Annual Bonus Awards and the Special LTIP Awards appear in the section entitled “*Incentive plans*” in Part IX (*Additional information*) of this document.

17. Overseas Shareholders

Qualifying Shareholders who have registered addresses, or who are resident or located in or are citizens or nationals of any country outside the United Kingdom, the Czech Republic and Poland, and persons who hold Existing A Shares for the account or benefit of any such person or who have a contractual or other legal obligation to forward this document, or a Provisional Allotment Letter if and when received, or any other document relevant to the Rights Issue or the Placing, to a jurisdiction outside the United Kingdom, the Czech Republic and Poland should refer to the section entitled “*Overseas Shareholders*” of Part VIII (*Terms and conditions of the Rights Issue*) of this document.

New A Shares will be provisionally allotted to all Qualifying Shareholders, including Overseas Shareholders. However, Provisional Allotment Letters will not be sent to Qualifying non-CREST Shareholders with registered addresses in the United States or any of the Excluded Territories, nor will the CREST stock account of Qualifying CREST Shareholders with registered addresses in the United States or any of the Excluded Territories be credited.

18. General Meeting

A notice convening a General Meeting to be called for at NWR Plc’s corporate office, Jachthavenweg 109h, 1081 KM Amsterdam, the Netherlands at 10.00 a.m. (CET) on 20 August 2014 at which the Resolution will be proposed is set out at the end of this document. The purpose of the General Meeting is to consider and, if thought fit, pass the Resolution as set out in full in the Notice of General Meeting. The Capital Restructuring is conditional on the passing of the Resolution. Unless the Resolution is approved by the Shareholders, the Capital Restructuring will not occur.

19. Action to be taken

A Form of Proxy for your use in connection with the Resolution to be proposed at the General Meeting is enclosed with this document. Whether or not you propose to attend the General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to the Registrars, Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom so as to be received as soon as possible and, in any event, by not later than 10.00 a.m. (CET) on 18 August 2014. Apart from completing and returning the Form of Proxy, you need take no further action. Completion and return of the Form of Proxy will not prevent you from attending the meeting and voting in person should you wish to do so. Further details relating to voting by proxy appointments are set out in the notes to the Notice of General Meeting on pages 597 to 601 of this document.

Rights Issue

If you are a Qualifying non-CREST Shareholder, unless you are a Qualifying non-CREST Shareholder with a registered address in certain countries outside the UK, you will be sent a Provisional Allotment Letter. This will show the number of New A Shares that you are entitled to take up and will contain full details regarding the procedure for acceptance and payment, renunciation, splitting and registration in respect of the New A Shares.

If you sell or otherwise transfer all your Existing A Shares held on the Rights Issue Record Date before 4 September 2014 (the “**Ex-rights Date**”, that is the date on which the A Shares start trading without the right to participate in the Rights Issue), you will not be entitled to participate in the Rights Issue. However, the purchaser or transferee of your A Shares may be entitled to participate in the Rights Issue in your place. In this case, please send this document together, if you are a Qualifying non-CREST Shareholder, with the Provisional Allotment Letter duly renounced on Form X of the Provisional Allotment Letter, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was made, for delivery to the purchaser or transferee.

If you are a Qualifying CREST Shareholder, no Provisional Allotment Letter will be sent to you and, unless you are a Qualifying CREST Shareholder with a registered address in certain countries outside the UK, the Czech Republic and Poland you will receive a credit to your

appropriate stock account in CREST in respect of the Nil Paid Rights to which you are entitled. If you are a Qualifying CREST Shareholder with a registered address in certain countries outside the UK, the Czech Republic and Poland no Nil Paid Rights will be credited to your stock account. Qualifying Shareholders who are resident in any jurisdiction outside the UK, the Czech Republic and Poland should refer to the section entitled “*Overseas Shareholders*” of Part VIII (*Terms and Conditions*) of this document for further information.

The latest time and date for acceptance and payment in full in respect of the Rights Issue by Qualifying Shareholders under the Rights Issue is 11:00 a.m. (London time) on 23 September 2014, unless otherwise announced by NWR Plc. The procedure for acceptance and payment is set out in Part VIII (*Terms and conditions of the Rights Issue*) of this document. Further details also appear in the Provisional Allotment Letter which will be sent to all Qualifying non-CREST Shareholders (other than, subject to certain exceptions, those Qualifying non-CREST Shareholders with a registered address in the United States or any of the Excluded Territories).

If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advice on the acquisition of shares and other securities if you are resident in the United Kingdom or, if not, from another appropriately authorised independent adviser.

20. Further information

Your attention is drawn to Part IX (*Additional information*) of this document. You should read all the information contained in, or incorporated by reference into, this document before deciding what action to take in respect of the General Meeting.

Part VII (*Questions and answers on the Rights Issue and the Placing*) of this document answers some of the questions most often asked by shareholders about rights issues and the procedure for acceptance and payment and sets out further information on the Rights Issue and the Placing.

21. Importance of the vote and working capital

Working capital

NWR Plc is of the opinion that the working capital available to the Group is not sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document.

The Restructuring will be conditional on completion of the Rights Issue and the Placing and on the execution and delivery of customary legal opinions which are to be released on the date of completion of the Capital Restructuring and certain other procedural steps. Whilst NWR Plc believes that the risk is remote, if these steps do not take place, the Restructuring will not complete. In these circumstances the Group would not have sufficient working capital.

If the Restructuring and hence the Capital Restructuring do complete, under the Base Case the Group would have sufficient cash available during both the 12 month and the 18 month period following the date of this document. The lowest projected available cash balance under the Base Case is EUR 65 million in Q3 2015 taking into account the net proceeds of the Rights Issue and the Placing, the Super Senior Facility, the ECA Facility and the implementation of the other steps of the Capital Restructuring.

However, for the purposes of making an assessment of available working capital, the NWR Plc Directors are required to consider all reasonable and plausible adverse eventualities and so have developed the Downside Scenario for this purpose.

The Downside Scenario reflects adverse economic and operating conditions, the most important factor being the prices that the Group will be able to realise for its products. The Downside Scenario broadly assumes that coking and thermal coal realised sales prices would remain at the lowest historically achieved prices by the Group for the entire projected 18 month period following the date of this document and that sales volumes would be 5 per cent. less than those projected in the Base Case.

The realised sales prices assumed in the Base Case and the Downside Scenario are as follows:

	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
	<i>(EUR per tonne)</i>							
Coking coal								
Base Case.....	86	86	90	92	98	99	100	103
Downside Scenario	86	86	86	86	86	86	86	86
PCI Coal								
Base Case.....	69	71	71	70	72	74	78	77
Downside Scenario	69	71	71	70	69	69	69	69
Thermal Coal								
Base Case.....	55	53	51	51	56	59	58	60
Downside Scenario	55	53	51	55	55	55	55	55

Under this Downside Scenario, the projections show that:

- there is no shortfall in working capital in the 12 month period following the date of this document but that the Group's available working capital would decline to a minimum of EUR 10 million in Q3 2015; and
- the Group could run out of cash in mid Q4 2015 as the NWR Plc Directors would expect the Group to breach the minimum available cash requirement for the Super Senior Facility which is set at €40 million and is first tested as at 31 October 2015. At that time the ECA Facility would also be capable of acceleration and, should that acceleration be reasonably probable, all of the remaining debt of the Group could become immediately repayable.

Although there is no shortfall in projected working capital in the 12 month period following the date of this document under the Downside Scenario, given the very limited headroom in our forecasts, the NWR Plc Directors are of the view that it is prudent to determine that the Group may not have sufficient working capital for the foreseeable future, that is, for at least the next 12 months following the date of publication of this document.

In the event there is a shortfall in working capital in the 12 month period following publication of this document, the Group proposes to seek alternative sources of liquidity, which may include attempting to sell the assets of OKD and NWR KARBONIA, or raise additional debt (to the extent permitted by the New Senior Notes Indenture, the Super Senior Facility and the ECA Facility) or, if no viable alternative solutions are then available, attempting to sell the assets of OKD and NWR KARBONIA in a transaction which is similar in structure to the Alternative Restructuring Plan. Such transaction would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc. There can be no assurance that additional sources of liquidity would be available or that the Alternative Restructuring Plan would be available on the same terms or at all, in which case the Group may be forced into insolvent liquidation.

Consequences of failing to approve the Resolution

Unless the Resolution is approved by Shareholders, the Capital Restructuring will not occur. If the Capital Restructuring does not occur, NWR Plc will not receive the proceeds from the Rights Issue or the Placing and the Group will not receive the injection of capital pursuant to the implementation of the other steps of the Capital Restructuring.

In parallel with the implementation of the Capital Restructuring, the Group has commenced a sale process for the Assets in case the Alternative Restructuring Plan is to be implemented. This sale process is part of NWR NV's contingency planning to ensure continuation of the operations of these Assets should the requisite majorities from Shareholders and creditors are not obtained (or if a termination event occurs) in respect of the Capital Restructuring.

If the proceeds of the Rights Issue and the Placing are not received and the other steps of the Capital Restructuring are not implemented, the Group intends to proceed with the sale of the Assets pursuant to the sale process referred to above. The Group anticipates that a sale of the Assets would be effected by way of an English scheme of arrangement and a pre-packaged English administration procedure. This procedure is being proposed by NWR NV to the Scheme Creditors at the same time as the Capital Restructuring, to facilitate the potential sale of the Assets should the Capital Restructuring not occur. This procedure would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc.

Even if the Capital Restructuring does proceed, the ability of the Group to be in a position to return value to Shareholders for their investment is highly dependent on coal prices. The Group's realised coal prices would need to increase substantially above current levels for

Shareholders to receive a return on their investment, and this is out of NWR Plc's control. If coal prices remain at their current levels, it is highly likely that no dividends would be declared, made or paid and that NWR Plc would be unable otherwise to return any value to its Shareholders. Please refer to the section entitled "*Risks relating to coal prices*" in the "*Risk factors*" part of this document for further details.

For Shareholders, the main benefit of the Restructuring is to enable the Group to continue to trade, allowing some time for coal prices to increase, while also allowing Shareholders to retain some investment in NWR Plc.

Therefore, if the Capital Restructuring does not proceed the NWR Plc Directors are of the opinion that NWR Plc would cease trading and that the subsidiaries of NWR Plc and NWR NV would become subject to applicable insolvency processes and that there would be no residual value for Shareholders.

Accordingly it is very important that Shareholders vote in favour of the Resolution so that the Capital Restructuring can proceed and so that the Group can continue trading.

22. Recommendation, irrevocable undertakings and voting intention

In the NWR Plc Board's opinion, the Capital Restructuring, including the Rights Issue and the Placing, is in the best interests of NWR Plc and the Shareholders taken as a whole. Accordingly, the NWR Plc Board unanimously recommends Shareholders to vote in favour of the Resolution to be proposed at the General Meeting, as all NWR Plc Directors have irrevocably undertaken to do in respect of their own beneficial holdings of Existing A Shares, amounting to 267,501 Existing A Shares and 0.10 per cent. of the total number of votes available to be cast at the General Meeting. CERCL Mining has also irrevocably undertaken to vote in favour of the Resolution in respect of its holding of 63.56 per cent. of Existing A Shares, amounting to 63.56 per cent. of the total number of votes available to be cast at the General Meeting.

Yours faithfully,

Gareth Penny
Chairman

PART II

MARKET OVERVIEW AND DESCRIPTION OF THE BUSINESS

Market overview

Global coal markets

There are different types of coal that are ranked according to carbon content. Lignite or brown coal has the lowest carbon content (26 to 52 per cent.) and is mainly used for electricity generation at mine mouth facilities. Sub-bituminous coal ranks above lignite with 37 to 56 per cent. carbon content and is also primarily used in electricity generation. These lower ranked coals are relatively more abundant in supply and their seams are located closer to the surface making them easier to extract. The heat content of these coals is considered low and they will therefore command a low price and will have limited international trade.

Bituminous coal or hard coal, with a carbon content ranging from 45 per cent. to 86 per cent., has normally been the first choice of power utilities and is referred to as thermal or steam coal when used for electricity generation. The higher qualities of this type of coal are used in the steel making process and referred to as coking coal. These hard coal grades are found in a small number of countries and their seams are usually located at depth, which involves expensive underground mining for extraction. The global production of hard coal in 2012 was 6.9 billion tonnes with the majority classified as thermal coal (86 per cent.). Premium (low volatile) coking coal represents the best qualities of hard coal with lower ranked grades further categorised as low volatile, mid volatile, high volatile, semi-soft and PCI (pulverised coal injection).

Coal is one of the most abundant fossil fuels worldwide and a major contributor to global energy supply, providing about 30 per cent. of global primary energy needs according to the World Coal Association. It is a widely distributed natural resource that is mined commercially in approximately 50 countries with total global coal production of approximately 7.8 billion tonnes in 2012.

The limited availability and higher quality of hard coal means that there is a significant international seaborne market for both thermal coal and coking coal. This seaborne market is characterised by the flow of coal from countries of production to industrialised centres where there is limited supply. Traditionally the international thermal coal market was dominated in the Pacific by the flow of coal from Australia to developed countries in Asia such as Japan and South Korea and in the Atlantic between South Africa and Europe. However, new channels have opened up in recent years as mines have been developed in new locations (*e.g.* Indonesia) and sent to emerging economies such as China and India. The US has considerable reserves of hard coal that mainly supply the domestic US market but US producers also act as swing suppliers to both the Pacific and Atlantic seaborne markets when demand and prices rise. In Europe, more thermal coal is supplied from overseas as domestic mines have been closed with the majority of supply coming from Russia, Colombia, South Africa and the US. Seaborne coking coal supply to Europe is dominated by imports from North America and Australia. In recent years the US thermal coal market has been impacted by the emergence of shale gas as a cheaper and cleaner fuel source for electricity generation. The resulting fall in the demand for thermal coal in the domestic US market has seen a surge in US supply to the international markets, particularly to Europe, which has put downward pressure on prices.

Central European, Czech and Polish coal markets

The market for coal in the Czech Republic and the Central European region can be traced back to a legacy of early industrial development, which was largely influenced by the presence of coal reserves in the region. Coal fired power and heating plants have always relied on local coal resources whilst a number of large steel producing facilities were built close to the coking coal mines. Due to its landlocked nature, the Czech Republic and neighbouring Central European countries have a somewhat localised market for coal. Historically, when world hard coal prices were relatively low, the long transportation distances into Central Europe precluded the trade of most seaborne coal into the region. For this reason there has always been interdependence between the coal producers of the region and the end users with, for instance, the local steel plants calibrating their blast furnaces to match the local coal qualities. However, since blast furnaces typically require a wide range of coal qualities for an optimum coal blend, a certain amount of coal from outside the region is needed to supplement the local supplies. These coals tend to come from North America and Australia. During periods when international coal prices are high these overseas coal producers can effectively compete with the local miners but they will always have to pay more for transportation costs.

Since the closure of much of Western Europe's hard coal mines during the second half of the 20th century the coal produced in Poland and the Czech Republic now represents the majority of coal produced in Europe. In 2013, total hard coal production in Poland and the Czech Republic was approximately 76.5 million tonnes and 8.8 million tonnes respectively out of total European production of 185 million tonnes (excluding Russia). OKD is the only hard coal producer in the Czech Republic and therefore represents the total output from the country and approximately 5 per cent. of Europe's output. Poland is Europe's largest coal producer and also a significant producer in the global context. In 2013, Poland accounted for 41 per cent. of Europe's total hard coal production and, with approximately 1.1 per cent. of global hard coal output, was the world's ninth largest hard coal producer. Approximately 86 per cent. of Poland's electricity is generated using coal. Germany, Austria, Slovakia and the Czech Republic are the major importers of Polish coal.

Hard coal is extracted in two Polish regions: Upper Silesia and in Southeastern Poland, near Lublin. Up until 2000, coal was also mined in the Lower Silesian coal basin in the Southwestern part of the country; however, due to geological hazards and high exploitation costs, the mines have been shut down. The industry consists of the following major Silesia-based companies:

- Kompania Weglowa – Poland's largest coal mining group with a total of 15 mines, 55,000 employees and a production capacity of nearly 40 million tonnes of thermal coal *per annum*. The company is still owned by the government;
- Katowicka Grupa Kapitalowa – operating five mines with approximately 19,000 employees and production of approximately 12 million tonnes of thermal coal in 2013. The company is still owned by the government;
- Jastrzebska Spolka Weglowa – the largest coking coal producer in the EU with 2013 coal production of 13.6 million tonnes (of which 9.8 million tonnes was coking coal) and approximately 22,000 employees. The company listed on the Warsaw stock exchange in 2011 with a free float of 33 per cent. of the shares, and remains listed. The majority stake remains to be owned by the government.

Two other smaller mining companies account for the remaining production in Poland. Poludniowy Koncern Weglowy with approximately 5.5 million tonnes of thermal coal production and KWK Siltech with approximately 200,000 tonnes of thermal coal production.

Coking coal

Coking coal grades are used primarily for the production of coke, but can also, albeit to a lesser extent, be used to produce electricity and heat. Coke is the substance formed when coking coal is heated in a coking oven to a very high temperature in the absence of air. Coke is a key raw ingredient in the production of steel, and most of the coke produced is used for steel production. With approximately 70 per cent. of global steel production directly dependent on coal, demand for coking coal and coke is closely linked to demand for steel, which in turn tracks global economic growth. The key demand drivers for steel will generally be generated from heavy goods manufacturing (e.g. vehicle production, mechanical engineering and white goods production) and from the construction industry.

Central European coking coal market

Production of coking coal by the two main suppliers to the Central European region, namely Poland and the Czech Republic, was approximately 16.7 million tonnes in 2013. The Group is the only coking coal miner in the Czech Republic and produced approximately 4.6 million tonnes in 2013. As a key raw material in the production of steel, the coking coal market will be influenced primarily by the health of the steel industry, which in turn relies on demand from manufacturing and construction. The steel industry in Europe has stabilised following a number of challenging years resulting from the global economic downturn that began in 2009. However, it is generally accepted that there remains overcapacity in Europe's steel industry, which has led to some plant closures, mainly in Western Europe. The steel producers in Central Europe have benefitted from a relatively quick rebound in the region's manufacturing and exports that has been led by robust industrial growth in Germany. A strong vehicle-manufacturing base in the region is particularly key for the demand for steel products and ultimately for coking coal. The Czech steel and coking coal markets follow similar demand drivers with a strong and relatively stable vehicle manufacturing industry located in the country.

Thermal coal

Both thermal coal and lignite are consumed globally as a primary fuel for base load power generation because of its low cost, on a heat content comparable basis, relative to other fossil fuels such as oil and natural gas. Bituminous thermal coal usually has a lower moisture content than sub-bituminous coals and lignite, resulting in more efficient steam production and reduced emissions. As a result, hard thermal coal typically enjoys a premium in the marketplace compared to lignite. Thermal coal is primarily used to produce electricity and heat.

Central European thermal coal market

The demand for thermal coal largely depends on the demand for electricity and heat and the structure of electricity generation. Approximately 59 per cent. of electricity is generated from coal in the Czech Republic, while Poland generates approximately 87 per cent. of its electricity from coal. A well-established thermal power infrastructure in the Group's region ensures a steady and reliable customer base for thermal coal. At the European level there is pressure on coal as a source of electricity generation due to environmental concerns, which will limit the potential for new growth in this market.

Coal pricing

The determinants influencing the price for thermal coal and coking coal differ significantly. Thermal coal sales to utilities are typically sold on contracts that last for one year and this market will be more localised than coking coal due to the lower prices achievable. Although very little thermal coal reaches Central Europe from the ports of Amsterdam, Rotterdam or Antwerp, the price for thermal coal traded at these ports is the main international reference to determine thermal coal prices in Central Europe. The average thermal coal price at the ports of Amsterdam, Rotterdam and Antwerp during the year ended 31 December 2012 was USD 93 per tonne, falling to an average price of USD 81 per tonne for the year ended 31 December 2013 and USD 79 per tonne for the first three months of 2014 and USD 77 per tonne for the first six months of 2014. These falling prices since 2012 have been mainly caused by an oversupplied Atlantic market, largely as a result of a surge in exports from the US due to the displacement of coal in the US domestic market by shale gas. The local supply-demand balance in Central Europe also plays an important role in influencing prices with downward pressure put on prices in recent years due to mines and utilities in the region building up large inventories.

Coking coal prices in Europe are influenced more than for thermal coal by the prices that are set in the international market. Coking coal contracting has traditionally revolved around the yearly price settlement between major international miners and Japanese steel producers. However, in 2010 there was a move away from this system of contracting towards a quarterly benchmark. This move has left coking coal prices much more volatile and reactionary to prevailing market conditions. For instance, there was a substantial spike in the benchmark price at the beginning of 2011 when exports out of Australia were disrupted by severe weather conditions, causing the benchmark price to rise to USD 330 per tonne during the second quarter of 2011. Conversely, quarterly prices have been falling throughout 2012, 2013 and 2014 due primarily to an oversupplied seaborne market and a slowdown in the demand growth from China. The average international quarterly benchmark price for premium hard coking coal during 2012 was USD 210 per tonne, falling to an average price of USD 159 per tonne for 2013 and USD 132 for the first six months of 2014. The volatile nature of the international benchmark system of pricing has a direct impact on the coking coal price achievable in Central Europe with such volatility expected to continue into the future.

The Group's average agreed price for coking coal deliveries in the third quarter of 2014 is EUR 85 per tonne, representing a 1 per cent. increase compared to the Q2 2014 realised price. This average coking coal price is based on the expectation that coking coal sales for third quarter 2014 will be split approximately 45 per cent. hard coking coal (mid-volatility), 42 per cent. semi-soft coking coal and 13 per cent. PCI coking coal.

Life of Mine Plan and the Group's reserve reporting methodology

Due to wide variations in, amongst other things, the geographical location and operational status of the Group's Polish assets and Czech assets, NWR Plc consulted with two separate mineral experts to review and report on the mineral resources and ore reserves statements in respect of each of the two groups of assets. Whilst the Czech assets are currently operational (JT Boyd has recently completed a comprehensive update of OKD reserves as at 31 December 2013), the Polish assets are at a pre-

feasibility study stage (IMC is currently involved in preparing the pre-feasibility study in respect of Dębniński). Taking into account each of JT Boyd and IMC's experience and area of expertise in reviewing the assets of two separate subsidiaries in two different jurisdictions, NWR Plc considered it necessary for a separate Mineral Experts' Report to be prepared for both the Polish asset and the Czech assets.

Please refer to paragraphs 3.3 (*Resources*), 3.4 (*Reserve estimation methodology*), 4.2 (*General description*) and 8.5 (*LOM plans*) of the Mineral Expert Report prepared by JT Boyd (the "**JT Boyd MER**") in Part X (*Mineral Experts' Reports*) of this document for full details of the Group's mining methods, Life of Mine Plan and reserve reporting methodology.

Please refer to paragraphs 4.4 (*Reporting criteria for resources and reserves under JORC*) and 5.3 (*Mining method*) of the Mineral Expert Report prepared by IMC (the "**IMC MER**") in Part X (*Mineral Experts' Reports*) of this document for full details of the Group's mining methods and reserve reporting methodology in relation to the Group's Polish assets.

Business overview

NWR Plc is a Central European hard coal producer. NWR Plc produces coking and thermal coal for the steel and energy sectors in Central Europe through its (indirect) subsidiary OKD, the largest hard coal mining company in the Czech Republic. The Group was established on the privatisation of elements of the coal industry in the Czech Republic, which started in 1994. It is now one of the largest industrial groups in the Czech Republic and the largest Czech natural resources company in terms of revenue and employees. For the three month period ended 31 March 2014, the Group employed an average of 11,615 workers (for the year ended 31 December 2013, the Group employed an average of 12,606 workers) and utilised an average of 3,035 workers employed by contractors (for the year ended 31 December 2013, the Group utilised an average of 3,130 workers employed by contractors), making it one of the largest private employers in the Czech Republic.

The Group's business is hard coal mining. Through its hard coal mining operations, the Group produces coking coal and thermal coal. Coking coal is used as a raw material in steel production, whereas thermal coal is sold to electricity and heat producers, industrial users and other producers of electricity and heat. Coking coal generally commands higher prices and generates higher revenues with higher margins for the Group than thermal coal. The Group has four active mines. However, in 2013 as one of the outcomes of the Group's strategic operational review, NWR Plc identified the Paskov mine as uncompetitive due to its high-cost nature and has entered into an agreement with the Czech government about the closure of the mine. Please refer to the section entitled "*Paskov mine*" in this Part II (*Market overview and description of the business*) for further details on the current plan for the Paskov mine.

The Group's businesses operate in the Northeastern region of the Czech Republic. The NWR Plc Board believes the landlocked position of its operations in the vicinity of the Group's key customers and the high quality of its coal (in terms of calorific value as well as the percentage of coking coal in the coal mix) have enabled the Group to become an established supplier of hard coal in Central Europe.

For the year ended 31 December 2012, the Group sold approximately 10.2 million tonnes of coal, of which approximately 5.5 million tonnes was coking coal and approximately 4.7 million tonnes was thermal coal. For the year ended 31 December 2013, the Group sold approximately 9.7 million tonnes of coal, of which approximately 4.6 million tonnes was coking coal (including PCI coal) and approximately 5.1 million tonnes was thermal coal. For the three month period ended 31 March 2013, the Group sold approximately 2.2 million tonnes of coal, of which approximately 1.0 million tonnes was coking coal and approximately 1.2 million tonnes was thermal coal. For the three month period ended 31 March 2014, the Group sold approximately 1.9 million tonnes of coal, of which approximately 1.2 million tonnes was coking coal and approximately 0.7 million tonnes was thermal coal.

For the year ended 31 December 2013, the Group had consolidated revenues from continuing operations of approximately EUR 850 million (compared to approximately EUR 1,178 million for the same period in 2012), negative EBITDA from continuing operations of EUR (10) million (compared to positive EBITDA of approximately EUR 210 million for the same period in 2012) and a net loss from continuing operations of EUR (914) million (compared to a net loss from continuing operations of approximately EUR (7) for the same period in 2012). During this period, the Group's external coal sales on an EXW basis accounted for EUR 738 million, which represented 86 per cent. of

consolidated revenues (compared to EUR 1,040, which represented 88 per cent. of consolidated revenues, for the same period in 2012). Operating cash flows before working capital changes were approximately negative EUR (77) million for the year ended 31 December 2013 (compared to approximately EUR 207 million for the same period in 2012), net cash flows from operating activities were approximately negative EUR (36) million (compared to approximately EUR 108 million for the same period in 2012), net cash flows from investing activities was negative EUR (18) million (compared to approximately negative EUR (227) million for the same period in 2012) and net cash flows from financing activities was approximately negative EUR (20) million (compared to approximately negative EUR (151) million for the same period in 2012). The net decrease in cash and cash equivalents was approximately EUR (83) million for the year ended 31 December 2013 (compared to approximately a decrease of approximately EUR (270) million for the same period in 2012).

For the three month period ended 31 March 2014, the Group had consolidated revenues from continuing operations of approximately EUR 173 million (compared to approximately EUR 211 million for the same three month period in 2013), EBITDA from continuing operations of EUR 10 million (compared to negative EBITDA of approximately EUR (25) million for the same three month period in 2013) and a net loss from continuing operations of EUR (27) million (compared to a net loss of approximately EUR (81) million for the same three month period in 2013). During this period, the Group's external coal sales on an EXW basis accounted for EUR 153 million, which represented 88 per cent. of consolidated revenues (compared to EUR 183 million, which represented 86 per cent. of consolidated revenues, for the same three month period in 2013).

In 2013, NWR Plc undertook an operational review to optimise the Group's current operations and stabilise its financial position in the short term. By the end of 2013, the Group delivered its targeted EUR 100 million worth of cash-enhancing measures. These group-wide savings were comprised of EUR 36 million in operational cost and CAPEX savings, and EUR 64 million in active working capital management activities.

As part of this wider operational review, in May 2013 NWR Plc announced its intention to divest its coking subsidiary, OKK. The sale of OKK to the METALIMEX group for the gross amount of EUR 95 million was approved by NWR Plc's shareholders at an Extraordinary General Meeting held on 4 December 2013 in Amsterdam, and the sale was completed on 6 December 2013. OKK shares a long history with the Group and currently continues to purchase the majority of the coking coal used in its production from the Group on an arm's length basis.

Furthermore, the global pressure on both coking and thermal coal prices, the expiry of the RCF and the likely downward revision of the Group's coal resource and reserve balance (as a direct result of the deterioration in the long-term coal price outlook), triggered the NWR Plc Board's decision to initiate a review of the Group's capital structure on 22 January 2014. NWR Plc has engaged with representatives of many of the Group's key stakeholders with a view to developing and implementing a sustainable capital structure that recognises and respects their interests, which is intended to be implemented pursuant to the Capital Restructuring. This included NWR Plc's majority shareholder, CERCL Mining, which has agreed that it will invest new equity capital into a revised and satisfactory capital structure. NWR Plc engaged with advisers to the Adhoc Committee, which is made up of certain of the largest Existing Noteholders (including those holders that hold both notes). Once the Group has completed this process along with its on-going operational efficiency improvements at OKD, the NWR Plc Board believes the Group's business will emerge from this very difficult period as a competitive player in the European hard coal market.

The business plan following the Capital Restructuring

The Group has developed a Life of Mine Plan which assumes that its mines will be operational from 2014 to the end of 2023. During this period aggregate coal production and sales are estimated to amount to 70 million tonnes, of which JT Boyd classified 64 million tonnes as reserves as at 31 December 2013. Currently, JT Boyd estimates that marketable reserves are 66 million tonnes (as at 31 March 2014, the increase being due to the extension of the life of the Paskov mine), however subject to the successful completion of the extension of the Karviná mine, NWR Plc expects reserves to increase to 70 million tonnes. NWR Plc anticipates that substantially all reserves estimated under the Life of Mine Plan (which is approximately 63 million tonnes) will be extracted by the end of 2023.

Pursuant to the Life of Mine Plan, total annual coal production will decline progressively over the next ten years. In 2014, production is expected to be approximately 9.0 to 9.5 million tonnes and a

year on year decline in production of 4.0 per cent. is expected in 2015. For the period between 2016 and 2019, a year on year decline in production of approximately 12 per cent. *per annum* is anticipated. With respect to the remaining period covered by the Life of Mine Plan, approximately 4.5 million tonnes is expected to be produced in 2020 and approximately 4.0 million tonnes *per annum* is expected to be produced from 2021 to 2023. PCI coal is to comprise 0.5 million tonnes of production *per annum*, while coking coal (excluding PCI coal) is expected to comprise approximately 50 per cent. of total production from now until the end of 2019 and then increase to 60 per cent. from 2020 to 2023. It is expected that thermal coal will comprise the remainder of production.

With respect to operating expenses, the Group is targeting cash mining unit costs of approximately EUR 66 per tonne from 2014 to 2017 (the Paskov mine is currently expected to close in 2017) and averages of EUR 63 per tonne thereafter to 2023, as well as a further decrease in its administrative and selling expenses.

The Life of Mine Plan assumes that the Group's coal prices will move in line with the consensus estimates of the relevant benchmark adjusted for inflation. The Group's coal price estimates are adjusted for factors specific to the Group such as import parity, product mix and other customer specific demand factors. The NWR Plc Board anticipates that for the period 2018 to 2023, prices (excluding the impact of inflation) for coking coal and thermal coal will be approximately EUR 108 per tonne and EUR 57 per tonne respectively. For the same period, the NWR Plc Board anticipates that the price (excluding the impact of inflation) for PCI coal will be approximately EUR 75 to 85 per tonne to 2018 and EUR 88 per tonne thereafter.

In terms of capital expenditure, the Life of Mine Plan anticipates that the CAPEX for the Group (including reserve development CAPEX) will average EUR 91 million *per annum* for the period commencing 2014 to 2017, with an additional EUR 20 million investment over and above the EUR 91 million average in 2018. For the remaining period covered by the Life of Mine Plan (2019 to 2023), the NWR Plc Board expects that the CAPEX for the Group will decrease to approximately EUR 3 per tonne. The reserve development CAPEX primarily relates to the Karviná mine extension, which is expected to be approximately EUR 251 million in total and will be spread over a four year period from 2015 to 2018. The NWR Plc Board expects that this CAPEX investment will result in 11.8 million tonnes in additional minable reserves. Please refer to the section entitled "*Karviná mine*" in this Part II (*Market overview and description of the business*) for further details regarding the expansion of the Karviná mine.

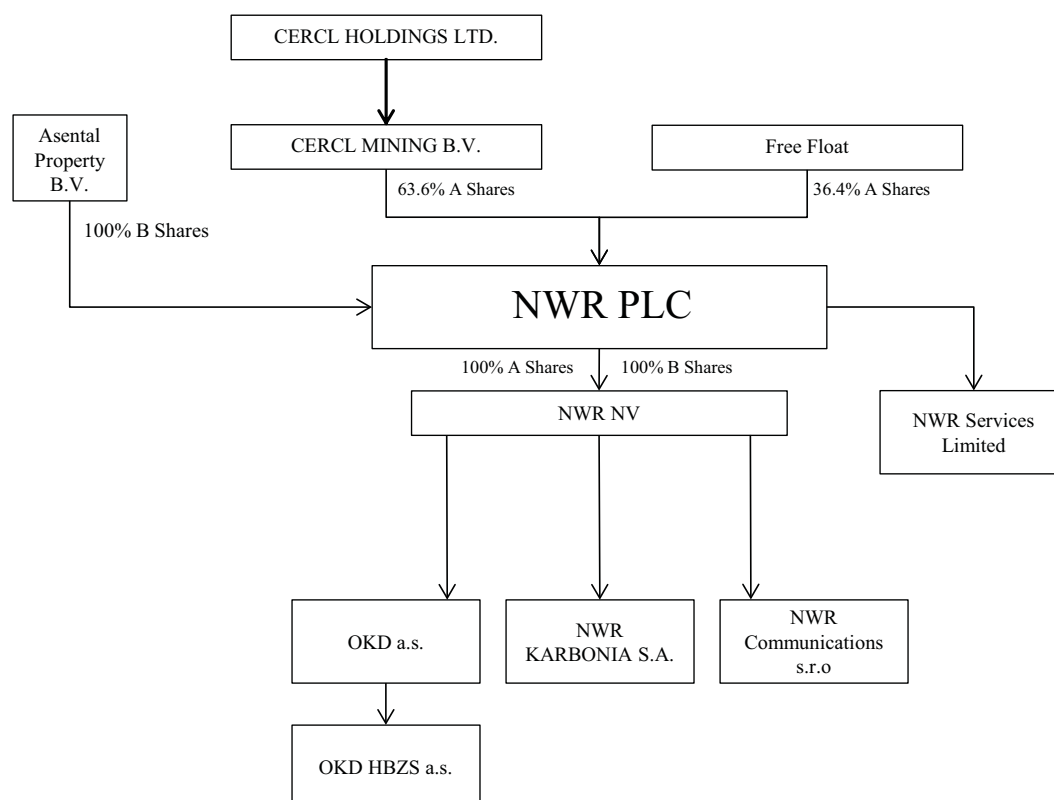
Provision has also been made in the Group's Life of Mine Plan for mine closure costs. Aggregate payment obligations for technical liquidation, mining damages and reclamation costs amounting to approximately EUR 151 million (before inflation and undiscounted) over the next nine years to 2023 have been assumed in the Life of Mine Plan.

With respect to development projects, the Dębieńsko and Morcinek projects (which are further described in the section entitled "*Polish development projects*" in this Part II (*Market overview and description of the business*)) are currently not considered to be economically viable projects under the Life of Mine Plan. This is on the basis that the breakeven prices for the Dębieńsko and Morcinek projects are above the current consensus long term prices for coal. The NWR Plc Board therefore does not believe that it is viable to develop these projects at present. If, in the future, coal prices increase above current forecasts, the NWR Plc Board may reconsider the Dębieńsko and Morcinek development projects. Please refer to paragraph 1.12 (*Conclusions*) of the IMC MER for further details.

Corporate structure

NWR Plc has two directly owned subsidiaries, NWR NV and New World Resources Services Ltd. NWR NV currently has three directly owned subsidiaries: (i) OKD, which operates the Group's mining operations, (ii) NWR KARBONIA, whose main business activity will be the extraction of coal in Poland, and (iii) NWR Communications s.r.o.,

The current group structure:



Mining Division and Real Estate Division of NWR Plc

NWR Plc has established two divisions: the Mining Division to manage its coal mining business, and the Real Estate Division to manage its real estate assets. NWR Plc has established two classes of shares to track these divisions, which are “tracking shares”. The Existing A Shares are designed to track the performance and represent the economic value of the Mining Division. The B Shares are designed to track the performance and represent the economic value of the Real Estate Division. These two divisions are accounted for as separate segments in NWR Plc’s consolidated IFRS financial statements.

NWR Plc has historically managed a portfolio of assets of the Real Estate Division located predominantly in the Northeastern region of the Czech Republic. The Group owns approximately 17.3 square kilometres of land that is part of the Real Estate Division. OKD has the option to purchase approximately 15 square kilometres of additional land from the Czech government at market price. If the option is exercised, such land shall be allocated to the Mining Division.

Pursuant to the Articles of Association and the Divisional Policy Statements, the Mining Division is entitled to undisturbed continuation of its mining, coking and related operations currently, or expected by the NWR Plc Board to be, conducted on certain of the Real Estate Division’s real estate and to unrestricted access to the Real Estate Division’s real estate in connection with such operations. As consideration for this access and use, the Real Estate Division is entitled to an annual fee from the Mining Division of EUR 3.6 million *per annum* (subject to inflation and other adjustments). The annual fee for the year ended 31 December 2013 was EUR 3.6 million. Under the Divisional Policy Statements, once mining, coking or related operations on Real Estate Division assets have permanently ceased with no proposed plan to recommence, such assets must be distributed or otherwise transferred to holders of the B Shares or at their direction.

All of the Group’s real estate is currently held by the Real Estate Division, apart from five coal processing and washing plants and certain production assets which are owned by OKD, all of which are held by the Mining Division. All real estate acquired by the Group after 31 December 2007 is to be paid for by, and be held by, the Mining Division rather than the Real Estate Division, with the exception of incidental or minor rights or real estate, where such acquisition may be paid for by, in which case it would subsequently be held by, the Real Estate Division.

Coal mining operations

The Group's hard coal mining business is conducted through OKD, a wholly-owned direct subsidiary of NWR NV. OKD produces coking coal for use in steel production and thermal coal for use in electricity and heat generation. The Group sells coking coal to steel production companies and foundries in its raw form. Approximately 48 per cent. of NWR Plc's external coal sales tonnage for the year ended 31 December 2013 was coking coal, as compared to the three month period ended 31 March 2014 when approximately 65 per cent. of NWR Plc's external coal sales tonnage for was coking coal. Thermal coal, which accounted for the remainder of the Group's coal sales, is used by utilities, heating plants and industrial companies to produce steam and electricity. Thermal coal prices have tended to increase to the extent energy demand increases and thermal coal supply diminishes. Coking coal prices have tended to increase as global steel production increases and the supply of high quality coking coal diminishes. Thermal coal margins are generally lower than coking coal margins.

Coal extraction and production

For the year ended 31 December 2013 the Group produced approximately 8.8 million tonnes of coal and for the six month period ended 30 June 2014 the Group produced approximately 4.5 million tonnes of coal, substantially all of which was extracted from underground and the remainder of which was produced from surface coal waste deposits (often referred to as sludge ponds), which are attributable to coal fines that were not recovered by coal processing in prior years.

Mine output

The contribution of individual mines to the total coal production for the years ended 31 December 2013, 2012 and 2011 is set out in the following tables. The production of individual mines represents production after plant preparation, and may include transfers within individual mines.

	Year ended 31 December 2013			Year ended 31 December 2012		
	Coking coal	Thermal coal	Total	Coking coal	Thermal coal	Total
	<i>(in thousand tonnes)</i>					
Darkov	1,712	1,833	3,545	1,833	1,725	3,558
Karviná (ČSA/Lazy) ⁽¹⁾	712	1,619	2,331	1,033	2,994	4,027
Paskov	779	108	887	897	134	1,031
ČSM	1,412	625	2,037	1,578	1,012	2,590
Total Mine Output	4,615	4,185	8,800	5,341	5,865	11,206

	Year ended 31 December 2011		
	Coking coal	Thermal coal	Total
	<i>(in thousand tonnes)</i>		
Darkov	1,650	1,450	3,100
Karviná (ČSA/Lazy) ⁽¹⁾	582	3,391	3,973
Paskov	918	114	1,032
ČSM	1,950	912	2,862
Total Mine Output	5,100	5,867	10,967⁽²⁾

Source: NWR Plc

Notes:

(1) Includes the ČSA mine and the Lazy mine, which were merged into one organisational unit in 2008.

(2) 10,967 thousand tonnes in the production of coking and thermal coal from the mines only. Sludge ponds produced another 69 thousand tonnes of coking coal and 211 thousand tonnes of thermal coal in 2011, making a total production of 11,247 thousand tonnes.

Customers

The Group's coal products are sold via the Group's centralised sales department within OKD. Deliveries to municipalities, small businesses and households are provided through contracts with wholesalers.

The Group applies an integrated approach to customer service, by providing end-to-end services to customers, including mining, processing, marketing, sale and transportation of coal products. By providing services in an integrated manner, the Group enjoys improved efficiencies of scale (meaning it is able to deliver coal at a lower cost) and a more comprehensive relationship with its customers, and can better ensure the quality and consistency of products delivered to its customers.

The Group's top five customers across all products generated approximately 59 per cent. of the Group's third party revenues for the year ended 31 December 2013, as compared to the three month period ended 31 March 2014 when approximately 70 per cent. of the Group's third party revenues was generated by the Group's top five customers. Please refer to the section entitled "*Risks relating to the Group's business and the industry-The Group depends on a small number of major customers, the loss of any of which, or the Group's inability to collect payment from any of which, could adversely affect the Group's financial condition and results of operations*" in the "*Risk factors*" part of this document.

As part of the OKK Disposal certain coal supply agreements were concluded on an arm's length basis between entities within the Group and entities within the METALIMEX group of companies to secure the future supply of coal to the coking plant operated by MTX. Prior to the sale, the majority of the coking coal used in the coking plant used to be purchased from OKD by OKK. It is envisaged that this will continue and the terms of the supply agreement have been negotiated with MTX such that prices are set on a quarterly basis, which is common for the coking coal production business. Please refer to the section headed "*Sale of OKK*" in Part IX (*Additional information*) of this document for further details.

Coking coal customers

For the year ended 31 December 2013, the Group's top five coking coal customers generated approximately 97 per cent. of its third-party coking coal sales volumes, as compared to the three month period ended 31 March 2014 when approximately 91 per cent. of the Group's third party coking coal sales volumes were generated by the Group's top five coking coal customers.

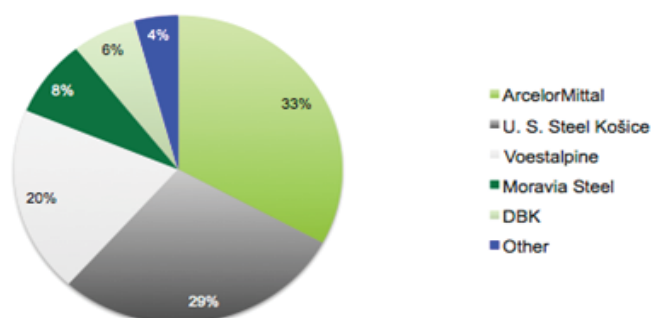
The Group's five largest third-party coking coal customers in this period were ArcelorMittal, US Steel, Moravia Steel, Voestalpine Stahl and DBK. The customer base has not changed significantly over the past few years; however, as described above, as part of the OKK Disposal certain coal supply agreements were concluded between the Group and entities within the METALIMEX group of companies to secure the future supply of coal to the coking plant operated by MTX. Prior to the OKK Disposal, the majority of the coking coal used in that coking plant was purchased from OKD by OKK.

Steel ovens are calibrated for a certain coal quality, and close proximity allows for reduced transport costs and more effective logistics planning. The primary facilities of two of the Group's largest steel customers are located within several kilometres of the Group's mines.

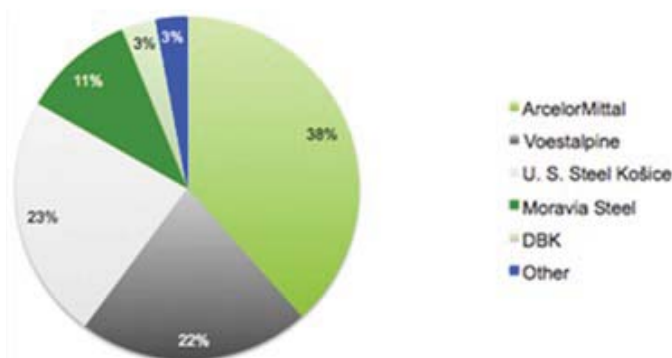
In some cases, customers operate ovens that are constructed to burn the type of coal mined by the Group. A change in supplier could result in increased costs to those customers and disruption to their production systems because changing suppliers could require them to recalibrate their ovens to use coal which may have differing qualities and therefore incur considerable cost. In addition, the logistics concerning the timing, transport and volume of deliveries could be more complex if the Group's customers were to switch to a coal provider where mines were more distant. The NWR Plc Board believes that, as a result of the inconvenience and potential for uneven end-products resulting from the use of coal from a different source, the risk of substitution by the Group's customers is reduced.

Third-party coking coal sales volumes, including PCI sales (year ended 31 December 2012, year ended 31 December 2013 and three month period ended 31 March 2014)

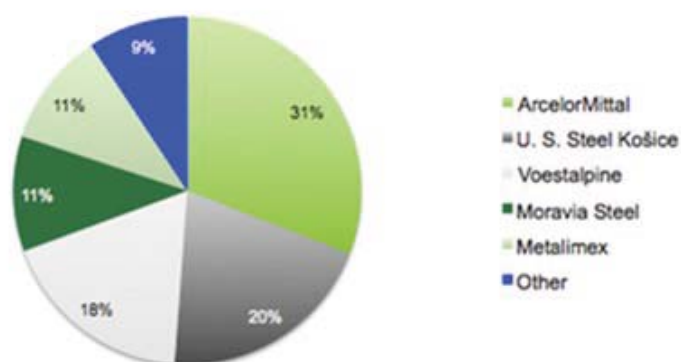
Year ended 31 December 2012



Year ended 31 December 2013



Three month period ended 31 March 2014



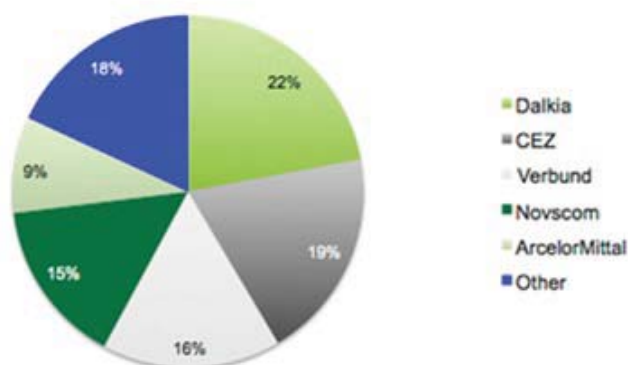
Source: NWR Plc

Thermal coal customers

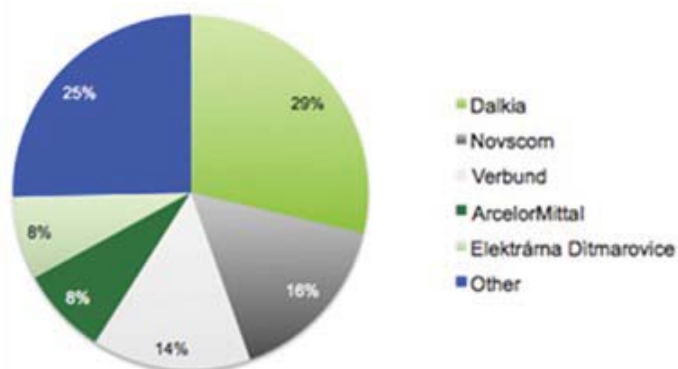
The portfolio of thermal coal customers is less concentrated than the portfolio of coking coal customers and the Group's five largest thermal coal customers (Dalkia, Novscom, Verbund, ArcelorMittal, and Elektrárna Dětmarovice) accounted for approximately 75 per cent. of total third-party thermal coal sales volumes for the year ended 31 December 2013, as compared to the three month period ended 31 March 2014 when approximately 67 per cent. of total third-party thermal coal sales volumes were generated by the Group's five largest thermal coal customers.

Third-party thermal coal sales volumes (year ended 31 December 2012, year ended 31 December 2013 and three month period ended 31 March 2014)

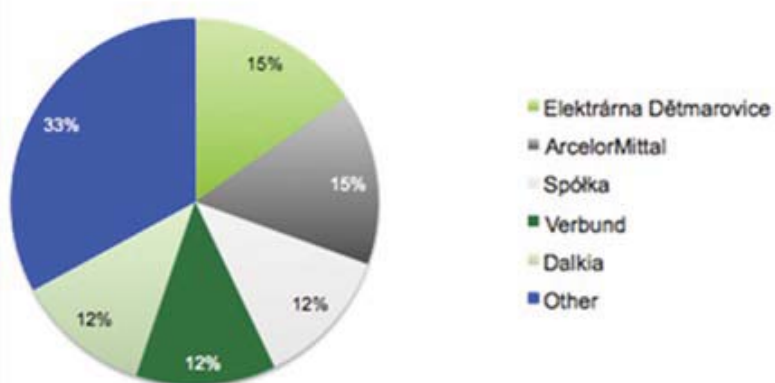
Year ended 31 December 2012



Year ended 31 December 2013



Three month period ended 31 March 2014



Source: NWR Plc

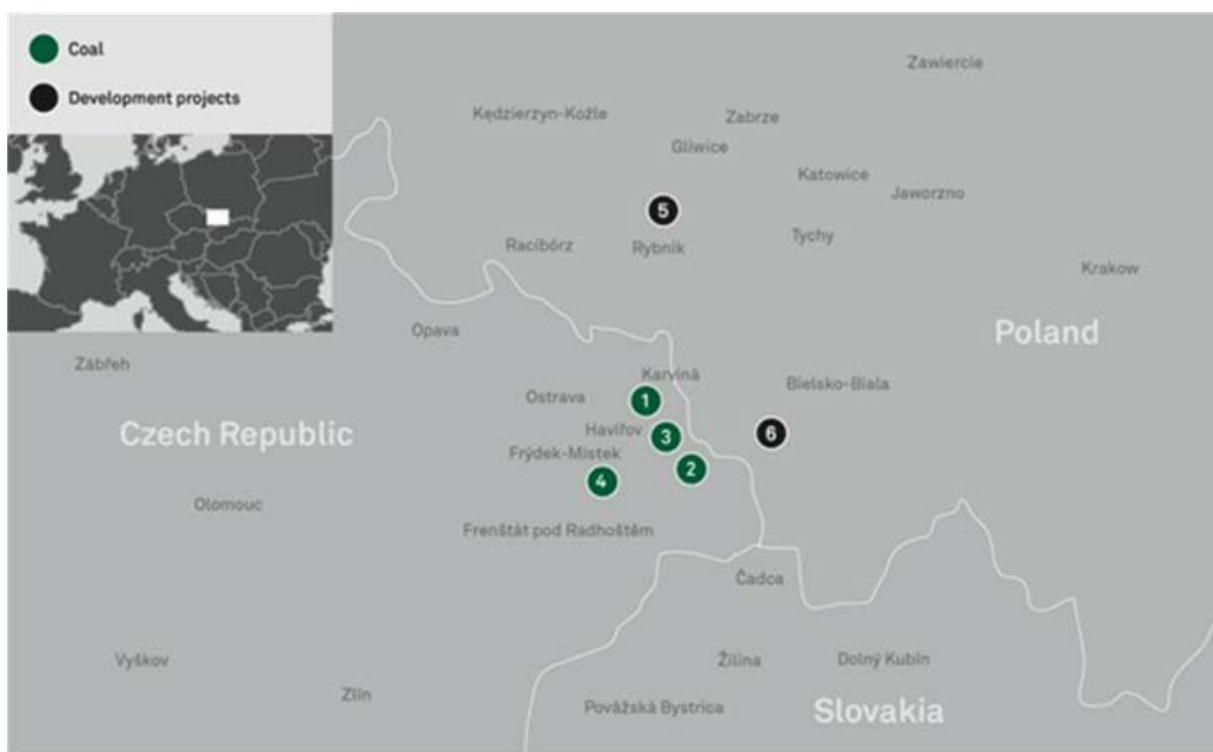
Coal mines

The Group's hard coal reserves are situated in the Karviná and Ostrava regions of the Upper Silesian basin. The coal deposits in the Karviná region, where all OKD mines except for Paskov are located, feature seam thickness ranging from 0.8 metres to 10 metres. The coal deposits in the Ostrava region, where the Paskov mine is located, feature seam thickness ranging from 0.5 to 1.2 metres, while the coal found there shows the highest quality coking coal parameters.

The Group's four mines have 22 shafts extracting coal from depths ranging from 600 to 1,100 metres below the surface. The Darkov mine, the ČSM mine and the Karviná mine are connected through underground tunnels and railways on the surface.

In 2013, as one of the outcomes of the Group's strategic operational review, the NWR Plc Board identified the Paskov mine as uncompetitive due to its high-cost nature and NWR Plc has entered into an agreement with the Czech government about the closure of the mine. Please refer to the section entitled "*Paskov mine*" in this Part II (*Market overview and description of the business*) for further details.

Location of coal mines and development projects



- (1) Karviná mine
- (2) ČSM mine
- (3) Darkov mine

- (4) Paskov mine
- (5) Dębieńsko development project
- (6) Morcinek development project

Source: NWR Plc

Overview of operating mines

The following provides a description of the operating characteristics of the principal mines and reserves of each of the Group's mining operations as at 31 March 2014, unless otherwise stated.

	Units	Darkov	Karviná ⁽¹⁾	Paskov	ČSM	Total
Proved and probable reserves ⁽²⁾ as at 31 March 2014	thousand tonnes	10,368	24,776	3,177	28,203	66,524
Washing plant capacity	tonnes/hour	900	550	800	1,300	3,550
Marketable mine production (for the period ended 31 March 2014)	thousand tonnes	547	686	235	733	2,201
Number of shafts		5	7	6	4	22
Average number of longwalls		4	4	5	5	18
Number of workers						
– Employees		2,052	2,830	2,063	2,247	9,192
– Contractors ⁽³⁾		899	738	389	1,001	3,027
Total number of workers.....		2,951	3,568	2,452	3,248	12,219

Source: NWR Plc

Notes:

- (1) The Karviná mine was established on 1 April 2008 by merging the ČSA and the Lazy mines into one organisational unit.
- (2) Prepared by JT Boyd. Please refer to the section entitled “Risks relating to the Group's business and the industry-The volume and grade of the coal the Group recovers may be less than the estimates included in this document” in the “Risk factors” part of this document for further details.
- (3) Based on NWR Plc estimates.

Coal production and sales

The following table represents the Group's coking coal and thermal coal sales for the years ended 31 December 2013, 2012 and 2011.

		Year ended 31 December					
		2013		2012		2011	
	Units	Coking Coal	Thermal Coal	Coking Coal	Thermal Coal	Coking Coal	Thermal Coal
Production	Thousand tonnes	4,615	4,185	5,341	5,865	5,722	5,525
Sales (External)	Thousand tonnes	4,136	5,079	4,998	4,727	4,797	5,849
Revenues (on EXW basis) ...	EUR thousand	401,923	283,711	620,668	347,471	847,698	389,490
Price	EUR/tonne	97	56	124	74	177	67

Source: NWR Plc

The following table represents the Group's coking coal and thermal coal sales for the three month period ended 31 March 2014.

		Three month period ended 31 March 2014	
	Units	Coking Coal	Thermal Coal
Production	Thousand tonnes	1,292	934
Sales (External)	Thousand tonnes	1,243	663
Revenues (on EXW basis)	EUR thousand	112,627	39,978
Price	EUR/tonne	91	60

Darkov mine

Mining in the area where the Darkov mine is located began in 1853 in the Gabriela mine. The Hohenegger and Austria mines began production in 1883 and 1907, respectively. These mines were merged in the 1950s. The Závod 2 site began operations in 1982. The Darkov mine has been assigned three mining licences – Darkov, Karviná Doly II and Stonava. For further details of the duration and main terms of these mining licences, please refer to Chapter 6 (*Environmental overview*) of the JT Boyd MER. The Darkov mine has three sites – Darkov, Pomocný závod and 9.květen.

Paskov mine

The Paskov mine, with its one active site in Staříč, is the only active mine in the Ostrava region. The original Paskov site was founded in 1960, began operations in 1966 and closed in 1999. The Staříč site was founded in 1963 and began operations in 1970. In 1994, the Paskov and Staříč sites were merged into the Paskov mine. The Paskov mine has been assigned the Staříč mining licences. For further details of the duration and main terms of these mining licences, please refer to Chapter 6 (*Environmental overview*) of the JT Boyd MER.

On 17 September 2013, NWR Plc announced the closure of the Paskov mine. The phasing and terms of such closure have been agreed with the Czech government and NWR Plc's stakeholders. The closure of the Paskov mine will initially absorb cash due to closure costs, though it will eventually eliminate a drain on the Group's cash resources.

On 22 April 2014, NWR Plc announced that OKD has agreement with certain members of the Czech government on a proposal to be submitted to government as regards financial support of the closure of its Paskov mine. The main elements of the proposal are (i) OKD extends the operation of the mine until 31 December 2017 for its own account; (ii) the state provides an amount of CZK 600 million covering the social costs of the closure; (iii) if coking coal prices drop below 110 USD per tonne for three consecutive quarters (according to the International Hard Coking Coal Benchmark) during the period from 1 July 2014 through 31 December 2017, the agreement is automatically terminated and both parties will renegotiate the Paskov Agreement in good faith; and (iv) OKD retains the flexibility to continue mining at the Paskov mine after 2017 should it decide to do so. The obligation of the Czech Republic to provide state aid ceases to exist in the event that the earnings for the given accounting period (as per the audited profit and loss statements of the Paskov mine) within the period from 2014 through 2017 result in a net surplus, or if OKD decides for any reason whatsoever to extend mining operations beyond 31 December 2017. For the purpose of calculating the earnings, expenses do not include any expenses made centrally for OKD as a whole, nor any prorated portion thereof (and in particular no holding fees).

The Czech government approved the Paskov Agreement on 28 April 2014 and it was signed on 6 June 2014; however, this agreement is still subject to the notification to, and approval by, the European Commission, which is expected to be received by the end of 2014. There is no guarantee that the European Commission will approve the Paskov Agreement. If the European Commission does not grant the necessary approvals, the Group will have to fund all of the costs of the closure of the Paskov mine and re-assess the timing of the closure of the mine.

ČSM mine

The construction works for ČSM mine located in Karviná began in 1958 and operations began in 1969. In 2005, ČMD, which owned the ČSM mine, merged with OKD.

Karviná mine

The Karviná mine was established on 1 April 2008 by merging the ČSA mine and the Lazy mine into one organisational unit, namely the Karviná mine. The Group consolidated the administration of the Lazy mine and the ČSA mine under the Karviná mine. Karviná mine has been assigned three mining licences – Karviná Doly I, Doubrava and Lazy. The Karviná mine has three active sites – ČSA, Doubrava sever and Lazy. For further details of the duration and main terms of these mining licences, please refer to Chapter 6 (*Environmental overview*) of the JT Boyd MER.

The Karviná mine is the largest operating mine in the Group's portfolio. The Group has planned an extension of the Karviná complex and capital expenditure for overlying land purchases has been authorised. The expansion will be located in two areas: Staré Město u Karviné and Orlová Výhoda. The approximate reserve tonnage in the Life of Mine Plan is 11 million tonnes.

In autumn 2011, the Group entered into negotiations with the City of Karviná in relation to the extension to the mining activities in Staré Město u Karviné, which remain ongoing. The aim is to

extract more than 7 million tonnes of coking coal from the area Staré Město u Karviné via the existing Karviná mine. Mining activity in this area is expected to commence in 2016. In relation to the other expansion project in Orlová Výhoda, no date has been set for the commencement of mining activity however the Group expects that the approximate reserve tonnage is 3 million tonnes of hard coking coal.

The extension of the mining activities in the Staré Město u Karviné and Orlová-Výhoda areas involve costs, which the Group is evaluating. Accordingly, the Group may adjust the project to optimise the cost/benefit profile. Such adjustment, if adopted, could result in the Group being able to extract a lesser amount of coal under this project than originally anticipated.

A connecting gate road development was initiated between the Darkov mine and the Karviná mine during spring 2011. The project, including the installation of belt haulage systems to facilitate the transportation of coal and other materials underground, was completed in 2013.

Polish development projects

The Group has considered two development projects in Poland – the Dębieńsko and Morcinek projects; however, they are currently not considered to be economically viable projects under the Life of Mine Plan. This is on the basis that the breakeven prices for the Dębieńsko and Morcinek projects (as further described below) are above the current consensus long term prices for coal. The NWR Plc Board therefore does not believe that it is viable to develop these projects at present. If, in the future, coal prices increase above current forecasts, the NWR Plc Board may reconsider the Dębieńsko and Morcinek development projects. Please refer to paragraph 1.12 (*Conclusions*) of the IMC MER for further details.

The projects are categorised as follows:

Dębieńsko project, Poland

The Dębieńsko mine is located in southern Poland, in the Northwestern part of the Upper Silesian basin, near the city of Rybnik, approximately 40 kilometres from the border with the Czech Republic. The Dębieńsko mine was previously operated by various Polish companies until 2000 when Gliwicka Spółka Węglowa terminated mining due to a lack of financing that would enable further development of the mine to a depth in excess of 750 metres below surface.

In early 2006, the Group started to develop this project, aimed at accessing and mining seams in the region between 750 metres and 1,400 metres below surface. On 31 August 2007, the Minister of Environment of Poland approved the Group's development plan providing for 2.8 million tonnes of marketable coking coal *per annum* and, in June 2008, a 50-year mining licence for the Dębieńsko mine was granted. This licence provided for two stages: construction of the mine site by 2018 and production of coal from seams 401/1 to 410 to a depth of 1,400m for 40 years. For further details of the duration and main terms of this mining licence, please refer to paragraphs 2.4 (*Ownership and licensing*) and 9.3 (*Statutory authorisations*) of the IMC MER.

An initial feasibility analysis, targeting the deeper coking coal seams at Dębieńsko, was prepared by JT Boyd in early 2009. The Group subsequently prepared an alternative mine development plan, utilising twin spiral ramps to provide early access to shallower thermal seams in addition to the deeper coking coal seams. In September 2010, the Group commenced a feasibility study based on this scenario and, in June 2011, the Group announced that the NWR Plc Board had approved the project. The project officially commenced on 3 December 2011. However, due to the rapid and continuous fall in coal prices combined with rising costs, the NWR Plc Board decided to suspend the project in 2012 pending a further project review.

The project review was aimed at accessing the coking coal reserves at minimum cost and in the shortest timeframe. The revised design proposed the development of two new shafts and the re-use and deepening of one existing shaft. This proposal would permit first production in 8.5 years from the beginning of shaft construction. The mine planning and design was undertaken by Polish contractor BSiPG.

For the Group's Polish assets, previously, a coal reserve of 190Mt had been disclosed by NWR KARBONIA. However, at a projected long-term mid-volatile coking coal price of EUR 124.7/t for Dębieńsko coking coal, the Dębieńsko project is marginally sub-economic, which prevents a statement of coal reserves in accordance with JORC being made. For further details, please refer to paragraph 1.3 (*Resources and reserves*) in the IMC MER. IMC has reported a total coal resource figure (in

accordance with the JORC Code) of 556 Mt at the Dębieńsko mine as at 1 April 2014. For further details, please refer to paragraph 4.5 (*Coal resources statement*) in the IMC MER.

If coal prices were to increase and engineering and cost estimates were further refined as a result of advancing the Dębieńsko project to a feasibility study, the NWR Plc Board may reconsider the Dębieńsko project.

Morcinek coalfield, Poland

Morcinek is located in southern Poland, next to the border with the Czech Republic, in the area of the former mining district of Kaczyce. This mining district is situated in the southern part of the Upper Silesian coal basin. The Morcinek mine was opened by Jastrzebska Spolka Weglowa in 1986 and in the following 12 years only 10 million tonnes of coal were extracted. Production at this mine ceased in 1998 during a period of contraction of the industry and the mine was abandoned at the end of 1999.

The Morcinek project was initiated by the Group in 2002 with the initial objective of accessing coal in the southern part of this mining district using mine and surface infrastructure from the ČSM mine after draining water from the abandoned mine workings of the Morcinek mine. The Group was granted a 12 year exploration licence in 2003 for the Morcinek 1 area and completed the drilling and geological work at Morcinek 1. The Polish Ministry of Environment approved the Group's application to have the reserves included in Poland's official list of reserves in November 2012. The inclusion is necessary for the purpose of preparing the land development plans, and fundamentally, represents a crucial step towards obtaining a mining licence for Morcinek 1.

During 2012 and 2013 various development options were evaluated by the Group. The preferred option envisages access to the reserves via a single shaft on the Polish side connected to an existing shaft at the ČSM mine on the Czech side for coal clearance. The coal will be washed at the existing ČSM coal preparation plant yielding a marketable production of 2.1 million tonnes. Projected CAPEX to initial production is EUR 420 million over a period of four years. The Group plans to commission a pre-feasibility study in 2015, which will enable the Morcinek reserves to be included in the Group's mining reserves base. These cross-border mining activities will be regulated by the Czech-Polish treaty which has been agreed by an intergovernmental committee and became effective on 26 October 2009.

Czech development projects

The Group also holds certain rights to the Frenštát project in the Czech Republic but is not currently pursuing the development of this project.

Frenštát mining area

The Frenštát mining area, located 30 kilometres south of Ostrava, is reported to contain coal resources of approximately 1.6 billion tonnes. However, 50 per cent. of these resources are located within the Beskydy Protected Landscape Area, the largest landscape protected area in the Czech Republic.

Exploration and mine development were originally undertaken under state control during the period between 1981 and 1994 when, on completion of twin shafts, the mine was placed on care and maintenance. The responsibility for preserving the Frenštát infrastructure passed to the Group's subsidiary OKD on privatisation, together with the development rights, subject to obtaining the necessary regulatory approvals.

In 2007, the Group engaged a third-party consultant to evaluate this opportunity. The study identified a number of issues with the further development of the mine and concluded that it was unlikely that mining, as presented to stakeholders, would find approval. Further development of Frenštát into an operational mine would require mining and environmental permits, approvals from and agreements with municipal authorities and significant capital expenditure. The Group's attempts to secure an exploration licence to date have been unsuccessful, and the Group is currently evaluating alternative scenarios for extracting value from this substantial coal resource. Frenštát is not currently included in the Group's mining reserves base.

The Group's mineral resources and reserves

Review of the Group's mineral resources and reserves

On 22 January 2014, NWR Plc announced that a review of its mineral resources and reserves was underway. Independent third parties have conducted this review. JT Boyd reviewed the Group's Czech assets and IMC reviewed the Dębieńsko project in Poland.

For the Czech assets, having regard to the revised Life of Mine Plan, JT Boyd has reported on a preliminary basis a total of 66 million tonnes of JORC compliant marketable (proven and probable) reserves as at 31 March 2014. JORC refers to the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. In 2012, JORC published the latest version of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**"). The JORC Code is a professional code of practice that sets minimum standards for public reporting of minerals exploration results, mineral resources and ore reserves as well as providing a mandatory system for their classification.

For the Czech assets, the JORC marketable reserve figure as at 31 December 2013 of 64 million tonnes represents a 65 per cent. decrease from the JORC marketable reserves as at 31 December 2012 of 184 million tonnes. The primary factor accounting for this reduction is the material decrease in market prices for coal beginning in mid to late-2012 that has continued throughout 2013 and into 2014.

In the context of the review, the NWR Plc Board has updated the Group's Life of Mine Plan. The revised Life of Mine Plan excludes the Paskov mine after 2017, and part of the original Karviná expansion project. In the revised Life of Mine Plan, the annual production of the Group declines progressively over the coming ten years: from the 2014 target of 9 – 9.5 million tonnes to approximately 4 million tonnes in 2021. At current long-term coal price assumptions, production beyond 2023 is not expected to exceed 2 million tonnes *per annum*.

Reserves by mine as of 31 March 2014

The following table summarises the locations and coal reserves in millions of tonnes of the Group's active mines as of 31 March 2014. The Group owns approximately one third of the land that it mines with the remaining land owned by the Czech government and third parties.

	ČSM	Darkov	Karviná	Paskov	Total
	<i>(in millions of tonnes)</i>				
JT Boyd Dec 2007⁽¹⁾					
Recoverable	58.1	54.0	99.7	29.3	241.1
Deductions (marketable tonnes)					
Production (2008 2013)	(15.7)	(19.4)	(23.8)	(5.4)	(64.3)
Losses in Production	—	(1.7)	(3.5)	(1.0)	(6.2)
Total Price Related	(13.7)	(22.0)	(48.7)	(22.1)	(106.5)
Mine to Close (mothballed)	—	—	—	(16.1)	(16.1)
Proposed Shaft (cancelled)	—	—	(10.0)	—	(10.0)
Potential Subsidence (industrial areas)	—	—	(15.0)	—	(15.0)
Sensitive Areas	—	(22.0)	(13.0)	—	(35.0)
Sterilised (uppers seams/block remains)	(13.7)	—	(2.2)	—	(15.9)
Thin Coal	—	—	(2.5)	(6.0)	(8.5)
Deeper Coal (Ostrava formation) ...	—	—	(6.0)	—	(6.0)
JT Boyd Dec 2013					
Recoverable/Marketable	28.7	10.9	23.7	0.8	64.1

Source: NWR Plc

(1) Clause 44 of the JORC Code (2012) (which deals specifically with the reporting of coal resources and reserves) states that marketable coal reserves must be reported in conjunction with, but not instead of, reports of coal reserves. NWR Plc most recently

disclosed its independently audited marketable coal reserves in a JT Boyd report in 2007. This table provides the reconciliation between the current reserves and the 2007 figure.

For the avoidance of doubt, the term “marketable” coal reserves is equivalent to “saleable” and “recoverable” coal reserves (terms which may have been used in the Group’s previous public disclosures). Marketable and saleable both refer to the coal products produced by the coal preparation plants and are interchangeable. Recoverable refers to the coal that is recovered from the mine and before it is fed to the coal preparation plants. Marketable coal is derived from recoverable coal by applying a plant yield to take account of the coal losses in the plant. However, due to the way that OKD calculates its reserves (on a net coal basis), the plant yield is considered by NWR Plc and JT Boyd to be 100 per cent., in which case marketable coal is equivalent to recoverable coal.

The Group’s reserves estimate is based on data assembled and analysed by the Mineral Experts. Reserves estimates are periodically updated to reflect past coal production, new drilling information and other geological or mining data. Acquisitions or sales of coal properties will also change the reserve base. Changes in mining methods may increase or decrease the recovery basis for a coal seam as will plant processing efficiency tests. Please refer to the sections entitled *“Risks relating to the Group’s business and the industry—The volume and grade of the coal the Group recovers may be less than the estimates included in this document”*, *“Risks relating to the Group’s business and the industry—No assurances can be given that estimates used in feasibility studies, the Life of Mine Plan or the Mineral Expert Reports will be realised”* and *“Risks relating to the Group’s business and the industry—No assurances can be given that future mineral production estimates will be achieved”* in the *“Risk factors”* part of this document for further details.

Competition

The Group competes with other coal producers on quality of coal, proximity, transport systems, level of integration of services offered and customer relationships. The Group faces competition from coal produced in Poland and Russia and, to a lesser extent, from Ukraine as coal supplies from these countries are proximate to Central European customers. In addition, coal sourced from international companies outside Central Europe, Ukraine and Russia has become a significant threat due to low transport costs and lower production costs. This is in relation to coal imports from both North America and Australia, which are imported into the region due to the high quality and competitive pricing of the coal.

The Group markets its coal predominantly to customers in Central Europe, where it benefits from a logistical advantage (as compared to coal exporters in Australia and North America). The Group’s customers include regional and local companies as well as the local facilities of multinational corporations. Polish and, to a lesser extent, Ukrainian and Russian coal producers represent the most significant competitive threat for the Group’s market position in Central Europe. However, the Group is better positioned in countries to the south of the Czech Republic, where the Group faces less competition from Polish and Russian coal producers due to the greater distance between those countries and Poland and Russia.

Demand for coal and the prices that the Group will be able to obtain for its coal are closely linked to international market prices as well as coal consumption patterns of the regional steel, heat and power generation industries, which have accounted for the majority of regional coal consumption in recent years. Such international market prices and coal consumption patterns are influenced by factors beyond the Group’s control, including regional integrated steel demand, the demand for heat and electricity, which is affected by economic activity and summer and winter temperatures in Central Europe, government regulation, technological developments and the location, availability, quality and price of competing sources of coal, alternative fuels such as natural gas, oil and nuclear, and alternative/renewable energy sources such as hydroelectric power, wind power plants and biomass.

Poland is an established supplier of thermal and coking coal in the region. Polish mining operations are broadly comparable with the Group’s mines in terms of overall geology and mining technology. Polish mining operations produced approximately 74.9 million tonnes of coal in 2013, of which approximately 12.1 million tonnes were coking coal and 62.8 million tonnes were thermal coal. The majority of Polish coal is produced by government controlled companies.

While there are large reserves of coal in Russia, the NWR Plc Board believes that supplies of Russian coal to Central Europe are currently limited by infrastructure constraints, the lack of transport capacity and a reputation in the marketplace as being somewhat less reliable and of inconsistent quality.

Long-term framework agreements

The Group and its coal customers generally enter into framework agreements that, in the Czech mining industry, are commonly referred to as long-term framework agreements. These agreements

typically set forth quantities and prices; however, they generally do not commit the Group's customers to purchasing any quantity of coal at any price beyond a one-year period. These long-term framework agreements are negotiated and entered into by OKD. The execution of a satisfactory coal supply agreement, as a part of the framework agreements, is frequently the basis on which the Group undertakes the development of coal reserves required to be supplied under contract. A majority of the Group's sales volume of coal is sold under long-term framework agreements. Please refer to the section entitled *"Risks relating to the Group's business and the industry—The Group's framework agreements provide that prices are renegotiated periodically, which may lead to lower revenues when coal prices decline, and may result in economic penalties upon a failure to meet required coal specifications"* in the *"Risk factors"* part of this document for further details.

For the year ended 31 December 2013, approximately 84 per cent. of the Group's coal sales volume was generated under long-term framework agreements. The Group's primary customer base is in Central Europe and most of its coal is sold within a 500 kilometre radius. OKD's framework agreements with its top five customers (ArcelorMittal, US Steel, Moravia Steel, Voestalpine Stahl and DBK) extend through periods ranging from 2012 to 2015/2016.

The terms of these contracts do not vary significantly by customer except for coal quality requirements, quantity parameters and permitted sources of supply.

The nature of the Group's framework agreements requires the parties to agree on a new price and quantity at specific times. Historically, the Group generally contracted coking coal and thermal coal prices with its customers on a calendar year basis. However, during the global economic downturn in 2009, a majority of the Group's coking coal customers entered into contracts on a quarterly, rather than annual, pricing basis. In 2010, as markets improved, the Group made a strategic decision to contract with its coking coal customers on an annual basis in accordance with the Japanese fiscal year (which runs from April to March) and agreed to sell approximately 80 per cent. of its coking coal volume on this basis. However, from 2010 onwards there was a shift towards quarterly pricing in the international market which the Group followed. Since 2012, all of the Group's contracted volumes in its coking coal contracts have been subject to quarterly price adjustments. The shift to quarterly pricing for coking coal has further aligned the Group's coking coal prices with the international coal price trend.

In the first quarter of 2014, the Group came to a pricing arrangement with the majority of its key coking coal customers. While prices are set on a quarterly basis and linked to the Australian quarterly benchmark for coking coal (Peak Down Region), the Group was able to agree minimum prices, which are above the prevailing market prices. The arrangements have been agreed for a period up to the first quarter of 2015. The average agreed price for coking coal deliveries in the third quarter of 2014 is EUR 85 per tonne, representing a 1 per cent. increase compared to the Q2 2014 realised price. This average coking coal price is based on the expectation that coking coal sales for third quarter 2014 will be split approximately 45 per cent. hard coking coal (mid-volatility), 42 per cent. semi-soft coking coal and 13 per cent. PCI coking coal.

Thermal coal contracts generally continue to be on a calendar year basis and with prices fixed for the full year, reflecting the more static nature of this market, and the Group will continue to negotiate prices for the sale of thermal coal on this basis. Nevertheless, for part of the thermal coal sales, prices are agreed on a quarterly basis or are sold on a spot basis. An average price of EUR 54 per tonne has been agreed for thermal coal production in 2014.

Qualities and volumes of the coal are stipulated in coal supply agreements, and in some instances customers have the option to vary annual or quarterly volumes. Most of the Group's coal supply agreements contain provisions requiring it to deliver coal within certain ranges of characteristics such as calorific value, sulphur, ash, hardness and ash fusion temperature. Failure to meet these specifications can result in economic penalties, rejection of deliveries or, in extreme circumstances, the rescission of individual orders. The force majeure provisions generally contained in some of the coal supply agreements allow for the temporary suspension of performance by the Group or the customer during the duration of specified events beyond the control of the affected party, including events such as strikes, wars, natural disaster, adverse mining conditions, mine closures or serious transportation problems that affect the Group or unanticipated plant outages that may affect the buyer. The Group has not been subject to any material penalties for failure to provide coal in satisfaction of contract provisions in the recent past.

All payments by the Group's domestic customers and US Steel are in CZK, while payments from its foreign customers are usually denominated in Euro. The Group has not experienced in the recent past any significant problems in the timely payment by customers under its coal supply contracts.

The price of both the Group's domestic and export coal is determined primarily by market forces, which differ from market to market depending on the specific market environment and trends.

Suppliers

In addition to capital expenditures, the Group procures goods and services in support of its business activities. Principal purchases include transport, materials and spare parts, electricity, maintenance and repairs and other services (including, amongst others, IT and communications services, security, laundry, rescue teams and catering). The Group uses suppliers for a significant portion of its equipment rebuilds, works and services, and repairs both on- and off-site, as well as construction and reclamation activities. Furthermore, the Group's labour force is partially comprised of contractors (approximately 22 per cent. for the year ended 31 December 2013 and 23 per cent. for three month period ended 31 March 2014), most of whom come from Poland, Slovakia and Ukraine.

The Group has a central procurement department under the authority of the chief procurement and IT office which is responsible for negotiating with suppliers and procuring mining materials, spare parts, repairs and other selected services for the Group. The Group continues to optimise its supplier portfolio with the aim of reducing purchase prices and administrative costs, and offering mines better purchasing services is an on-going process.

While the Group's supplier base has been relatively stable for a number of years, where appropriate or possible the Group seeks to engage alternative suppliers to encourage competition (both in terms of price and quality) and to eliminate the risk of dependence on a single supplier. The Group also seeks suppliers that identify and concentrate on implementing continuous improvement opportunities within their area of expertise.

Historically, the Group has relied on mining equipment produced mainly by German and Polish manufacturers, which proved to best meet the Group's needs because of the geological proximities of the Czech, German and Polish mining industries. When the Group procures capital goods, it focuses on assessing the need to purchase spare parts during and after the guarantee period. However, in certain instances, including the purchase of specialist equipment, the Group is exposed to situations in which the number of alternative suppliers is very limited, thus reducing the Group's ability to encourage price competition.

In connection with the consummation of the sale of its energy business to Dalkia, the Group has contracted with Dalkia that Dalkia Industry CZ and Dalkia Commodities CZ will continue to supply energy and related services to the Group in the requested volumes (subject to technical minimum and maximum amounts) at agreed prices under a framework agreement which terminates on 31 December 2029, subject to an option in favour of OKD to extend the arrangement for a further five years. The pricing mechanism for supplies under the framework agreement (in respect of raw materials, utilities, services and relevant leases) will be applicable over the entire duration of the framework agreement on arm's-length terms. The pricing mechanism stipulates a recurring fixed payment payable in case of closure of a mine until expiry of the framework agreement. The fixed payment for the Paskov mine amounts to approximately EUR 1.6 million *per annum* irrespective of the actual off-take. Similar arrangements also apply to other mine closures. Please refer to the section entitled "*Sale of energy business*" in Part IX (*Additional information*) of this document for further details.

As part of the OKK Disposal certain coal supply agreements were concluded on an arm's length basis between entities within the Group and entities within the METALIMEX group of companies to secure the future supply of coal to the coking plant operated by MTX after 6 December 2013. Prior to the sale, the majority of the coking coal used in the coking plant used to be purchased from OKD. It is envisaged that this will continue and the terms of a supply agreement have been negotiated with MTX and prices are set on a quarterly basis, which is common for the business. Please refer to the section entitled "*Sale of OKK*" in Part IX (*Additional information*) of this document for further details.

In addition, the Group is subject to the Czech Public Procurement Act (Act No. 137/2006 Sb.) (the "**Public Procurement Act**"). This requires the Group, as a "sector contracting entity", to purchase supplies and services used for exploration and extraction of hard coal through a public procurement procedure in accordance with the Public Procurement Act. The major principles of the Public Procurement Act are based on EU law and include, in particular, principles of transparency, equal

treatment, non-discrimination, mutual recognition and proportionality. The Group assesses the applicability of the public procurement rules on a project-by-project basis, and the NWR Plc Board believes that the Group is in compliance with the Public Procurement Act.

Master agreements for work related to mining operations

OKD entered into four master agreements with various contractors on 23 November 2011 for work in relation to the mining operations in the mining area of OKD (the “**Master Agreements for Work related to Mining Operations**”). The expected price of the work is CZK 18.5 billion. The Master Agreements for Work related to Mining Operations will expire on 31 December 2014. OKD intends to enter into new master agreements with selected contractors after this date. The conclusion of individual agreements for work is contemplated by these master agreements. The Master Agreements for Work related to Mining Operations may be terminated without cause by either party upon three months’ prior written notice to the other party. In the event that OKD terminates the relevant master agreement with respect to one party, the termination is effective only with respect to such party. If the number of contractors in respect of whom the master agreement remains in full force and effect falls below three, the relevant master agreement expires. Either party can withdraw from the master agreement on the basis of a written withdrawal stating the cause for such withdrawal. In the event that OKD withdraws from the master agreement with respect to one party, the withdrawal is effective only with respect to such party. The Master Agreements for Work related to Mining Operations were concluded according to the results of a public tender pursuant to the Public Procurement Act.

Transportation

Currently, nearly all of the coal products that the Group sells are transported by railway, with the primary rail carrier being AWT Coal Logistics s.r.o., NWR NV’s affiliate. Transportation costs are borne by the customer. In addition, the Group has transportation agreements with METALIMEX for the provision of rail transport services in Austria, Greece and Slovenia and with AWT a.s. for the provision of rail transport services in the Czech Republic and Poland. Rail transport services are also provided by ČD Cargo, a.s. (“**ČD Cargo**”).

All railway transport agreements will terminate by the end of 2014 and the Group, through its subsidiary OKD, is currently tendering railway transports for the period between 2015 and 2017.

The Group’s coal transportation network, a spur line of approximately 350 kilometres in length running from its facilities to several railroad stations operated by České dráhy, is owned and operated by AWT. AWT is one of the largest railroad haulage contractors in the Czech Republic. AWT specialises in transport and logistics, providing rail and road transportation, handling and forwarding services for both the Group and third parties. AWT also provides transportation logistics services (such as forwarding, vehicle hire and maintenance), operates natural gas filling stations and maintains railways. Please refer to the section entitled “*Related party transactions*” in Part IX (*Additional information*) of this document for further details.

AWT utilises its own fleet of approximately 160 locomotives and approximately 5,100 freight wagons for transporting coal and other bulk materials. Most of this fleet can be operated on Czech railroads as well as abroad. Maintenance and repairs are carried out at AWT’s own locomotive depots and railcar service garages. AWT also operates its own 400 kilometre-long railway network in the Northeastern region of the Czech Republic.

AWT was a former subsidiary of the NWR NV. The Group entered into framework agreements with AWT for its transportation services in Poland and Belarus and France and Germany. There is also an agreement for transportation services within the EU between OKD and AWT for an indefinite period of time with a notice termination period of one month.

AWT also owns “last mile” rail tracks connecting the Group’s mines and many of its significant customers to the railway network. The Group has the right to use these “last mile” tracks under agreements with AWT, which can be terminated on 18 months’ notice by either party. Please refer to the section entitled “*Risks relating to the Group’s business and the industry-Disruptions in transportation services or increases in the costs of transportation services could adversely impact the Group’s ability to deliver coal to its customers, which could cause a decline in the Group’s revenues and profitability*” in the “*Risk factors*” part of this document for further details.

Gas

Methane extracted from the Group's mines during the exploration and production of coal is sold to Green Gas DPB a.s. under a long-term framework agreement relating to each mine. The term of the original long-term framework agreement is scheduled to expire in 2028, unless mining activities of the Group terminate prior to such date. The Group also has an option to extend the term.

Green Gas DPB a.s. is also the Group's supplier of nitrogen used in mines and certain specialised services related to safety at mines. Please refer to the section entitled "*Related party transactions*" in Part IX (*Additional information*) of this document for further details.

Employees and contractors

For the three month period ended 31 March 2014, the Group employed an average of 11,615 workers (for the year ended 31 December 2013, the Group employed an average of 12,606 workers) and utilised an average of 3,035 workers employed by contractors (for the year ended 31 December 2013, the Group utilised an average of 3,130 workers employed by contractors). The Group's mining engineers, at both a senior and operating level, have extensive industry experience and are considered to be among the most experienced mining engineers in the Czech Republic.

The following is a summary of the Group's average numbers of employees and contractors for the periods indicated:

	Year ended					
	2013	% of total	2012	% of total	2011	% of total
Own Employees.....	12,606	80	13,315	78	13,530	78
Contractors.....	3,130	20	3,672	22	3,778	22
Total	15,736	100	16,987	100	17,308	100

Source: NWR Plc

To increase flexibility in production, to reduce administration costs and to cover the lack of qualified underground mining employees, the Group outsources certain mining and preparatory works to contractors, which are specialised companies that provide mining services using their own employees (mostly from Poland, Slovakia and Ukraine). As at 31 December 2013, the vast majority of contracted workers hired by the Group were part of the underground mining workforce. The Group hires and pays these contractors through contracting agencies on a project-by-project basis. The Group has relied on these contractors as a result of the decrease in its own employee base caused by the closure of many of the mining schools in the Czech Republic resulting from a decline in student enrolment. Czech citizens interested in underground work and who meet the health, age and certain education requirements are trained in a retraining scheme organised by the Group's own training institutions, accompanied by further underground training organised by the mines and external training institutions.

The relationship between the Group and its employees is governed by Czech law and collective bargaining agreements. In November 2013, OKD signed a new collective agreement with the trade unions for the years 2014 to 2018. As part of this process, the Group standardised bonus packages across all of its mines to achieve a remuneration structure which is more closely aligned with financial performance.

Consequently, personnel expenses at OKD will see a year-on-year decline of 8 per cent. in 2014 in CZK terms. This expected decrease consists of an approximately 4 per cent. decrease in total remuneration and approximately 4 per cent. expected headcount reduction, not taking into account any potential redundancies in relation to the phase out of the Paskov mine.

Insurance

The Group currently carries insurance against natural disasters, fire and consequent business interruption, theft and vandalism, credit risk, third-party liability insurance and miscellaneous insurance such as car insurance, or insurance of electrical devices. The business interruption insurance covers the full value of potential or realised revenue losses resulting from major damage to the Group's property at an operational level.

In addition, NWR Plc has purchased Directors' and Officers' insurance. In broad terms, the Directors' and Officers' insurance policy protects, *inter alia*, private assets of directors and officers against financial losses from legal liability claims filed against such directors or officers arising out of alleged wrongful acts or omissions, either committed or attempted in their capacity as a director or officer of NWR Plc. Directors' and Officers' insurance typically does not cover claims relating to an initial public offering or other securities claims, arising out of or in connection with a public offer of securities and, therefore, NWR Plc (and NWR NV) concludes stand-alone insurance policies for any Public Offer of Securities (POSI). In January 2014, NWR Plc and NWR NV concluded a deed poll of indemnity with the NWR Plc Directors to indemnify them in respect of any loss resulting from claims made against them.

Since January 2009, OKD has been insured against damage to its underground structures and certain of its machinery and equipment. The Group carries third-party liability insurance. Please refer to the section entitled "*Risks relating to the Group's business and the industry—The Group's insurance coverage with respect to its operations may be inadequate and the occurrence of a significant event could adversely affect the Group's business, financial condition and results of operations*" in the "*Risk factors*" part of this document for further details.

Litigation

The Group is involved in the legal proceedings set out below, none of which NWR Plc believes to be material to the Group. Furthermore, NWR Plc believes that the litigation proceedings identified below have no significant impact on the Group's financial position.

NWR KARBONIA and Dalkia Powerline Sp. z o.o. (former business name: NWR ENERGETYKA PL Sp. z o.o.) ("**Dalkia Powerline**"), which was contributed to NWR Energy in 2009 as part of the consolidation of NWR Plc's energy assets, has been jointly and severally claimed against for damages by Vattenfall Sales Poland Sp. z o.o. ("**VSP**") in relation to negotiations held between NWR KARBONIA and VSP for the purchase of electricity in 2009. Due to the failure of VSP to satisfy one of the conditions of the agreement, namely, the provision of a guarantee, NWR KARBONIA refused to complete the final power purchase agreement. As a result, VSP subsequently claimed that it suffered damages and lost profit of an aggregate amount of approximately PLN 12 million. VSP, however, only claimed damages against NWR KARBONIA and Dalkia Powerline in the amount of PLN 1 million. The management of NWR KARBONIA and Dalkia Powerline disagree with the claim and with the claimed amount and have taken appropriate legal actions to defend the claim. By law, Dalkia Powerline is jointly and severally liable together with NWR KARBONIA because it assumed energy assets which were spun off from NWR KARBONIA on 1 April 2009. On 13 December 2010, the Regional Court in Bielsko Biala dismissed VSP's claim in its entirety, however VSP won an appeal reversing the Regional Court in Bielsko Biala's decision. In December 2011, VSP was taken over by TAURON Sprzedaż GZE Sp. z o.o. ("**Tauron**"). On 23 July 2012, the Regional Court in Katowice ruled as follows: (i) it ordered NWR KARBONIA and Dalkia Powerline to pay jointly and severally PLN 9 million plus interest to Tauron; (ii) dismissed Tauron's remaining claims, and (iii) ordered NWR KARBONIA and Dalkia Powerline to pay to Tauron PLN 114,434 in trial costs. It should be noted that Tauron requested the Court to order NWR KARBONIA and Dalkia Powerline to pay jointly and severally PLN 1 million as damages; hence, *inter alia*, the court ruled in excess of the plaintiff's claim. NWR KARBONIA opposed the ruling and appealed against the verdict. On 19 July 2013, the Court of Appeal in Katowice changed the aforementioned verdict and ordered NWR KARBONIA to pay PLN 232,537 (approximately EUR 55,600), and PLN 128,373 (approximately EUR 30,700) interest to Tauron and trial costs of the first instance trial. Tauron was ordered to pay NWR KARBONIA's trial costs for the appeal in the amount of PLN 105,400 (approximately EUR 25,000). Tauron appealed against the verdict in part regarding trial costs and on 25 October 2013 the Court of Appeal changed the verdict and ordered Tauron to reimburse NWR KARBONIA's trial costs in the amount of PLN 41,360 (approximately EUR 10,000) and concluded that the Polish State shall reimburse NWR KARBONIA's trial costs in the amount of PLN 50,000 (approximately EUR 12,000). The verdict is final and binding.

OKD has been claimed against for unfounded enrichment by Mr. Otakar Cerny in relation to Improvement proposal no. 31/5 15/95 in connection with the OKD's use of Mr. Cerny's design of equipment, valued by the claimant at CZK 1.087 billion. The first hearing was held on 18 January 2012, where the statement of claim was partially adjusted and the proceeding was suspended until a similar dispute led by the Regional Court in Ostrava is settled. As a result of a filing on 19 December 2013, the plaintiff extended the scope of the action to CZK 2,920,757,376. As a result of a filing on

14 February 2014, the plaintiff proposed to continue with the proceedings before the Municipality Court in Prague. OKD believes that the claim is unjustified and will be dismissed by the courts.

Litigation is pending against OKD (as successor entity) regarding the review of the adequacy of the consideration for shares of CMD a.s. paid out to minority shareholders (constituting at the time 5.915 per cent. of the shareholders) in a squeeze out procedure relating to CMD a.s. If the courts decided in the claimants' favour, the judgment would benefit all minority shareholders subject to the squeeze out procedure. The proceeding is still pending, and the potential impact of a decision in the claimants' favour is impossible to assess given that the consideration is subject to review. OKD believes that the claim is unjustified and will be dismissed by the courts.

On 31 December 2010, permits pertaining to the construction of certain buildings in the Frenštát area expired and subsequent extensions were refused by the regional authorities during 2011 and 2012. On 12 June 2012, OKD appealed this matter to the Regional Court in Ostrava. Effective from 1 January 2013, the amendment to the Building Act, Mining Act and Act on Protection of Nature and Landscape in the Czech Republic resulted in all building permits relating to mining activities being subject to the relevant mining authorities and not the regional authorities. Therefore on 11 February 2013, OKD submitted a new application to the local mining authority. However, on 3 April 2013, the local mining authority rejected this application and the Czech mining authority confirmed this decision on 14 June 2013. On 14 August 2013, OKD appealed this matter to the Regional Court in Ostrava. On 24 June 2013, the regional authority in Frenštát pod Radhostem decided that these respective assets be demolished and the regional authority in the Moravian Silesian Region confirmed this decision on 5 December 2013. On 31 January 2014, OKD appealed this matter to the Regional Court in Ostrava with a proposal to postpone effect of this decision. The Regional Court issued a resolution on 6 March 2014 admitting a suspensive effect of the action. All proceedings at court are still pending and the impact of a unfavourable decision for OKD would require the demolition of these respective assets, for which management have not reliably been able to estimate the cost at this point. OKD believes that the claim is more likely than not to be overturned by the Regional Court.

Mrs. Vlasta Simkova and her daughter Zuzana Simkova had summoned an action against (i) the Czech Republic (specifically the Czech mining authority) and (ii) OKD, a.s., for two claims of CZK 25 million (with respect to the claims against the Czech Republic) and for 2 claims of 50 million (with respect to the claims against OKD, a.s.) which they claimed as one time compensation of survivors and non material damage suffered as a result of fatal work injury of Mr. Vincent Simko, OKD's employee. OKD rejects the claim on the ground that the cause of the accident was incorrect, underestimated the risk of work, human error or breach of work discipline by Mr. Simko. OKD believes that the claim is unjustified and will be dismissed by the courts.

Strategic objectives

The Group's current aim is to maintain a more reliable liquidity position by ensuring its business and operations are as efficient and cost effective as possible. In order to achieve these aims, the Group's strategy is to optimise the current mining operations to ensure its sustainability by (a) reducing cash mining unit costs, (b) adjusting its total annual production downwards and (c) improving its LTIFR. Achieving these aims and fulfilling this current strategy depends upon the Group having sufficient working capital.

Cash mining unit costs

The Group is targeting cash mining unit costs of an annual average of EUR 66 per tonne from 2014 to 2017 (the Paskov mine is currently expected to close in 2017) and an annual average of EUR 63 per tonne thereafter to 2023, as well as further decreases in its administrative and selling expenses.

The Group aims to achieve the 2014 year-end target mainly through cuts in total personnel costs and by eliminating the high-cost aspects of its mining operations. As a result of the Group's strategic review, the Group has announced the planned closure of the Paskov mine in order to improve the overall cost profile of its mining operations. Please refer to the section entitled "*Paskov mine*" in this Part II (*Market overview and description of the business*) for further details on the current plan for the Paskov mine.

Total annual production and coking coal in the sale mix

The Group aims to adjust its total annual production downwards to the level of approximately 9.0 to 9.5 million tonnes for 2014, a year-on-year decline of 4.0 per cent. in 2015, approximately 8.0 per

cent. year-on-year decline *per annum* for the period 2016 to 2019 and approximately 4.5 million tonnes in 2020 and 4.0 million tonnes *per annum* for the period 2021 to 2023.

In order to achieve the 2014 target and to maximise the output of coking coal from the Group's mining operations, a new, more selective mine plan was created for implementation in 2014 in the form of the Life of Mine Plan. Longer-term the Group anticipates leveraging its customer relationships to complement its coking coal deliveries with sales of suitable coking coal qualities from overseas.

LTIFR

In 2014 the Group expects further improvements in its LTIFR driven by additional incentives the Group plans to offer its employees. As at 30 June 2014, the LTIFR was 7.16. The Group is aiming for a target LTIFR rate of less than five by 2015. In order to achieve this target, the Group is encouraging a safety-first attitude amongst its employees through implementing a regular training programme and launching campaigns aimed at promoting employee engagement and discipline.

PART III

OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of the Group's results of operations and financial condition based on NWR Plc's audited consolidated financial statements as of and for the years ended 31 December 2011, 2012, and 2013, in each case prepared in accordance with Adopted IFRS, and the unaudited condensed consolidated interim financial statements as of and for the three month period ended 31 March 2013 and 2014.

You should read this Part III (Operating and financial review) together with NWR Plc's audited consolidated financial statements as of and for the years ended 31 December, 2011, 2012 and 2013 and the unaudited condensed consolidated interim financial statements as of and for the three month period ended 31 March 2014 and 2013, including the notes thereto, as well as the other financial information incorporated by reference in this document. Please refer to the section entitled "Basis of presentation of financial information" for an explanation of the financial information included in this Part III (Operating and financial review). A summary of the critical accounting policies that have been applied to these financial statements is set out under the section entitled "Judgments, estimates and assumptions made in applying accounting policies" in this Part III (Operating and financial review).

Some of the information contained in this Part III (Operating and financial review), including information with respect to the Group's plans, strategies for its business and expected sources of financing, contain forward-looking statements that involve risks and assumptions. You should read the section entitled "Cautionary note regarding forward-looking statements" in the part of this document entitled "Important information" for a discussion of the risks, uncertainties and assumptions related to those statements. You should also read the "Risk factors" part of this document for a discussion of certain factors that may affect NWR Plc and the Group's business, financial condition and results of its operations. There has been no material adverse change in the prospects of the Group since the date of its last published audited consolidated financial statements (for the year ended 31 December 2013).

General overview

NWR Plc is a Central European hard coal producer. NWR Plc produces coking and thermal coal for the steel and energy sectors in Central Europe through its (indirect) subsidiary OKD, the largest hard coal mining company in the Czech Republic. The Group was established on the privatisation of elements of the coal industry in the Czech Republic, which started in 1994. It is now one of the largest industrial groups in the Czech Republic and the largest Czech natural resources company in terms of revenue and employees. For the three month period ended 31 March 2014, the Group employed an average of 11,615 workers (for the year ended 31 December 2013, the Group employed an average of 12,606 workers) and utilised an average of 3,035 workers employed by contractors (for the year ended 31 December 2013, the Group utilised an average of 3,130 workers employed by contractors), making it one of the largest private employers in the Czech Republic.

The Group's revenue from continuing operations for the year ended 31 December 2013 was EUR 850 million. For the three month period ended 31 March 2014, the Group generated revenues of EUR 173 million.

The Group's business is hard coal mining. Through its hard coal mining operations, the Group produces coking coal and thermal coal. Coking coal is used as a raw material in steel production, whereas thermal coal is sold to electricity and heat producers, industrial users, and other producers of electricity and heat. Coking coal generally commands higher prices and generates higher revenues with higher margins for the Group than thermal coal. The Group has four active mines. However, in 2013 as one of the outcomes of the Group's strategic operational review, NWR Plc identified the Paskov mine as uncompetitive due to its high-cost nature and has entered into an agreement with the Czech government about the closure of the mine. Please refer to the section entitled "Paskov mine" in Part II (*Market overview and description of the business*) of this document for further details.

The Group's key customers include ArcelorMittal, US Steel, Moravia Steel, Voestalpine Stahl and DBK. The vast majority of the Group's coal sales are based on long-term framework agreements, which are typically re-priced on a quarterly or annual basis.

The Group's hard coal mining business is conducted through OKD, a wholly-owned indirect subsidiary of NWR Plc. OKD produces coking coal, which is used in steel production, and thermal coal, which is used in power generation. For the year ended 31 December 2013, coking coal accounted for 48 per cent. of the tonnage of coal sold to third parties by OKD and thermal coal

accounted for the remaining 52 per cent. For the three month period ended 31 March 2014, coking coal accounted for 65 per cent. of the tonnage of coal sold to third parties and thermal coal accounted for the remaining 35 per cent.

The Group's largest business in terms of revenue is the production of coking coal, which generated EUR 455 million of revenues in the year ended 31 December 2013. Thermal coal revenues were EUR 284 million in the year ended 31 December 2013. For the three month period ended 31 March 2014, coking coal revenues were EUR 113 million and thermal coal revenues were EUR 40 million.

The Group monitors and reviews its performance by reference to the following key performance indicators: total cost sales; revenues; cash mining costs per tonne; EBITDA; operating profit/loss and LTIFR, which are discussed in detail in this Part III (*Operating and financial review*).

Recent developments

The Restructuring

The prolonged global pressure on both coking and thermal coal prices, the expiry of the RCF and the likely downward revision of NWR Plc's coal resource and reserve balances (as a direct result of the deterioration in the long term coal price outlook), triggered the NWR Plc Board's decision to initiate a review of the Group's capital structure on 22 January 2014.

The Group commenced negotiations with certain large Existing Noteholders on 22 January 2014, with the aim of addressing the unsustainable debt service obligations in respect of the Existing Notes and ensuring that the Group could operate as a going concern into the future.

As part of this process, as of 2 July 2014, holders of approximately 62 per cent. of the aggregate principal amount of Existing Senior Secured Notes and approximately 37 per cent. of the aggregate principal amount of the Existing Senior Unsecured Notes have entered into the Restructuring Agreement. The terms of the Restructuring Agreement contain, amongst other things, provisions outlining the obligation of the consenting Existing Noteholders to vote in favour of the Scheme.

The total outstanding principal amount of the Existing Notes together with any unpaid and accrued interest will be released in full and exchanged, with respect to (i) the Existing Senior Secured Notes, for the cash distributed through the Existing Senior Secured Notes Tender, the New Senior Notes and the New Convertible Notes and any cash available for distribution through the Existing Senior Secured Notes Tender that is not so distributed; and (ii) the Existing Senior Unsecured Notes, for the cash distributed through the Existing Senior Unsecured Notes Tender, the New Convertible Notes, the Contingent Value Rights and any cash available for distribution through the Existing Senior Unsecured Notes Tender is not so distributed, as well as the opportunity for the Scheme Creditors to participate in the Placing, the Noteholder Rights Issue Underwriting and the Super Senior Facility. The Restructuring contemplates the Existing Senior Secured Notes Tender and the Existing Senior Unsecured Notes Tender. This will result in a total release of the obligations of NWR NV and the Existing Guarantors to Scheme Creditors under the Existing Senior Secured Notes (together with the Existing Transaction Security Documents and the Existing Intercreditor Agreement) and Existing Senior Unsecured Notes (as applicable).

NWR Plc proposes to raise approximately €150 million (before expenses) of additional equity capital, approximately €118 million pursuant to the Rights Issue and approximately €32 million pursuant to the Placing. In addition to the Rights Issue, CERCL Mining has made an irrevocable commitment to invest approximately €75 million equity in NWR Plc and existing minority shareholders of NWR Plc will have the opportunity to participate in the Rights Issue *pro rata* to their existing shareholdings in NWR Plc.

The proposed amended debt profile of the Group (including the option of PIK interest for both the New Senior Notes and New Convertible Notes for further flexibility) and the injection of additional equity capital in NWR Plc will reduce the financial burden on the business, enabling the Group to continue to trade despite the weak macroeconomic climate in the coal mining industry.

Current trading update

Based on the Group's unaudited management accounts for the first three months of 2014, there has been a decline in total revenues. Total revenues decreased by 18 per cent., from EUR 211 million to EUR 173 million, in the three month period ended 31 March 2014, year on year, principally as a result of lower sales volumes and lower realised prices for thermal coal. The decline in revenues is also attributable to lower realised prices for coking coal that were partly offset by its higher sales

volumes. Lower sales volumes and lower transport charges also resulted in a decrease in transport revenues, with a similar decrease in transport costs, with no material impact on profitability.

The three month period ended 31 March 2014 saw positive EBITDA from continuing operations of EUR 10 million, representing an increase of EUR 35 million compared to negative EBITDA of EUR 25 million recorded in the three month period ended 31 March 2013. This increase in EBITDA is attributable mainly to the decrease in operating expenses that outweighed the decrease in revenues.

With respect to coal production, total production in the three month period ended 31 March 2014 (2,226 thousand tonnes) increased by 4 per cent. compared to the three month period ended 31 March 2013 (2,147 thousand tonnes). Coal volumes sold were lower by 12 per cent. compared to the three month period ended 31 March 2013, principally as a result of a decrease in thermal coal sales, which was partially offset by increased sales of coking coal in the three month period ended 31 March 2014. Coal inventories increased by 314 thousand tonnes to 694 thousand tonnes in the three month period ended 31 March 2014. Total coal production in the six month period ended 30 June 2014 (4,497 thousand tonnes) increased by 5 per cent. compared to the six month period ended 30 June 2013 (4,281 thousand tonnes). Coal volumes sold were lower by 24 per cent. compared to the six month period ended 30 June 2013, principally as a result of a decrease in thermal coal sales, which was partially offset by increased sales of coking coal in the six month period ended 30 June 2014. Coal inventories increased by 14 per cent. year-on-year to 858 thousand tonnes as at 30 June 2014.

Based on the Group's preliminary management accounts, the first six months of 2014 follow similar trends to those experienced in the first three months of 2014. These included: a decrease in revenues, compared to the first six months of 2013, attributable primarily to lower sales volumes and reduced average sales price of coking coal; and an increase in EBITDA, compared to the first six months of 2013, due to a reduction in mining unit costs and the build up of inventories in the first six months of 2014 compared to the reduction in inventories in the comparative period.

During the first six months of 2014 there has been a material improvement in the Group's operating loss (and loss before tax) mainly due to the EUR 307 million impairment charge recognised at 30 June 2013 with no corresponding amount recognised at 30 June 2014, as well as the consequential reduction in depreciation charge in addition to the factors that improved EBITDA. With respect to the financial position of the Group as at 30 June 2014, total assets has decreased mainly due to a decrease in cash and cash equivalents, resulting from cash outflows from both operating activities (including interest payments) and from investing activities. Total equity has decreased as a consequence of the loss for the period.

The average agreed price for coking coal deliveries in the third quarter of 2014 is EUR 85 per tonne, representing a 1 per cent. increase compared to the Q2 2014 realised price. This average coking coal price is based on the expectation that coking coal sales for third quarter 2014 will be split approximately 45 per cent. hard coking coal (mid-volatility), 42 per cent. semi-soft coking coal and 13 per cent. PCI coking coal.

Basis of presentation of financial information

Discontinued operations

On 6 December 2013, the Group completed the sale of its entire coke segment, represented by OKK and consequently, the coke segment is classified as discontinued operations in the 2013 Consolidated Financials. However, the coke segment was not previously classified as discontinued operations in the 2012 Consolidated Financials and, as such, the consolidated income statements and the consolidated statements of cash flows for the years ended 31 December 2011 and 2012 have been restated to reflect the OKK Disposal and state the discontinued operations separately from continuing operations. For the purposes of the discussion set forth under "*Results of operations—Year ended 31 December 2013 compared to the year ended 31 December 2012*" the coke segment has also been classified as a discontinued operation as required by Adopted IFRS.

No restatement is required to be made to the consolidated statements of financial position as at 31 December 2011 and 2012.

The 2011 consolidated income statement and consolidated statement of cash flows figures have been derived from the consolidation schedule used to prepare the audited consolidated financial statements of the Group for that year.

Presentation of expenses in the income statement

With effect from 1 January 2013, the Group changed the basis on which it presents expenses in the income statement. While previously classified by their nature, expenses are now classified by their function (also known as a 'cost of sales' format). This change has been made to align better with current best reporting practice in the mining industry. The consolidated income statements and associated notes for the years ended 31 December 2011 and 2012 have been restated to show the impact of this change.

Currency reporting

The financial information is presented in EUR, which is the presentation currency of the Group. The functional currency of NWR Plc and of NWR NV is EUR. The functional currency of NWR KARBONIA is the Polish zloty (PLN). The functional currency of New World Resources Services Ltd. is the pound (GBP). The functional currency of the remaining consolidated companies is the Czech koruna (CZK).

The following table presents the foreign exchange rates used for all presented periods:

	Three month period ended 31 March		Year ended 31 December		
	2014	2013	2013	2012	2011
			<i>(CZK/EUR)</i>		
Average exchange rate ⁽¹⁾⁽²⁾	27.442	25.566	25.980	25.149	24.590
Balance sheet date exchange rate ⁽¹⁾ .	27.442	25.740	27.427	25.151	25.787

Notes:

(1) Rates published by the European Central Bank.

(2) For the period up to the balance sheet date.

Throughout this document, the financial results and performance in both the current and comparative periods are expressed in EUR. The financial results and performance could differ considerably if they were presented in CZK. The Group may also, where deemed relevant, present variances in using constant foreign exchange rates (constant currency basis), marked 'ex-FX', which exclude the estimated effect of currency translation differences and are non-IFRS financial measures.

Segments and divisions

Until the end of 2013 when the Group completed the OKK Disposal, the Group's business was organised into three operating segments (Coal, Coke and the Real Estate Division).

Following the OKK Disposal, the Group's business is currently organised into two segments (the Coal and the Real Estate Division segments) for which financial and other performance measures are separately available and regularly evaluated by the chief operating decision maker ("CODM"). The CODM is the NWR Plc Board. These operational segments were identified based on the nature, performance and financial effects of key business activities of the Group.

The Group is furthermore organised into two divisions: the Mining Division and the Real Estate Division. The Group had A Shares and B Shares outstanding for the presented periods. The A Shares and B Shares are tracking stocks, which are designed to reflect the financial performance and economic value of the Mining Division and Real Estate Division, respectively. Due to the public listing of NWR Plc's A shares, the Group provides divisional reporting showing separately the performance of the Mining Division and the Real Estate Division.

The Articles of Association and the Divisional Policy Statements set out the main rights, obligations and relations between the Real Estate Division and Mining Division.

The divisional reporting, as such, is essential for the evaluation of the equity attributable to the listed part of the Group. The whole Mining Division represents the Coal segment.

Real Estate Division

The Real Estate Division mainly offers inter-divisional services by providing real estate to the Mining Division and concentrating ownership of certain assets, known as Real Estate Assets (buildings, surface constructions and land), as defined by the Divisional Policy Statements. This group of Real

The Real Estate Division receives an annual fee (the “**Fee**”) for Real Estate Assets provided by the Real Estate Division to the Mining Division. The Divisional Policy Statements determined the Fee value at EUR 3.6 million. The Fee is annually adjusted by inflation and any disposals of the Group entities.

The Mining Division's core activities are mining and processing of coal (Coal segment) and coke production (Coke segment (classified as discontinued operations)). The Mining Division has the right to access and use of any Real Estate Assets as specified by the Divisional Policy Statements for its operating activities.

There is no consideration required from the Mining Division to repay the present value of the buildings provided in compliance with the Divisional Policy Statements as would be usual under lease terms. Therefore, the respective amount (the book value) of the buildings provided to the Mining Division as of 31 December 2013 is presented in the equity of the Mining Division.

	31 March 2014	2013	2012	2011
		(EUR thousand)		
Net book value of leased buildings and construction used by Mining Division.....	115,951	119,246	214,389	229,406

Division and segment accounting policies, measurement and disclosure

- sales and all transactions between division and segments are priced on an arm's length basis;
- the Real Estate Division is obliged to provide certain buildings and construction to the Mining Division, if the Mining Division requires such assets for its operating activities. The NWR Plc Board considers the relationship between the Real Estate Division and Mining Division to be a 'finance lease' relationship because the Real Estate Division provides buildings and construction to the Mining Division for remuneration; the lease term is for the majority of the economic part of the life of the assets and the leased assets are of such a specialised nature that only the lessee can use them without major modifications. However, there is no lease payment under the standard financial lease conditions, only the CAP;
- land is provided to the Mining Division without any consideration. However, the Adopted IFRS criteria for finance leases cannot be met for land and there are no specific guidelines for the presentation of such arrangements. The Group decided to present this relationship in the segment analysis as a right to use land (the "**Right to use land**") granted by the Real Estate Division to the Mining Division and the Real Estate Division has deferred revenue for granting the Right to use land. The NWR Plc Board determined the original value of the Right to use land as the book value of land as of 31 December 2007. Buildings and construction leased from the Real Estate Division are disclosed in book value, depreciated by the Mining Division;
- Real Estate Assets used by the Mining Division are presented within assets of the Mining Division; assets not used by the Mining Division are presented in the assets of the Real Estate Division;
- the land used by the Mining Division is included in the accounts of the Real Estate Division. It is replaced by the Right to use land in the accounts of the Mining Division, amortisation of which is reflected in the result of the Mining Division. The Right to use land is depleted over the expected lifetime of mining, coking and related businesses using a linear amortisation method;

- when a building or construction is no longer needed by the Mining Division for its operating activities, the asset is transferred back to the Real Estate Division. Since the respective buildings and construction are expected to be used for the majority of the economic life of the assets, they will generally be fully depreciated at the moment when mining, coking and related operations cease in the future. The transfer should therefore include only fully depreciated assets with a zero book value. IAS 16 assumes some residual value of assets which should be equal to their estimated market value at the end of their useful life. However, the Group is unable to make a reliable estimate of such residual value due to the character of the assets;
- deferred revenue corresponding to the amount of the Right to use land is presented in the statement of financial position of the Real Estate Division. It will be released into revenues over the period corresponding to the depletion of the Right to use land. The deferred revenue is disclosed within revenues of the Real Estate Division;
- the Fee is accounted for as financial revenue in the Real Estate Division and as financial expense in the Mining Division. The Fee amount is annually adjusted by the inflation rate and by the impact of any changes in the Group;
- the Real Estate Division is allocated certain expenses related to revenues generated from miscellaneous rentals;
- the Real Estate Division is also charged a fee by the Mining Division for the utilisation of supporting internal functions (audit, tax advisory, accounting, IT services etc.). The amount of this fee was capped at EUR 100 thousand in 2008. The limit is subject to adjustment by inflation;
- all intercompany transactions are eliminated at the appropriate level of segment or division;
- the result of foreign exchange rate hedging operations is presented in the Coal and Coke segment revenues within the Mining Division as a correction of sales to third parties and is split between the two segments according to their share in total EUR revenues;
- all assets, except for special items described in this section, are allocated to the segments based on the allocation of the entities holding such assets (except for advance payments for property, plant and equipment and leased assets, which are allocated based on the segment using the assets to be acquired or leased);
- all liabilities are allocated to the segments based on the allocation of the entities holding such liabilities; and
- CAPEX is allocated and disclosed based on the segment using the assets acquired.

Description of key components of the Group's income statement

Revenue sources

The Group derives revenues from continuing operations primarily from the sale of coking coal and thermal coal.

Principal costs and expenses

Cost of sales

Cost of sales expenses comprise all operating costs incurred in production including depreciation and amortisation, or compensation of, and provisions for mining damages. The most significant constituents of the cost of sales of the Group are the consumption of material (mining material and spare parts) and energy, service expenses (contractors, maintenance and others), personnel expenses and depreciation and amortisation.

Selling expenses

Selling expenses comprise all operating costs involved in selling or distributing products and include mainly transport costs and related personnel expenses.

Administrative expenses

Administrative expenses comprise all other operating costs associated with the general operation of the Group, which cannot be allocated to either cost of sales or selling expenses. The most significant administrative expenses are personnel expenses and services expenses (mainly professional service expenses associated with the services of attorneys, consultants and other professionals).

Non-IFRS financial measures

The Group defines EBITDA as net profit before non-controlling interests, income tax, net financial costs, depreciation and amortisation, impairment of PPE and gains/losses from sale of PPE. While the amounts included in EBITDA are extracted from the Group's 3M 2014 Interim Consolidated Financials, 2013 Consolidated Financials, 2012 Consolidated Financials and 2011 Consolidated Financials, it is not a financial measure determined in accordance with Adopted IFRS. Accordingly, EBITDA should not be considered as an alternative to net income or operating income as an indication of the Group's performance or as an alternative to cash flows as a measure of the Group's liquidity. The Group currently uses EBITDA in its business operations to, among other things, evaluate the performance of its operations, develop budgets and measure its performance against those budgets. The Group considers EBITDA a useful tool to assist in evaluating performance because it excludes interest, taxes and other non-cash charges. As such, the Group believes that EBITDA is a useful indicator of its ability to incur and service its indebtedness and can assist certain investors, security analysts and other interested parties in evaluating the Group.

The 2013 Consolidated Financials show the results from OKK as profit from discontinued operations. To present comparable figures with previously published financial information, the Group presents Total EBITDA, which is defined as the total of EBITDA from continuing operations and EBITDA from discontinued operations.

The Group defines net debt as total debt less cash and cash equivalents. Total debt includes issued bonds, long-term interest bearing loans and borrowings, including current portion, plus short-term interest bearing loans and borrowings. Total debt is based on the gross amount of debt less related expenses. Interest bearing loans, bond issues, and borrowings are measured at this amortised cost.

Certain factors affecting results of operations

Certain factors relating to the Group's business and industry, as well as the political, economic and legal environment in Central Europe, affect the Group's results of operations. Such factors include, among others, the demand for coal, the price of coal, changes in coal production capacity of competitors, the cost of labour and the level of production of the Group's mines.

In light of these factors, the Group's long-term strategy is to optimise the current mining operations to ensure its sustainability by (a) reducing cash mining unit costs, (b) adjusting its total annual production downwards and (c) improving its LTIFR. In the period to 2023, the Group will focus on mining those reserves of coal that are economically viable to extract. If prices continue at current low levels, coal production will decline progressively over the next ten years since the majority of the Group's coal resources are located in geographically challenging areas. In these difficult market conditions the Group will continue to focus on cost control and increasing productivity.

Coal prices and the demand for coal

The most significant factor affecting the results of operations of the Group is the price of coal and coke. Prices of coal are the outcome of a primarily regional supply and demand balance, which is driven by the level of macroeconomic and industrial activity, most notably steel production. Coal prices in the region are also influenced by international prices and quarterly international benchmark price agreements.

Due to its landlocked nature, the Czech Republic and neighbouring Central European countries represent a largely localised market for coal. The only significant regional coal producers capable of shipping into the Czech market at competitive prices are mines in Poland, where there is significant domestic coal demand. As a result, historically there have been limited imports of coal into the Czech Republic, with the majority of imports from Poland.

Driven by its low wages, skilled labour force, stabilising economic and political environment and proximity to established and other emerging markets, Central Europe has historically attracted significant private sector investment in industrial production and manufacturing capacity.

The global economic recession which began in 2008 caused a decrease in demand for coking coal and coke as a result of a decrease in the consumption of steel and steel products in Central Europe, resulting in a decline in the prices of coking coal. The improved economic environment in the Group's markets during 2010 and 2011 led to higher coking coal prices and sales volumes. Economic slowdown and market uncertainty influenced the Group's business in the first three months of 2013 by way of lower prices of coking coal.

Energy demand was less susceptible to the global recession and thermal coal demand and prices were therefore relatively unaffected. Changes in thermal coal prices are due to, among other things, fluctuations in the supply of domestic and foreign coal, the demand for electricity, and the price and availability of alternative fuels for electricity generation.

The table below summarises coal external sales volumes and prices for the periods presented.

	Six month period ended 30 June		Year ended 31 December		
	2014	2013	2013	2012 (restated)	2011 (restated)
External coal operating data					
Sales volume (kt)					
Coking coal	2,544	2,306	4,630	5,518	5,347
Thermal coal.....	1,475	2,510	5,079	4,727	5,849
Average sales prices per tonne (EUR)					
Coking coal	87	102	98	125	177
Thermal coal ⁽¹⁾	58	56	56	74	67

(1) The average blended price for thermal coal was impacted by the sale of approximately 380kt of middlings and lower grades of thermal coal from inventories during the six month period ended 30 June 2013.

Production capacity

Regional coal production capacity is largely determined by Polish coal capacity. If the regional coal mining industry were to expand significantly, it would have an impact on the supply and demand balance, most likely putting downward pressure on coal prices. At the moment there is a regional shortage of premium high quality coking coal, evidenced by the relatively expensive coal imports into the region. NWR Plc does not expect this situation to change in the short term.

Poland became a net importer of coal in 2008. This position remained unchanged in 2011, 2012 and 2013 and is unlikely to change in the short term.

In line with the Group's long-term strategy, the Group's four existing coal mines are expected to produce a gradually declining output for the foreseeable future.

Product mix

The Group's results of operations are affected by the mix of coking coal and thermal coal it sells. In particular, coking coal attracts higher prices and generates a higher gross margin than thermal coal.

Cost of labour

The Group has maintained good relationships with its trade unions, evidenced by the recent successful negotiations with unions over wages. In November 2013, OKD signed a new collective agreement with the trade unions for the years 2014 to 2018. As part of this process, the Group standardised bonus packages across all of its mines to achieve a remuneration structure which is more closely aligned with financial performance. Consequently, personnel expenses at OKD will see a year-on-year decline of 8 per cent. in 2014 in CZK terms. This expected decrease consists of a decrease of 4 per cent. in total remuneration and 4 per cent. expected headcount reduction, not taking into account any potential redundancies in relation to the phase out of the Paskov mine. However, as the economy improves, the Group expects wages for employees and contractors to increase, though further improvement of the Group's efficiency (in line with the Group's long-term strategy) should further reduce labour costs even if wages increase. An increase in the Group's production costs could have an adverse effect on its profitability.

Mining unit costs

Mining unit costs are measures commonly used in the industry the Group operates in. These are not IFRS measures and as there is no uniform definition, the comparison with other companies in the industry may not result in relevant and reliable information.

The Group defines mining unit costs as total operating costs incurred in mining both coking coal and thermal coal divided by total volume of coal produced. It includes consumption of material and

energy, services, personnel and other operating expenses. It does not include depreciation and amortisation, and transportation costs re-invoiced to the customers.

Production data and mining unit costs for the periods indicated are summarised in the table below:

	Three month period ended 31 March		Year ended 31 December		
	2014	2013	2013	2012	2011
Mining unit costs (EUR per tonne) ..	74	97	81	81	82
Coal production (Mt).....	2.2	2.1	8.8	11.2	11.2

Results of operations

Three month period ended 31 March 2014 compared to the three month period ended 31 March 2013.

Basis of presentation

The following discussion is based on and should be read together with NWR Plc's unaudited condensed consolidated interim financial statements as of and for the three month period ended 31 March 2014 incorporated by reference in this document.

Statement of profit or loss

	Three month period ended 31 March	
	2014	2013 (restated)
	<i>(EUR thousand)</i>	
Continuing operations		
Revenues	172,535	210,915
Cost of sales.....	(146,992)	(234,777)
Gross profit / (loss).....	25,543	(23,862)
Selling expenses.....	(15,645)	(21,254)
Administrative expenses.....	(20,565)	(21,305)
Loss from sale of property, plant and equipment.....	(45)	—
Other operating income	962	642
Other operating expenses.....	(528)	(742)
Operating loss	(10,278)	(66,521)
Financial income.....	2,458	10,654
Financial expense.....	(18,009)	(38,536)
Loss before tax	(25,829)	(94,403)
Income tax (expense) / benefit	(835)	13,811
Loss from continuing operations	(26,664)	(80,592)
Discontinued operations		
Profit from discontinued operations, net of tax	—	264
Loss for the period	(26,664)	(80,328)

Revenues

The table below sets forth revenues for the three month period ended 31 March 2014 compared to the same period in 2013.

	Three month period ended 31 March				Change		
	2014	per cent. of total	2013 (restated)	per cent. of total	y-y	y/y%	ex-FX
<i>(EUR thousand)</i>							
Revenues							
External coking coal sales (EXW)*	112,627	65%	116,443	55%	(3,816)	(3%)	1%
External thermal coal sales (EXW)*	39,978	23%	66,173	31%	(26,195)	(40%)	(38%)
Coal transport	11,937	7%	16,627	8%	(4,690)	(28%)	(25%)
Sale of coal by-products.....	4,809	3%	5,980	3%	(1,171)	(20%)	(14%)
Other revenues	3,184	2%	5,692	3%	(2,508)	(44%)	(40%)
Total	172,535	100%	210,915	100%	(38,380)	(18%)	(14%)

* For the purpose of this analysis, where the Group sells products on an EXW or similar basis, the notional transport element is shown separately in order to separate the impact of changing transport revenues from changes in the underlying achieved price for the products sold.

Revenues of the Group for the three month period ended 31 March 2014 decreased by 18 per cent. year on year to EUR 173 million from EUR 211 million for the same period in 2013.

Total revenues decreased mainly as a result of lower sales volumes and lower realised prices for thermal coal (see the table below). In addition, revenues decreased due to lower realised prices for coking coal that were partly offset by its higher sales volumes. Lower sales volumes and lower transport charges also resulted in a decrease of transport revenues, with a similar decrease in transport costs, which had no material impact on profitability.

	Three month period ended 31 March		Change	
	2014	2013 (restated)	y-y	y/y%
<i>(EUR)</i>				
Average sales prices per tonne (EXW)				
Coking coal	91	103	(12)	(12%)
Thermal coal.....	60	64	(4)	(6%)

The following table reflects coal production and sales for the three month period ended 31 March 2014 compared to the same period in 2013:

	Three month period ended 31 March		Change	
	2014	2013 (restated)	y-y	y/y%
<i>(kt)</i>				
Coal performance indicators				
Coal production.....	2,226	2,147	79	4%
Period end inventory.....	694	1,262	(568)	(45%)
Total external sales	1,906	2,171	(265)	(12%)
Coking coal sales	1,243	1,135	108	10%
Thermal coal sales	663	1,036	(373)	(36%)

Total production of coal in the three month period ended 31 March 2014 remained almost flat compared to production volume in the same period in 2013. Coal volumes sold to third parties were lower by 12 per cent. as a result of lower thermal coal sales in the three month period ended 31 March 2014, which were partly offset by higher coking coal sales. Consequently, coal inventories increased by 314 kt in the three month period ended 31 March 2014 compared to a decrease of 25kt in the same period in 2013.

Cost of sales

	Three month period ended 31 March		Change		
	2014	2013 (restated)	y-y	y/y%	ex-FX
	<i>(EUR thousand)</i>				
Consumption of material and					
energy of which:.....	52,238	70,688	(18,450)	(26%)	(22%)
mining material and spare parts .	31,391	40,719	(9,328)	(23%)	(19%)
energy consumption	18,362	27,400	(9,038)	(33%)	(28%)
Service expenses of which:.....	37,854	42,555	(4,701)	(11%)	(5%)
contractors	17,479	21,075	(3,596)	(17%)	(11%)
maintenance	12,176	8,231	3,945	48%	55%
Personnel expenses	55,953	71,912	(15,959)	(22%)	(16%)
Depreciation and amortisation.....	18,900	40,048	(21,148)	(53%)	(49%)
Net gain from material sold	(617)	(1,154)	537	(47%)	(43%)
Change in inventories of finished					
goods and work in progress.....	(20,338)	7,462	(27,800)	—	—
Other operating expenses/(income).. of which : compensation of, and provision for mining damages	3,002 1,380	3,266 1,816	(264) (436)	(8%) (24%)	(1%) (18%)
Total cost of sales	146,992	234,777	(87,785)	(37%)	(33%)
Excluding the change in inventories impact	167,330	227,315	(59,985)	(26%)	(21%)

Excluding the EUR 28 million year on year impact on change in inventories driven by the Group producing on stock, cost of sales decreased by EUR 60 million, namely as a result of:

- lower depreciation following the impairment charge recognised in the financial statements for the year ended 31 December 2013;
- a decrease in development work combined with lower input costs per equipped coal panel lowering consumption of mining material and spare parts;
- a decrease in consumption of energy combined with lower energy prices resulting in lower energy costs; and
- a 10 per cent. decrease in the number of employees combined with lower holiday allowances, resulting in lower personnel expenses.

Selling expenses

	Three month period ended 31 March		Change		
	2014	2013 (restated)	y-y	y/y%	ex-FX
	<i>(EUR thousand)</i>				
Transport costs.....	11,776	16,870	(5,094)	(30%)	(28%)
Personnel expenses	658	779	(121)	(16%)	(9%)
Allowance for inventories on stock.	614	249	365	147%	165%
Other expenses.....	2,597	3,356	(759)	(23%)	(17%)
Total selling expenses.....	15,645	21,254	(5,609)	(26%)	(23%)

Lower sales volumes together with lower transport charges resulted in a reduction in transport costs by 30 per cent., with a similar decrease in transport revenues, with no material impact on profitability.

Administrative expenses

	Three month period ended 31 March		Change		
	2014	2013 (restated)	y-y	y/y%	ex-FX
	<i>(EUR thousand)</i>				
Personnel expenses	10,403	12,778	(2,375)	(19%)	(13%)
Service expenses.....	6,988	5,554	1,434	26%	31%
Other expenses.....	3,174	2,973	201	7%	14%
Total administrative expenses.....	20,565	21,305	(740)	(3%)	2%

Administrative expenses of EUR 21 million remained flat with a decrease of personnel expenses offset by an increase in advisory expenses, principally relating to the Capital Restructuring.

Total personnel expenses and headcount

	Three month period ended 31 March		Change		
	2014	2013 (restated)	y-y	y/y%	ex-FX
	<i>(EUR thousand)</i>				
Personnel expenses	68,935	85,943	(17,008)	(20%)	(14%)
Employee benefit provision	(1,784)	(106)	(1,678)	—	—
Share-based payments	12	(214)	226	—	—
Total personnel expenses.....	67,163	85,623	(18,460)	(22%)	(16%)

Total personnel expenses have reduced principally through lower headcount (see below) and lower holiday allowances based on a new collective bargaining agreement with employees.

	Three month period ended 31 March		Change	
	2014	2013 (restated)	y-y	y/y%
Employees headcount (average)	11,615	12,976	(1,361)	(10%)
Contractors headcount (average)	3,035	3,371	(336)	(10%)
Total headcount (average)	14,650	16,347	(1,697)	(10%)

EBITDA

	Three month period ended 31 March		Change		
	2014	2013 (restated)	y-y	y/y%	ex-FX
	<i>(EUR thousand)</i>				
EBITDA from continuing operations	9,903	(24,782)	34,685	—	—

The Group's EBITDA from continuing operations increased by EUR 35 million compared to the three month period ended 31 March 2013 mainly as a result of lower operating expenses that outweighed the decrease in revenues.

As EBITDA is a non-IFRS measure, the following table provides a reconciliation of EBITDA from continuing operations and net loss after tax.

	Three month period ended 31 March	
	2014	2013 (restated)
	<i>(EUR thousand)</i>	
Net loss after tax from continuing operations	(26,664)	(80,592)
Income tax	835	(13,811)
Net financial expenses.....	15,551	27,882
Depreciation and amortisation	20,136	41,739
Loss from sale of PPE	45	—
EBITDA from continuing operations	9,903	(24,782)

Financial Income and Expense

	Three month period ended 31 March		Change	
	2014	2013 (restated)	y-y	y/y%
	<i>(EUR thousand)</i>			
Financial income	2,458	10,654	(8,196)	(77%)
Financial expense.....	(18,009)	(38,536)	20,527	53%
Net financial expense.....	(15,551)	(27,882)	12,331	44%

The decrease in net financial expense of EUR 12 million in the three month period ended 31 March 2014 is mainly attributable to the loss recorded in the comparative period due to the repayment of the 2015 Notes (EUR 8 million), consisting of the write off of unamortised transaction costs (EUR 4 million) and the cost of early redemption (EUR 4 million), and to a decrease in realised and unrealised foreign exchange losses (EUR 3 million).

Loss from continuing operations before tax

The loss before tax in the three month period ended 31 March 2014 was EUR 26 million, down EUR 68 million compared to a loss of EUR 94 million in the three month period ended 31 March 2013.

Income tax

The Group recorded a net income tax expense of EUR 1 million in the three month period ended 31 March 2014, compared to a net income tax benefit of EUR 14 million in the three month period ended 31 March 2013.

Deferred tax assets are recognised to the extent that they are recoverable in the jurisdiction in which they were incurred. During the three month period ended 31 March 2014, the Group recorded a loss before tax of EUR 26 million, for which no corresponding deferred tax asset has been recognised as the Group does not expect to be able to utilise these losses before their expiration date.

Loss from continuing operations

The Group recognised a loss from continuing operations of EUR 27 million in the three month period 2014, which represents a decrease of EUR 54 million compared to the loss of EUR 81 million in the three month period ended 31 March 2013.

Year ended 31 December 2013 versus year ended 31 December 2012

Basis of presentation

The following discussion is based on and should be read together with the 2013 Annual Report, which is incorporated by reference in this document.

On 6 December 2013, the Group completed the sale of its entire coke segment, represented by OKK and consequently, the coke segment is classified as discontinued operations in the 2013 Consolidated Financials. However, the coke segment was not previously classified as discontinued operations in the 2012 Consolidated Financials and, as such, the consolidated income statements and the consolidated statements of cash flows for the years ended 31 December 2011 and 2012 have been restated to reflect the OKK Disposal and state the discontinued operations separately from continuing operations. With respect to the 2012 financial results, the discussion set forth under the section entitled “*Results of Operations—Year ended 31 December 2013 compared to the year ended 31 December 2012*” in this Part III (*Operating and financial review*) is based on the financial statements contained in the 2013 Annual Report and reflects the restatement discussed above. The discussion set forth under the section entitled “*Results of Operations—Year ended 31 December 2012 compared to the year ended 31 December 2011*” in this Part III (*Operating and financial review*) also reflects the OKK Disposal and the restatement.

Statement of profit or loss

	Year ended 31 December	
	2013	2012 (restated)
	(EUR thousand)	
Continuing operations		
Revenues	850,456	1,178,545
Cost of sales	(843,857)	(912,728)
Gross profit	6,599	265,817
Selling expenses	(86,497)	(118,358)
Administrative expenses	(78,541)	(103,888)
Impairment loss on property, plant and equipment	(806,964)	—
Gain recognised on impairment correction	—	7,438
(Loss) / gain from sale of property, plant and equipment	(7,375)	95
Other operating income	3,236	2,676
Other operating expenses	(3,008)	(3,323)
Operating (loss) / income	(972,550)	50,457
Financial income	25,420	46,043
Financial expense	(113,666)	(93,424)
(Loss) / profit before tax	(1,060,796)	3,076
Income tax benefit / (expense)	146,438	(9,994)
Loss from continuing operations	(914,358)	(6,918)
Discontinued operations		
(Loss) / profit from discontinued operations, net of tax	(55,913)	5,669
Loss for the year	(970,271)	(1,249)

Revenues

The table below sets forth revenues for the years ended 31 December 2013 and 2012.

	Year ended 31 December					Change	
	2013	per cent. of total	2012 (restated)	per cent. of total	y-y	y/y%	ex-FX
	(EUR thousand)						
Revenues							
External coking coal sales (EXW)*	454,701	53%	692,051	59%	(237,350)	(34%)	(33%)
External thermal coal sales (EXW)*	283,720	33%	347,476	29%	(63,756)	(18%)	(17%)
Coal transport	71,791	8%	96,580	8%	(24,789)	(26%)	(24%)
Sale of coal by-products	19,592	2%	24,715	2%	(5,123)	(21%)	(18%)
Other revenues	20,652	4%	17,723	2%	2,929	17%	20%
Total	850,456	100%	1,178,545	100%	(328,089)	(28%)	(26%)

* For the purpose of this analysis, where the Group sells products on an EXW or similar basis, the notional transport element is shown separately in order to separate the impact of changing transport revenues from changes in the underlying achieved price for the products sold.

Total revenues decreased by 28 per cent. year on year mainly as a result of lower realised prices and lower sales volumes of coking coal (see the table below), in line with lower prices and demand for steel making materials globally, as well as in Central Europe. In addition, revenues decreased due to lower realised prices for thermal coal.

	Year ended 31 December		Change	
	2013	2012 (restated)	y-y	y/y%
<i>(EUR)</i>				
Average sales prices per tonne (EXW)				
Coking coal	98	125	(27)	(22%)
Thermal coal.....	56	74	(18)	(24%)

The following table reflects coal production and sales for the years ended 31 December 2013 and 2012.

	Year ended 31 December		Change	
	2013	2012 (restated)	y-y	y/y%
<i>(kt)</i>				
Coal performance indicators				
Coal production.....	8,800	11,206	(2,406)	(21%)
Period end inventory	380	1,287	(907)	(70%)
Total external sales	9,709	10,245	(536)	(5%)
Coking coal sales.....	4,630	5,518	(888)	(16%)
Thermal coal sales.....	5,079	4,727	352	7%

Total production of coal in the year ended 31 December 2013 decreased by 21 per cent. compared to production volume in 2012. Coal volumes sold were lower by 5 per cent. as a result of lower coking coal sales, partially offset by increased sales of middling and lower grades of thermal coal from inventories in 2013.

Coal inventories decreased by 907kt in 2013 compared to an increase by 978kt in the year 2012.

Cost of Sales

	2013	2012 (restated)	y-y	y/y%	ex-FX
	<i>(EUR thousand)</i>				
Consumption of material and energy	254,828	303,669	(48,841)	(16%)	(14%)
of which:					
mining material and spare parts ..	146,028	189,867	(43,839)	(23%)	(21%)
energy consumption	96,897	103,734	(6,837)	(7%)	(4%)
Service expenses	149,225	188,426	(39,201)	(21%)	(18%)
of which:					
contractors	74,194	96,083	(21,889)	(23%)	(20%)
maintenance	30,897	38,813	(7,916)	(20%)	(18%)
Personnel expenses	233,264	291,439	(58,175)	(20%)	(17%)
Depreciation and amortisation	141,741	160,298	(18,557)	(12%)	(9%)
Net gain from material sold	(4,433)	(7,703)	3,270	(42%)	(41%)
Change in inventories of finished goods and work in progress	58,570	(52,971)	111,541	—	—
Other operating expenses/(income) ..	10,662	29,570	(18,908)	(64%)	(63%)
of which:					
compensation of, and provision for mining damages	5,976	18,425	(12,449)	(68%)	(66%)
Total cost of sales	843,857	912,728	(68,871)	(8%)	(5%)
Excluding the change in inventories impact	785,287	965,699	(180,412)	(19%)	(16%)

Excluding the EUR 112 million year on year impact on change in inventories driven by the Group selling higher volumes of low quality thermal coal in 2013 compared to the year ended 31 December 2012 when the Group was producing on stock, cost of sales decreased by EUR 180 million, namely as a result of:

- a decrease in production and development works, influencing consumption of mining material and spare parts, as well as the provision for mining damages;
- a 15 per cent. decrease in the number of shifts and a 6 per cent. decrease in unit costs per shift ex-FX, resulting in a decrease of contractors' costs (contractors headcount decreased by 15 per cent.); and
- a 5 per cent. decrease in the number of employees and changes in employee benefit assumptions resulting in lower personnel expenses.

Selling expenses

	2013	2012 (restated)	y-y	y/y%	ex-FX
	<i>(EUR thousand)</i>				
Transport costs	70,857	98,637	(27,780)	(28%)	(27%)
Personnel expenses	3,379	3,687	(308)	(8%)	(5%)
Allowance for inventories on stock ..	711	2,285	(1,574)	(69%)	(68%)
Other expenses	11,550	13,749	(2,199)	(16%)	(13%)
Total selling expenses	86,497	118,358	(31,861)	(27%)	(25%)

Lower sales volumes together with a change in the geographic composition of sales resulted in a reduction in transport costs by 28 per cent. year on year, with a similar decrease in transport revenues, with no material impact on profitability.

Administrative expenses

	2013	2012 (restated)	y-y	y/y%	ex-FX
	<i>(EUR thousand)</i>				
Personnel expenses	45,143	63,883	(18,740)	(29%)	(27%)
Service expenses.....	19,036	22,002	(2,966)	(13%)	(12%)
Other expenses.....	14,362	18,003	(3,641)	(20%)	(17%)
Total administrative expenses.....	78,541	103,888	(25,347)	(24%)	(22%)

A decrease in administrative expenses by 22 per cent. on a constant currency basis was principally attributable to lower personnel costs (10 per cent. salary cut, lower headcount and lower share-based payments costs).

Total personnel expenses and headcount

	2013	2012 (restated)	y-y	y/y%	ex-FX
	<i>(EUR thousand)</i>				
Personnel expenses	319,291	350,130	(30,839)	(9%)	(6%)
Employee benefit provision	(36,874)	2,830	(39,704)	—	—
Share-based payments	590	6,753	(6,163)	(91%)	(91%)
Total personnel expenses.....	283,007	359,713	(76,706)	(21%)	(19%)

Total personnel expenses reduced principally through lower headcount (see the table below) and the completion of negotiations with the trade unions and the execution of a new collective bargaining agreement with employees, which reduced the overall employee benefit liability of the Group.

	2013	2012 (restated)	y-y	y/y%
Employees headcount (average)	12,606	13,315	(709)	(5%)
Contractors headcount (average)	3,130	3,672	(542)	(15%)
Total headcount (average)	15,736	16,987	(1,251)	(7%)

EBITDA

	2013	2012 (restated)	y-y	y/y%	ex-FX
	<i>(EUR thousand)</i>				
EBITDA from continuing operations	(10,062)	210,168	(220,230)	—	—
EBITDA from discontinued operations.....	14,184	12,427	1,757	14%	(7%)
Total EBITDA	4,122	222,595	(218,473)	(98%)	—

The Group's EBITDA from continuing operations decreased by EUR 220 million compared to the 2012 period mainly as a result of lower commodity prices and sales volumes that outweighed the decrease in operating expenses.

As EBITDA is a non-IFRS measure, the following table provides a reconciliation of EBITDA from continuing operations and net loss after tax.

	2013	2012 (restated)
	<i>(EUR thousand)</i>	
Net loss after tax from continuing operations	(914,358)	(6,918)
Income tax	(146,438)	9,994
Net financial expenses.....	88,246	47,381
Depreciation and amortisation	148,149	167,244
Impairment loss on property, plant and equipment.....	806,964	—
Gain recognised on impairment correction	—	(7,438)
Loss / (gain) from sale of PPE	7,375	(95)
EBITDA from continuing operations	(10,062)	210,168

Impairment loss

Due to reduced price expectations for the Group's products, the Group undertook a re-assessment of the mine plan for future operations, which accordingly led to a re-assessment of the recoverable amount (per 30 June and 31 December 2013) of its continuing CGUs. As a result, an impairment loss of EUR 807 million (2012: nil) was recognised. The impairment loss related entirely to the coal segment. This included EUR 142 million in respect of the Paskov mine and EUR 9 million in relation to the Dębiesko project with the balance relating to the coal business generally.

The recoverable amount of the CGUs was based on value in use. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGUs. Value in use as at 31 December 2013 was calculated on the basis of the following key principles and assumptions;

- cash flows were forecast based on past experience, actual operating results, approved budget and the long-term business plan. Cash flows for the years to the end of the life of the mines for the Coal segment were extrapolated using declining growth rate (reflecting decreasing production towards the end of the life of the mines);
- revenue was forecast based on agreed prices for the first quarter of 2014. The anticipated annual revenue movement included in the cash flow projections ranged from (9 per cent.) to 8 per cent. for the years 2014 to 2018 and are based on the average of a range of publically available data (market consensus);
- a post-tax discount rate of 11.73 per cent. (2012: 10.6 per cent.) was applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on an industry average weighted-average cost of capital adjusted for the specific risks of each CGU; and
- cash mining unit costs anticipated of EUR 65 per tonne in 2014, decreasing to EUR 60 per tonne in 2015 and thereafter.

The impairment charges are particularly sensitive to the discount rate applied, the forecast sales prices of the Group's products and the operating expenses. Holding all other parameters constant a 1.50 per cent. increase in the discount rate would give rise to an additional impairment loss of EUR 38 million; a 2.50 per cent. increase in the discount rate would give rise to an additional impairment loss of EUR 61 million; a 5 per cent. reduction in sales prices would give rise to an additional impairment loss of EUR 144 million and a EUR 5 per tonne increase on operating expenses would give rise to an additional impairment loss of EUR 164 million.

Financial income and expense

	2013	2012 (restated)	y-y	y/y%
		(EUR thousand)		
Financial income	25,420	46,043	(20,623)	(45%)
Financial expense.....	(113,666)	(93,424)	(20,242)	(22%)
Net financial expense.....	(88,246)	(47,381)	(40,865)	(86%)

The increase in net financial expenses of 86 per cent. for the year ended 31 December 2013 compared to the year ended 31 December 2012 was mainly attributable to:

- the loss on revaluation and settlement of derivatives for which hedge accounting was not applied compared to the gain realised in the comparative period (impact of EUR 15 million);
- the realised and unrealised foreign exchange losses (impact of EUR 18 million); and
- the loss recorded due to the repayment of the 2015 Notes (EUR 8 million), consisting of the write-off of unamortised transaction costs (EUR 4 million) and the cost of early redemption (EUR 4 million).

Loss/profit from continuing operations before tax

The Group recorded a loss of EUR 1,061 million from continuing operations before tax for the year ended 31 December 2013 compared to a profit of EUR 3 million in 2012.

Income tax

The Group recorded a net income tax benefit of EUR 146 million in 2013, compared to a net income tax expense of EUR 10 million in 2012, as a result of the recognition of a deferred tax asset arising from tax losses incurred and recognition of the impairment loss.

Loss/profit from discontinued operations

Profit from discontinued operations before tax, being the coke business, was EUR 11 million for the period from 1 January until 6 December 2013, when the coke business was sold. The Group completed the sale of the coke business for gross proceeds of EUR 95 million, and the total loss on the disposal of the coke business for the year ended 31 December 2013 amounted to EUR 65 million, resulting in a loss from discontinued operations of EUR 56 million for the year ended 31 December 2013.

Loss for the year

The Group reported a net loss for the year ended 31 December 2013 of EUR 970 million, which represented a decrease of EUR 969 million compared to the net loss of EUR 1 million for the same period in 2012. The factors that contributed to final loss are presented in the sections in this Part III (*Operating and financial review*).

Year ended 31 December 2012 versus year ended 31 December 2011

Basis of presentation

The following discussion is based on and should be read together with the 2012 Annual Report, which is incorporated by reference in this document.

With effect from 1 January 2013, the Group changed the basis on which it presents expenses in the income statement. While previously classified by their nature, expenses are now classified by their function (also known as a 'cost of sales' format). This change has been made to align better with current best reporting practice in the mining industry. The consolidated income statements and associated notes for the years ended 31 December 2011 and 2012 have been restated to show the impact of this change.

On 6 December 2013, the Group completed the sale of its entire coke segment, represented by OKK and consequently, the coke segment is classified as discontinued operations in the 2013 Consolidated Financials. However, the coke segment was not previously classified as discontinued operations in the 2012 Consolidated Financials and, as such, the consolidated income statements and the consolidated

statements of cash flows for the years ended 31 December 2011 and 2012 have been restated to reflect the OKK Disposal and state the discontinued operations separately from continuing operations.

No restatement is required to be made to the consolidated statements of financial position as at 31 December 2011 and 2012.

The 2011 consolidated income statement and consolidated statement of cash flows figures have been derived from the consolidation schedule used to prepare the audited consolidated financial statements of the Group for that year.

Statement of profit or loss

	Unaudited			
	2012 (restated)	2011 (restated)	y-y	y/y%
	<i>(EUR thousand)</i>			
Continuing operations				
Revenues.....	1,178,545	1,507,204	(328,659)	(22%)
Cost of sales	(912,728)	(986,752)	74,024	8%
Gross profit	265,817	520,452	(254,635)	(49%)
Selling expenses	(118,358)	(107,989)	(10,369)	(10%)
Administrative expenses	(103,888)	(129,400)	25,512	20%
Gain/(loss) from sale of property, plant and equipment.....	95	(1,677)	1,772	—
Other operating income.....	2,676	2,105	571	27%
Other operating expenses.....	(3,323)	(5,444)	2,121	39%
Gain recognised on impairment correction	7,438	—	7,438	—
Operating income	50,457	278,047	(227,590)	(82%)
Financial income	46,043	30,370	15,673	52%
Financial expense.....	(93,424)	(119,901)	26,477	22%
Profit before tax.....	3,076	188,516	(185,440)	(98%)
Income tax expense	(9,994)	(56,575)	46,581	82%
(Loss)/profit from continuing operations	(6,918)	131,941	(138,859)	(105%)
Discontinued operations				
Profit/(loss) from discontinued operations.....	5,669	(2,126)	7,795	—
(Loss)/profit for the year	(1,249)	129,815	(131,064)	—
EBITDA				
	2012 (restated)	2011 (restated)	y-y	y/y%
	<i>(EUR thousand)</i>			
EBITDA from continuing operations.....	210,168	446,762	(236,594)	(53%)
EBITDA from discontinued operations.....	12,427	7,231	5,196	72%
Total EBITDA	222,595	453,993	(231,398)	(51%)

The Group's EBITDA from continuing operations decreased by EUR 237 million compared to 2011 mainly as a result of lower commodity prices and sales volumes that outweighed the decrease in operating expenses.

As EBITDA is a non-IFRS measure, the following table provides a reconciliation of EBITDA from continuing operations and net loss after tax.

	2012 (restated)	2011 (restated)
	<i>(EUR thousand)</i>	
Net loss after tax from continuing operations	(6,918)	131,941
Income tax	9,994	56,575
Net financial expenses.....	47,381	89,531
Depreciation and amortisation	167,244	167,038
Gain recognised on impairment correction	(7,438)	—
Loss / (gain) from sale of PPE	(95)	1,677
EBITDA from continuing operations	210,168	446,762

Total personnel expenses and headcount

	2012 (restated)	2011 (restated)	y-y	y/y%
	<i>(EUR thousand)</i>			
Personnel expenses.....	350,130	364,108	(13,978)	(4%)
Employee benefit provision	2,830	(5,537)	8,367	—
Share-based payments	6,753	8,763	(2,010)	(23%)
Total personnel expenses	359,713	367,334	(7,621)	(2%)

Total personnel expenses reduced principally through lower headcount (see below) and lower accrual for bonuses and other allowances.

	2012 (restated)	2011 (restated)	y-y	y/y%
Employees headcount (average)	13,315	13,530	(215)	(2%)
Contractors headcount (average)	3,672	3,778	(106)	(3%)
Total headcount (average)	16,987	17,308	(321)	(2%)

Financial income and expense

	2012 (restated)	2011 (restated)	y-y	y/y%
	<i>(EUR thousand)</i>			
Financial income	46,043	30,370	(15,673)	(52%)
Financial expense.....	(93,424)	(119,901)	26,477	22%
Net financial expense.....	(47,381)	(89,531)	42,150	47%

The decrease in net financial expense of 47 per cent. in the year ended 31 December 2012 compared to the year ended 31 December 2011 was mainly attributable to a decrease in net foreign exchange loss by EUR 9,965 thousand, and to an increase of EUR 37,108 thousand in net profit on the revaluation and settlement of derivatives for which hedge accounting was not applied.

Liquidity and capital resources

Liquidity

The liquidity requirements of the Group arise primarily from the need to fund operating losses, working capital requirements and capital expenditures. The principal uses of cash are intended to fund planned operating expenditures, capital expenditures, scheduled debt service on the New Senior Notes and other borrowings, and other distributions.

Indebtedness and liquidity

As at 30 June 2014, the Group had cash and cash equivalents of EUR 122 million and had indebtedness of EUR 811 million (carrying value), of which EUR 48 million is contractually repayable in the next 12 months. This results in a net debt position for the Group of EUR 689 million, 10 per cent. higher when compared to EUR 625 million as at 31 December 2013.

The Group's stated dividend policy is to pay dividends to A Shareholders, as applicable, amounting to 50 per cent. of net income over the fiscal year however it is highly likely that no dividends would be declared if coal prices remain at their current levels. Please refer to the section entitled "*Even if the Capital Restructuring does proceed shareholders may not see a return on their investment*" in the "*Risk factors*" part of this document for further details.

In parallel with the implementation of the Capital Restructuring, the Group has commenced a sale process for the Assets in case the Alternative Restructuring Plan is to be implemented. This sale process is part of NWR NV's contingency planning to ensure continuation of the operations of these Assets should the requisite majorities from Shareholders and creditors not be obtained (or if a termination event occurs) in respect of the Capital Restructuring.

If the proceeds of the Rights Issue and the Placing are not received and the other steps of the Capital Restructuring are not implemented, the Group intends to proceed with the sale of the Assets pursuant to the sale process referred to above. The Group anticipates that a sale of the Assets would be effected by way of an English scheme of arrangement and a pre-packaged English administration procedure. This procedure is being proposed by NWR NV to the Scheme Creditors at the same time as the Capital Restructuring, to facilitate the potential sale of the Assets should the Capital Restructuring not occur. This procedure would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc.

In addition, there is a risk that the working capital available to the Group is not sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document. Under the Downside Scenario, the Group's projections show that in Q3 2015, the Group's available working capital would decline to a minimum of EUR 10 million. Furthermore, the Group could run out of cash in mid Q4 2015, as the NWR Plc Directors would expect the Group to breach the minimum available cash requirement for the Super Senior Facility which is set at EUR 40 million and is first tested as at 31 October 2015. At that time the ECA Facility would also be capable of acceleration and, should that acceleration be reasonably probable, all of the remaining debt of the Group could become immediately repayable. Although there is no shortfall in projected working capital in the 12 month period following the date of this document under the Downside Scenario, given the very limited headroom in our forecasts, the NWR Plc Directors are of the view that it is prudent to determine that the Group may not have sufficient working capital for the foreseeable future, that is, for at least the next 12 months following the date of publication of this document. In the event there is a shortfall in working capital in the 12 month period following publication of this document, the Group proposes to seek alternative sources of liquidity, which may include attempting to sell the assets of OKD and NWR KARBONIA, or raise additional debt (to the extent permitted by the New Senior Notes Indenture, the Super Senior Facility and the ECA Facility) or, if no viable alternative solutions are then available, attempting to sell the assets of OKD and NWR KARBONIA in a transaction which is similar in structure to the Alternative Restructuring Plan. Such transaction would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc. There can be no assurance that additional sources of liquidity would be available or that the Alternative Restructuring Plan would be available on the same terms or at all, in which case the Group may be forced into insolvent liquidation. Please refer to the section entitled "*Importance of the vote and working capital*" of Part I (*Letter from the chairman to Shareholders*) of this document for further details.

Three month period ended 31 March 2014 versus three month period ended 31 March 2013

The table below sets forth, for the periods indicated, certain information about the Group's cash flows.

	Three month period ended 31 March	
	2014	2013
	<i>(EUR thousand)</i>	
Net cash flows from operating activities	(20,437)	(22,098)
Net cash flows from investing activities	(4,394)	(58,956)
Net cash flows from financing activities	—	8,599
Net effect of currency translation	(42)	(1,651)
Total decrease in cash	(24,873)	(74,106)

Cash flow from operating activities

The Group's primary source of cash is its operating activities. Cash generated from operating activities, after working capital changes and before interest and tax payments in the three month period ended 31 March 2014 was negative EUR 10 million, reflecting the fact the Group was producing on stock.

Cash flow from investing activities

Capital expenditures amounted to EUR 12 million in the three month period ended 31 March 2014, a decrease of EUR 48 million when compared to the three month period ended 31 March 2013 (although EUR 3 million was spent in the discontinued coke segment in the three month period ended 31 March 2013).

Cash flow from investing activities was positively influenced by a release of EUR 7 million from an escrow account related to the sale of the coke segment in the previous period (the coke segment was sold for EUR 95 million with EUR 7 million paid into an escrow account to be released three months after the date of sale, subject to the satisfaction of any claims by the purchaser under the OKK Share Purchase Agreement).

Cash flow from financing activities

Cash flow from financing activities in the comparative period was influenced by the issuance of the 2021 Notes that were used to repay in full the outstanding amount of EUR 258 million under the 2015 Notes. Additional transaction costs of EUR 9 million were incurred in connection with the refinancing.

Year ended 31 December 2013 versus year ended 31 December 2012

The table below sets forth, for the periods indicated, certain information about the Group's cash flows.

	2013	2012
	<i>(EUR thousand)</i>	
Net cash flows from operating activities	(35,894)	108,010
Net cash flows from investing activities	(18,057)	(226,786)
Net cash flows from financing activities	(20,135)	(151,024)
Net effect of currency translation	(9,260)	(99)
Total decrease in cash	(83,346)	(269,899)

Cash flow from operating activities

The Group's primary source of cash is its operating activities. Cash generated from operating activities, after working capital changes and before interest and tax payments in the year ended 31 December 2013 was positive EUR 25 million, which was EUR 192 million lower than in the year ended 31 December 2012. This follows lower EBITDA during the reporting period offset by the

positive effect of inventories sales of EUR 20 million and working capital optimisation of EUR 22 million.

Cash flow from investing activities

Capital expenditures amounted to EUR 109 million in the year ended 31 December 2013 (of which EUR 9 million relates to discontinued operations), a decrease of EUR 122 million when compared to the year 2012. The capital expenditures consisted principally of expenditure in the Coal segment, including the development of new mining areas. The NWR Plc Board considers this level of expenditure (and even lower) to be representative of an ongoing level of expenditure to sustain the level of operations in the updated mine plans.

Cash flow from investing activities was positively influenced by disposal of discontinued operations of EUR 83 million (reflecting costs incurred and cash disposed of).

Cash flow from financing activities

Cash flow from financing activities was influenced by issuance of the 2021 Notes that were used to repay in full the outstanding amount of the 2015 Notes. Additional transaction costs of EUR 9 million were incurred in connection with the refinancing. Cash flow from financing activities also consisted of repayment of the ECA Facility of EUR 28 million (an amount of EUR 14 million was repaid in the comparative period of 2012). The comparative period of 2012 was influenced by repayment of the RCF in the amount of EUR 100 million and a dividend payment of EUR 34 million to holders of Existing A Shares.

Year ended 31 December 2012 versus year ended 31 December 2011

The table below sets forth, for the periods indicated, certain information about the Group's cash flows.

	2012	2011
	<i>(EUR thousand)</i>	
Net cash flows from operating activities	108,010	257,606
Net cash flows from investing activities	(226,786)	(181,703)
Net cash flows from financing activities	(151,024)	(63,978)
Net effect of currency translation	(99)	(4,256)
Total (decrease) / increase in cash	(269,899)	7,669

Cash flow from operating activities

The Group's primary source of cash is its operating activities. Cash generated from operating activities, after working capital changes and before interest and tax payments in the year ended 31 December 2012 was EUR 217 million, which was EUR 165 million lower than in the year ended 31 December 2011, and is in line with lower EBITDA during the reporting period.

Cash flow from investing activities

Capital expenditures amounted to EUR 231 million in the year ended 31 December 2012, an increase of EUR 37 million when compared to the year ended 31 December 2011. The capital expenditures consisted mainly of spending in the Coal segment, including the development of new mining areas.

Cash flow from financing activities

Cash flow from financing activities consisted of repayment of the ECA Facility of EUR 14 million (the same amount was repaid in the comparative period of 2011), repayment of the RCF of EUR 100 million and dividend payment of EUR 34 million to holders of Existing A Shares (EUR 100 million to holders of Existing A Shares and EUR 40 million to holders of B Shares in comparative period of 2011).

Capital resources

The Group's principal source of liquidity has historically been the Group's operating cash flows and proceeds from the incurrence of debt. The Group expects to be able to meet its current capital expenditures from the proceeds from the sale of OKK. In the longer term, working capital and capital expenditures may be funded by funds raised through other means of financing. Please refer to the section entitled "*Risks relating to the Group's business and the industry—The Group must make*

significant capital expenditures in order to maintain its production levels and improve overall efficiency. The inability to finance these and other expenditures in the longer term could have a material adverse effect on the Group's business, financial condition or results of operations." in the "Risk factors" part of this document for further details. In addition, there is a risk that the working capital available to the Group is not sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document. Under the Downside Scenario, the Group's projections show that in Q3 2015, the Group's available working capital would decline to a minimum of EUR 10 million. Furthermore, the Group could run out of cash in mid Q4 2015 as the NWR Plc Directors would expect the Group to breach the minimum available cash requirement for the Super Senior Facility which is set at EUR 40 million and is first tested as at 31 October 2015. At that time the ECA Facility would also be capable of acceleration and, should that acceleration be reasonably profitable, all of the remaining debt of the Group could become immediately repayable. Although there is no shortfall in projected working capital in the 12 month period following the date of this document under the Downside Scenario, given the very limited headroom in our forecasts, the NWR Plc Directors are of the view that it is prudent to determine that the Group may not have sufficient working capital for the foreseeable future, that is, for at least the next 12 months following the date of publication of this document. In the event there is a shortfall in working capital in the 12 month period following publication of this document, the Group proposes to seek alternative sources of liquidity, which may include attempting to sell the assets of OKD and NWR KARBONIA, or raise additional debt (to the extent permitted by the New Senior Notes Indenture, the Super Senior Facility and the ECA Facility) or, if no viable alternative solutions are then available, attempting to sell the assets of OKD and NWR KARBONIA in a transaction which is similar in structure to the Alternative Restructuring Plan. Such transaction would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc. There can be no assurance that additional sources of liquidity would be available or that the Alternative Restructuring Plan would be available on the same terms or at all, in which case the Group may be forced into insolvent liquidation. Please refer to the section entitled "Importance of the vote and working capital" of Part I (Letter from the chairman to Shareholders) of this document for further details.

Existing debt

As at 30 June 2014, the Group held cash and cash equivalents of EUR 122 million and had indebtedness of EUR 811 million (carrying value), of which EUR 48 million is contractually repayable in the next 12 months. This results in a net debt position for the Group of EUR 689 million, 10 per cent. higher when compared to EUR 625 million as at 31 December 2013.

As at 30 June 2014, NWR Plc had EUR 500 million in principal amount of its 2018 Notes outstanding and EUR 275 million in principal amount of its 2021 Notes outstanding. On 15 July 2014 an EUR 11 million coupon payment was due on the Existing Senior Unsecured Notes. NWR NV has not (as at the date of publication) made this payment. There is a 30 day grace period for payment under the Existing Senior Unsecured Notes Indenture.

Pursuant to the Restructuring Agreement, NWR NV undertook to continue to comply with all obligations under the Existing Notes. This included the obligation to pay the coupon payment of EUR 11 million on the Existing Senior Unsecured Notes (the "Coupon Payment") that was due on 15 July 2014, provided that the Existing Noteholders locked-up (under the Restructuring Agreement) holding an aggregate in principal value of more than 50 per cent. of the Existing Notes consent to NWR NV making the Coupon Payment. On 15 July 2014, NWR NV announced that it had not received consent from the requisite proportion of Existing Noteholders to make the Coupon Payment and that consequently, it had not made the Coupon Payment. The locked-up Existing Senior Unsecured Noteholders have undertaken not to take any acceleration or enforcement action, and to rescind any such action by any other group of Existing Senior Unsecured Noteholders (the Existing Senior Unsecured Notes Indenture requires the support of 50 per cent. of the Existing Senior Unsecured Notes by value for such rescission).

Having regard to this position and all other relevant facts and circumstances, including but not limited to: the consideration that is to be paid to the Existing Senior Unsecured Noteholders as part of the Capital Restructuring; the undertakings given by certain of these noteholders and their present level of support for the Capital Restructuring; and taking into account the likely timing of the Existing Noteholders' and Shareholders' votes on the Proposed Capital Restructuring, NWR NV's board of directors believe that it would be prudent and in the best interests of NWR NV's creditors as a whole to continue to assess the progress and development of the proposed Capital Restructuring before taking a decision to make the Coupon Payment. The Existing Senior Unsecured Notes

Indenture provides for a 30 day grace period for payment. As at the date of this document, the Coupon Payment has not been made by NWR NV.

NWR NV has launched and obtained a consent solicitation from the Existing Noteholders in respect of the technical event of default that may potentially arise from the filing of the Scheme documentation for the Restructuring.

On 7 February 2011, NWR NV entered into the RCF which provided for availability of up to EUR 100 million. As at 31 December 2011, NWR Plc fully drew down the available amount of EUR 90 million and CZK 250 million. On 15 November 2012, NWR Plc repaid the RCF in full and it subsequently expired on 7 February 2014.

On 29 June 2009, NWR NV and OKD entered into the ECA Facility which provides for a term loan of approximately EUR 141 million. Currently, the testing of all financial covenants under the ECA Facility is suspended until after the end of Q4 2014. As at 31 March 2014, the outstanding balance under the ECA Facility amounted to EUR 50 million. The ECA Facility contains an undertaking of each obligor not to conduct its business in a manner that is reasonably likely to change its centre of main interest (for the purpose of Council Regulation (EC) No. 1346/2000 of 29 May 2000) (the “COMI”). NWR NV is in breach of this undertaking as it moved its COMI to England in the beginning of June. NWR NV is also potentially in default of the ECA Facility due to having commenced negotiations with its creditors as part of the Restructuring. The lenders under the ECA Facility have not taken, and have not indicated that they intend to take, any steps in respect of the breach, however, they reserved their rights in respect of it.

Debt position following the Capital Restructuring

Immediately following the completion of the Capital Restructuring, the debt structure of the Group will comprise:

- (a) indebtedness of approximately €300,000,000 pursuant to the New Senior Notes, which will mature in 5.5 years from completion of the Restructuring. The New Senior Notes will be senior obligations of NWR NV and will initially be secured by a pledge of the shares in NWR HOLDINGS BV, OKD and NWR KARBONIA and all assets and the undertaking of NWR NV and NWR HOLDINGS BV, but will not be secured by any other assets. The New Senior Notes Indenture contains covenants that limit NWR NV's (and NWR HOLDINGS BV's, OKD's and NWR KARBONIA's) ability to, among other things, incur additional indebtedness; make restricted payments (including dividends) or sell assets. The New Senior Notes Indenture requires NWR NV to use commercially reasonable efforts to cause the New Senior Notes to be admitted to listing on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The prospectus for such listing will be based on and contain substantially the same information as set out in this document;
- (b) indebtedness of approximately €150,000,000 pursuant to the New Convertible Notes, which will mature six years from completion of the Restructuring and will be mandatorily (and automatically) convertible upon maturity. The New Convertible Notes will rank senior to the Contingent Value Rights but junior to the New Senior Notes and the Super Senior Facility and will be unsecured. The New Convertible Notes Trust Deed contains covenants that require NWR NV to, among other things, use commercially reasonable efforts to cause the New Convertible Notes to be admitted to listing on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange, furnish to the trustee under the New Convertible Notes Trustee certain financial reports and information, and to only pay dividends under certain circumstances;
- (c) indebtedness of approximately €35,000,000 pursuant to the Super Senior Facility Agreement, which will mature two years from completion of the Restructuring. The Super Senior Facility will be super senior obligations of NWR HOLDINGS BV and will initially be guaranteed on a super senior basis by NWR NV, OKD and NWR KARBONIA. The Super Senior Facility will initially be secured by (i) a pledge of the shares in NWR HOLDINGS BV, OKD, and NWR; (ii) receivables, into NWR Plc and NWR HOLDINGS BV; (iii) moveable assets of NWR Plc and NWR NV; and (iv) bank accounts of NWR Plc. The Super Senior Facility Agreement contains a financial covenant, in respect of available cash which sets out certain events of default, including but not limited to, non-payment, misrepresentation, cross default above certain agreed amounts in respect of material subsidiaries, insolvency events and certain insolvency proceedings;

- (d) a liability amounting to the fair value of the €35,000,000 CVR Trust Deed, which will be contingent on increases in average realised coking coal prices achieved by OKD. The Contingent Value Rights will be unsecured, unguaranteed and contractually subordinated to the Super Senior Facility, the New Senior Notes and the New Convertible Notes. NWR NV is obligated to use its commercially reasonable efforts to cause the Contingent Value Rights to be admitted to listing on a stock exchange as soon as practicable and to cause the Contingent Value Rights to remain so listed for so long as any of the Contingent Value Rights are outstanding; and
- (e) indebtedness of approximately €50 million pursuant to the ECA Facility. The ECA Facility is an unsecured obligation of NWR NV and OKD as a co obligor and is not guaranteed by any of NWR NV's subsidiaries. The ECA Facility contains an undertaking of each obligor not to conduct its business in a manner that is reasonably likely to change its COMI. NWR NV is in breach of this undertaking as it moved its COMI to England in the beginning of June. The lenders under the ECA Facility have not taken, and have not indicated that they intend to take, any steps in respect of the breach, however, they reserved their rights in respect of it.

There will be substantial inter-company indebtedness within the Group owed by NWR NV's subsidiaries to NWR NV approximately equal to the outstanding indebtedness under the Super Senior Facility and pursuant to the distribution of up to €60 million out of the net proceeds of the Rights Issue and the Placing to members of the Group. For further details of the capital resources and indebtedness of the Group following the Capital Restructuring please refer to the section entitled "*Material contracts to be entered into by the Group upon completion of the Capital Restructuring*" in Part IX (*Additional information*) of this document.

As part of the Capital Restructuring, the Group is proposing:

- (a) the Existing Senior Secured Notes Tender;
- (b) the Existing Senior Unsecured Notes Tender;
- (c) the total outstanding principal amount of the Existing Notes together with any unpaid and accrued interest that have not been repurchased by NWR NV will be released in full and exchanged with respect to (i) the Existing Senior Secured Notes, for the cash distributed through the Existing Senior Secured Notes Tender, the New Senior Notes and the New Convertible Notes and any cash available for distribution through the Existing Senior Secured Notes Tender that is not so distributed; and (ii) the Existing Senior Unsecured Notes, for the cash distributed through the Existing Senior Unsecured Notes Tender, the New Convertible Notes, the Contingent Value Rights and any cash available for distribution through the Existing Senior Unsecured Notes Tender is not so distributed, the effect of which will be to reduce NWR NV's outstanding debt;
- (d) approximately €150 million of additional equity capital to be raised by NWR Plc by way of (a) a rights issue to Shareholders; and (b) a placing of equity to participating Existing Noteholders; and
- (e) a new €35 million super senior facility to be provided and committed by certain Existing Noteholders.

The Rights Issue and Placing proceeds of approximately €150 million (before expenses), which is approximately €143.4 million net of expenses relating and incidental to the Rights Issue and the Placing will be applied by NWR Plc as follows:

- (a) €53.4 million (net of expenses) to NWR NV for general working capital purposes;
- (b) €60 million to repurchase the Existing Senior Secured Notes in accordance with the Existing Senior Secured Notes Tender;
- (c) €30 million to repurchase the Existing Senior Unsecured Notes in accordance with the Existing Senior Unsecured Notes Tender; and
- (d) all remaining proceeds after the application thereof to (a) to (c) above shall be applied *pro rata* in redemption of the Existing Senior Secured Notes (in respect of any surplus arising following the Existing Senior Secured Notes Tender) and the Existing Senior Unsecured Notes (in respect of any surplus arising following the Existing Senior Unsecured Notes Tender).

An additional EUR 11 million of new working capital will be available to the Group from the draw down of EUR 35 million from the Super Senior Facility out of which the remaining EUR 24 million of the costs of the Restructuring will be settled.

The total costs and expenses of, and incidental to, the Capital Restructuring are estimated to amount to EUR 30.6 million, of which EUR 6.6 million relate and are incidental to the Rights Issue and the Placing.

Financial ratios

The table below sets out a summary of the financial ratios relevant to the Group:

	Three month period ended 31 March		Year ended 31 December		
	2014	2013	2013	2012	2011
Ratios	<i>(EUR million)</i>		<i>(EUR million)</i>		
Total debt/EBITDA	32.89	6.22	(80.40)	3.89	2.04
Net debt/EBITDA	(18.91)	3.39	(62.15)	2.62	0.86
EBITDA/Net interest	0.37	2.09	(0.15)	3.37	7.93
Debt/Equity	(2.64)	1.29	(2.89)	1.08	1.23

Capitalisation and Indebtedness

Capitalisation

The table below sets out the capitalisation of the Group as at 30 June 2014:

	As at 30 June 2014 (unaudited)
	<i>(EUR in thousands)</i>
Shareholders' equity⁽¹⁾	
Share capital	105,900
Share premium	2,368
Capital redemption and other reserves	221,113
Total	329,381

(1) Shareholders' equity does not include the profit and loss account reserve.

There has been no material change in the capitalisation of the Group since 30 June 2014.

Indebtedness

The following tables set out the gross and net financial indebtedness of the Group as at 30 June 2014:

	As at 30 June 2014 (unaudited)
	<i>(EUR in thousands)</i>
Total current debt	48,493
– Guaranteed	0
– Secured ⁽¹⁾	0
– Unguaranteed / Unsecured	48,493
Total non-current debt	762,094
– Guaranteed	0
– Secured ⁽¹⁾	490,655
– Unguaranteed / Unsecured	271,439
Total gross indebtedness	810,587

(1) The ECA Facility contains an undertaking of each obligor not to conduct its business in a manner that is reasonably likely to change its COMI. NWR NV is in breach of this undertaking as it moved its COMI to England during the beginning of June 2014. The ECA Lenders have not taken, and have not indicated that they intend to take, any steps in respect of the breach, however, they reserved their rights in respect of it.

Net financial indebtedness

	As at 30 June 2014 (unaudited)
	(EUR in thousand)
Cash and overdrafts.....	122,390
Liquidity	122,390
Current financial receivables	0
Current bank debt	48,493
Other current financial debt ⁽¹⁾	0
Current financial indebtedness	48,493
Net current financial indebtedness.....	73,897
Non-current bank loan	762,094
Other non-current financial debt(1).....	0
Non-current financial indebtedness.....	762,094
Net financial indebtedness.....	(688,197)

(1) Other current and non-current financial debt are financial leases.

The Group has no indirect or contingent indebtedness as at 30 June 2014 other than as disclosed in the section entitled “*Capitalisation and indebtedness*” of this Part III (*Operating and financial review*).

Off-balance sheet arrangements

In the ordinary course of business, the Group is party to certain off balance sheet arrangements. These arrangements include assets related to the construction and related geological survey work at Frenštát. These assets are maintained by OKD but are not reflected in NWR Plc’s audited consolidated financial statements. The original cost of these amounted to EUR 36 million, of which EUR 32 million relates to assets located in the mine and EUR 4 million to assets located on the surface. OKD announced its intention to explore the hard coal deposit at the Frenštát mining site on 26 September 2011.

Health and safety

LTIFR

Deep underground coal mining is an activity that comes with inherent risks and requires full compliance with health and safety regulations, safety training and the use of personal protective equipment. As such, safety of the Group’s employees remains number one priority at all times. This is reflected in the year-on-year improvement of two to three per cent in Lost Time Injury Frequency Rate (“**LTIFR**”) to 7.27 at the end of first quarter 2014. As at 30 June 2014, the LTIFR was 7.16. In pursuit of the Group target LTIFR rate of less than 5 by 2015, NWR continuously promotes a safety-first attitude amongst its employees through continuous training and campaigns aimed at promoting employee engagement and discipline.

	Three month period ended 31 March			
LTIFR (LTIs per million hours)	2014	2013	2012	2011
NWR operations	7.27	7.20	7.45	7.64
NWR operations excluding OKK	7.27	7.41	7.61	—

Contractual obligations

The table sets forth the principal payments of the Group's long term financing arrangements as of 31 March 2014, after giving *pro forma* effect to the Restructuring.

	< 1 year	1 to 3 years	> 3 years
	(EUR thousand)		
Pro Forma obligations			
New Senior Notes ⁽¹⁾	—	—	300,000
New Convertible Notes ⁽¹⁾	—	—	150,000
Super Senior Facility	—	35,000	—
Contingent Value Rights ⁽²⁾	35,000	—	—
ECA Facility ⁽³⁾	—	12,500	37,363
Purchase obligations ⁽⁴⁾	36,662	—	—
Total	71,662	47,500	487,363

Note:

- (1) The New Senior Notes and the New Convertible Notes are reflected at their face value and not the amounts recognised in the *pro forma* net asset statement or the financial statements of the Group on an ongoing basis, which are materially different.
- (2) The Contingent Value Rights only become payable to their respective holders if the realised coking coal prices of the Group exceed certain pre-defined thresholds. The Contingent Value Rights are reflected at their face value and not the amounts recognised in the *pro forma* net asset statement or the financial statements of the Group on an ongoing basis, which are materially different.
- (3) The terms of the amended ECA Facility have not been finally agreed at the date of this document but based on the current draft terms the principal repayment terms are shown in the table above.
- (4) The Group had contractual obligations to acquire property, plant and equipment in the amount of EUR 36 million.

The Group is also subject to contractual obligations under lease contracts in the total amount of EUR 4 million, of which EUR 1 million are short-term obligations.

Pensions

Under the pension and retirement system of the Czech Republic, pension plans and retirement benefits are fully funded by the state budget.

Contingent liabilities

Contingent liabilities relate to several litigation proceedings. A summary of the main litigation proceedings (in progress, pending or threatened) against one or more members of the Group is included in the 2013 Annual Report. There have been no significant developments in any of these matters since. As inherent in such proceedings, outcomes cannot be predicted with certainty and there is a risk of unfavourable outcomes to the Group. The Group disputes all pending and threatened litigation claims of which it is aware and which it considers unjustified. No provision has been made as of 31 March 2014 for any litigation proceedings. At the date of these financial statements, based on advice of counsel, the NWR Plc Board believes that the litigation proceedings (in progress, pending or threatened) against one or more members of the Group have no significant impact on the Group's financial position as of 31 March 2014.

Quantitative and qualitative disclosure about market risk

Commodity price risk

Market risks related to the Group's operations result primarily from demand for coking coal and fluctuations in coal prices, currency fluctuation and interest rates.

The Group does not hedge against, and is therefore exposed to, any declines in coal prices. Because the Group's levels of coal production historically have been relatively stable, the price of coal is the most significant factor affecting the Group's results of operations.

A change in coal prices would significantly influence the financial performance of the Group. The coal mining business generally is a high fixed cost business. Consequently, a significant decline in the price of coal would have a material adverse effect on the Group's results of operations. Please refer to the section entitled "*Risks relating to the Group's business and the industry-The Group's business, financial condition and results of operations may vary with fluctuations in the production costs and the prices for coal and the Group's future revenues are highly dependent on and sensitive to the prices for coal. In addition, a decline in coal prices may also require the Group to write down its mineral reserves*

and resources, which would result in an impairment of the Group's asset value" in the "Risk factors" part of this document for further details.

Foreign currency risk

A significant amount of the Group's expenses are denominated in CZK. The functional currency of NWR Plc is the Euro. Approximately 92 per cent. of the Group's operating expenses, excluding depreciation and amortisation, and approximately 60 per cent. of the Group's revenues in the year ended 31 December 2013 were denominated in CZK. The Group's long-term debt is denominated in Euro. The Group's net profit calculated in Euro is positively affected by appreciation of the Euro against the CZK, and negatively affected when the Euro depreciates against the CZK. Please refer to the section entitled "Risks relating to the Group's business and the industry-Fluctuations of the Czech koruna and Polish zloty against other currencies could affect the Group's business, financial condition and results of operations" in the "Risk factors" part of this document.

The Group aimed to mitigate foreign currency exposure risks by entering into forward exchange rate contracts with financial institutions. In 2013 and 2012 the Group entered into foreign exchange forward contracts to hedge the EUR denominated revenues of OKD (which has CZK as its functional currency). Hedging was managed at the Group level as part of the centralised treasury functions. The aim was to minimise earnings volatility for the Group resulting from movements in foreign exchange rates. The Group's policy was to cover up to 70 per cent. of its currency exposure during 2012 and 2013. However, at the end of 2013, this policy was revised and the Group no longer aims to mitigate this risk.

The sensitivity of the Group's financial performance to changes in the CZK to Euro exchange rate is presented in the following table (excluding the effect of any foreign currency hedges):

	31 December 2013
	<i>(EUR thousand)</i>
Appreciation of CZK against Euro by 1 per cent	
Cash and bank balances	(177)
Accounts receivables	(149)
Accounts payables	(1,566)
Loans	—
Total effect on profit after tax.....	1,241

Interest rate risk

The Group has entered into forward interest rate swaps and collars to convert floating rate loans to fixed rate loans. Specific amounts that the Group hedges are determined based on the prevailing market conditions and the current shape of the yield curve. The specific terms and notional amounts of the swaps are determined based on management's assessment of future interest rates, as well as other factors, including short-term strategic initiatives. As at 31 March 2014, the swaps and collars covered 100 per cent. of the Group's scheduled interest rate exposure pursuant to which the Group receives floating EURIBOR and PRIBOR in exchange for paying a fixed rate of interest.

Judgments, estimates and assumptions made in applying accounting policies

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Set out below is information about:

- Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- Assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

Critical judgments, estimates and assumptions

Coal reserves

Economically marketable coal reserves represent the estimated quantity of product in an area of interests that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The entity determines and reports coal reserves in accordance with the JORC Code and the Czech classification system. The determination of coal reserves includes estimates and assumptions about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transportation costs, commodity demand, commodity prices and exchange rates. Changes in coal reserves impact the assessment of recoverability of property, plant and equipment, the carrying amount of mining licences amortised on a unit of production basis and the restoration and mine closure provision.

Restoration and mine closure provisions

Determining the cost of restoration, rehabilitation, and mine closure during mining activities in accordance with the Group's accounting policy, requires the use of significant estimates and assumptions, including: the appropriate discount rate, the timing of cash flows, expected life of the relevant mine, the application of relevant environmental legislation, and the future expected costs of restoration, rehabilitation and mine closure.

Changes in the estimates and assumptions used to determine the cost of restoration, rehabilitation and mine closure could have a material impact on the carrying value of the restoration and mine closure provision and the relevant asset. The provision recognised for each mine is reviewed at each reporting date and updated based on the facts and circumstances available at that time.

Impairment of assets

The recoverable amount of each non-financial asset or CGU is determined as the higher of the value-in-use and fair value less costs to sell, in accordance with the Group's accounting policy. Determination of the recoverable amount of an asset or CGU based on a discounted cash flow model requires the use of estimates and assumptions, including: the appropriate discount rate, the timing of cash flows and the expected life of the relevant area of interest, exchange rates, coal prices, reserves, future capital requirements and future operating performance. Changes in these estimates and assumptions impact the recoverable amount of the asset or CGU, and accordingly could result in an adjustment to the carrying amount of that asset or CGU.

Employee benefits

The Group's accounting policy for employee benefits requires management to make estimates and assumptions about the discount rate, future remuneration changes, changes in benefits, life expectancy, retirement age, the number of employees and the expected remaining periods of service of employees. Changes in these estimates and assumptions could have a material impact on the carrying value of the employee benefit provision.

PART IV

UNAUDITED PRO FORMA FINANCIAL INFORMATION FOR THE GROUP

The unaudited *pro forma* statement of net assets has been compiled from the unaudited consolidated balance sheet of the Group as at 31 March 2014 and has been prepared on the basis of, and should be read in conjunction with, the notes set out below. The unaudited *pro forma* statement of net assets has been prepared to illustrate the effect of the Capital Restructuring on the net assets of the Group as if they had taken place on 31 March 2014.

The unaudited *pro forma* statement of net assets has been prepared in a manner consistent with the accounting policies adopted by the Group in preparing the audited 2013 Consolidated Financials.

The unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not reflect the Group's actual financial position and should not be construed as indicative of the Group's future financial position.

	NWR Plc consolidated as at 31 March 2014	Proceeds of the Rights Issue and the Placing	Cancellation of Existing Notes	Consideration for Existing Notes and costs of the Capital Restructuring	Draw down of the Super Senior Facility	Pro forma net assets as at 31 March 2014
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	
	(EUR thousands)					
Property, plant and equipment	522,879					522,879
Mining licences	—					—
Accounts receivable	4,495					4,495
Deferred tax	44,061					44,061
Restricted deposits	21,996					21,996
Total non-current assets	593,431	—	—	—	—	593,431
Inventories	51,187					51,187
Accounts receivable and prepayments	70,223					70,223
Income tax receivable	2,242					2,242
Cash and cash equivalents	158,792	143,400		(114,000)	35,000	223,192
Restricted cash	—					—
Total current assets	282,444	143,400	—	(114,000)	35,000	346,844
Total Assets	875,875	143,400	—	(114,000)	35,000	940,275
Provisions	166,062					166,062
Long term loans	34,720				35,000	69,720
Bonds issued	761,478		(761,478)	297,800		297,800
Employee benefits	47,497					47,497
Deferred revenue	1,601					1,601
Deferred tax	814					814
Other long-term liabilities	444					444
Cash settled share based payments	1,137					1,137
Derivatives	5,836					5,836
Total non-current liabilities	1,019,589	—	(761,478)	297,800	35,000	590,911
Provisions	5,570					5,570
Accounts payable and accruals	120,953					120,953
Accrued interest payable on bonds	20,978		(20,978)			—
Derivatives	1,738			200		1,938
Income tax payable	352					352
Current portion of long-term loans	13,601					13,601
Cash settled share based payments	5					5
Total current liabilities	163,197	—	(20,978)	200	—	142,419
Total Liabilities	1,182,786	—	(782,456)	298,000	35,000	733,330
Net (Liabilities) / Assets	(306,911)	143,400	782,456	(412,000)	—	206,945

Notes:

- (1) The financial information of the Group as at 31 March 2014 has been extracted without adjustment from the unaudited 3M 2014 Interim Consolidated Financials.
- (2) This adjustment reflects the receipt of the net proceeds of the Rights Issue and the Placing. The net proceeds receivable by NWR Plc are EUR 143.4 million (EUR 150.0 million gross proceeds less direct issue costs of EUR 6.6 million).

- (3) This adjustment reflects the de-recognition of the Existing Notes with a carrying value of EUR 761 million (EUR 775 million less unamortised transaction costs of EUR 14 million) and accrued interest thereon of EUR 21 million under the Capital Restructuring.
- (4) This adjustment reflects the fair value of the consideration payable to Existing Noteholders under the Capital Restructuring less the costs of the Capital Restructuring as follows:

	Existing Senior Secured Notes	Existing Senior Unsecured Notes	Total
Cash	60,000	30,000	90,000
New Senior Notes.....	226,800	—	226,800
New Convertible Notes	54,500	16,500	71,000
Contingent Value Rights	—	200	200
	341,300	46,700	388,000

The total fair value of the New Senior Notes, the New Convertible Notes and the Contingent Value Rights has been estimated based on the market value of the Existing Notes at the date of this document.

The fair value of the Contingent Value Rights has been estimated based on the forward commodity curves for coking coal and the pricing thresholds for NWR Plc's reported average realised price in Euro per tonne for coking coal, which must be exceeded for two consecutive quarters in order for any money to be paid out in respect of the Contingent Value Rights.

The costs of the Capital Restructuring are estimated to be EUR 24.0 million.

- (5) The terms of the amended ECA Facility have not been finally agreed at the date of this document but based on the current draft terms there should be no impact of entering into the amended ECA Facility on the net assets of the Group. Therefore, for the purposes of this *pro forma* statement of net assets it has been assumed that there will be no impact of entering into the amended ECA Facility. Should the agreed amended ECA Facility change this position, the impact on the *pro forma* net assets of the Group is unlikely to be significant.
- (6) Had the Capital Restructuring taken place on 1 January 2013, on a *pro forma* basis, the consolidated finance cost for the year ended 31 December 2013 would have increased by approximately EUR 14.8 million from the EUR 113.7 million actually recorded reflecting the difference in interest cost between the new and the old capital structures and finance income would have increased by approximately EUR 370 million from the EUR 25.4 million actually recorded reflecting the gain resulting from the Capital Restructuring. For this purpose it has been assumed that there would have been no change in the fair value of the Contingent Value Rights during the year.
- (7) No account has been taken of any trading or results of the Group since 31 March 2014.



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The Directors
New World Resources Plc
One Silk Street
London
EC2Y 8HQ

30 July 2014

Dear Sirs

New World Resources Plc

We report on the *pro forma* financial information (the 'Pro forma financial information') set out in Part IV of the Prospectus dated 30 July 2014, which has been prepared on the basis described in notes 1-7, for illustrative purposes only, to provide information about how the Capital Restructuring might have affected the financial information presented on the basis of the accounting policies adopted by New World Resources Plc in preparing the financial statements for the period ended 31 December 2013. This report is required by paragraph 20.2 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of New World Resources Plc to prepare the Pro forma financial information in accordance with paragraph 20.2 of Annex I of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) 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 paragraph 23.1 of Annex I of the Prospectus Directive Regulation, 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 New World Resources Plc.

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 New World Resources Plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of New World Resources Plc.

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 paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

PART V

DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. NWR Plc Directors and the NWR Plc Board

The NWR Plc Directors and their respective roles as at the date of this document are set out below:

Name	Age	Position	Date appointed to the NWR Plc Board	Date of expiry of current office
Gareth Penny	51	Executive Chairman	1 Oct 2012	—
Marek Jelínek	41	Executive Director/Chief Financial Officer	30 Mar 2011	—
		Non Independent Non Executive		
Zdeněk Bakala	53	Director/Vice Chairman	8 Apr 2011	AGM 2020 ¹
		Non Independent Non Executive Director	8 Apr 2011/	
Peter Kadas	52	/Vice Chairman	15 Sept 2011	AGM 2020 ¹
Bessel Kok	72	Senior Independent Director	8 Apr 2011	AGM 2020 ¹
Hans-Jörg Rudloff	73	Independent Non Executive Director	8 Apr 2011	AGM 2020 ¹
Steven Schuit	71	Independent Non Executive Director	8 Apr 2011	AGM 2020 ¹
Barry Rourke	63	Independent Non Executive Director	8 Apr 2011	AGM 2020 ¹
Paul Everard	74	Independent Non Executive Director	8 Apr 2011	AGM 2020 ¹
Alyson Warhurst	56	Independent Non Executive Director	26 Apr 2013	AGM 2022 ¹

(1) All NWR Plc Directors retired at the AGM (annual general meeting of NWR Plc) on 24 April 2014 and offered themselves for re-election. All NWR Plc Directors were re-elected.

The business address of each of the NWR Plc Directors is Jachthavenweg 109h, 1081 KM Amsterdam, the Netherlands.

The management expertise and experience of each of the NWR Plc Directors is set out below:

Executive Directors

Gareth Penny is the Executive Chairman of NWR Plc. He has been a member of the board of directors of OKD since 1 October 2012. In March 2013, Mr. Penny became non-executive chairman of OJSC MMC Norilsk Nickel, a Russian listed mining company. Mr. Penny also serves as a non-executive director of Julius Baer Holdings Limited, a member of the Advisory Board of TowerBrook Capital Partners and is the vice chairman of the Botswana Economic Advisory Committee. Between 2006 and 2010, Mr. Penny served as group chief executive of De Beers, the world's leading diamond mining business. Mr. Penny became a member of the board of De Beers in 2003, having worked for the De Beers Group since 1991. Prior to joining De Beers Group, Mr. Penny worked for the Anglo American Corporation in Johannesburg. Mr. Penny also served as a director of AMG Mining between 2011 and 2012. Mr. Penny graduated in 1985 from Oxford University, UK, with a Master of Arts (M.A.) in Philosophy, Politics and Economics.

Marek Jelínek is an Executive Director and Chief Financial Officer of NWR Plc. Mr. Jelínek was appointed as a NWR Plc Director upon NWR Plc's incorporation (30 March 2011) and re appointed at the annual general meeting in 2014. Mr. Jelínek has served on the board of directors of NWR NV since 6 March 2007. He has been a member of the board of directors of OKD since his appointment on 1 November 2007. Since March 2007, he has worked as the Group's Chief Financial Officer responsible for Group wide finance and treasury. From March 2009 to March 2010, Mr. Jelínek was a non-executive director of Ferrexpo Plc. Mr. Jelínek was a director of BXR Partners, a.s. (formerly RPG Advisors, a.s.) from 2005 to 2006. He joined BXR Group in December 2004 as financial officer and was responsible for a variety of areas including group financing, restructuring and divestitures. Prior to that, Mr. Jelínek served as an analyst and associate of the Corporate Finance Department at Patria Finance, a Prague based investment banking boutique, from 1995 to 2004, where he managed merger and acquisition transactions for domestic and international clients. Mr. Jelínek graduated from the Anglo American College in Prague in 1995 with a Bachelor of Science degree in Business Administration.

Non-Executive Directors

Zdeněk Bakala is a non-independent, Non-Executive Director and Vice Chairman of NWR Plc. Mr. Bakala was appointed as a NWR Plc Director with effect from 8 April 2011. In 2014 he was re-appointed at the annual general meeting. Since 15 September 2011 he has also served as Vice Chairman of the NWR Plc Board. Mr. Bakala had served as a director of NWR NV since 2006, but resigned in 2011 following the redomiciliation of NWR NV in the United Kingdom. He served as a member of the supervisory board of OKD from 2008 to 2010. Mr. Bakala also owns Economia, a.s., a leading Czech publishing house; a majority shareholding in AWT and, together with his wife, a majority shareholding in Luxury Brand Management a.s. Mr. Bakala, through entities controlled by him, and a family trust are between them holders of 50% of the voting rights of CERCL Holdings and of 100% of the voting rights of Asental Property B.V. Mr. Bakala is currently a member of the supervisory board of Economia a.s. and of Aspen Institute Prague o.p.s., and a member of the board of trustees of the Design Museum London. Mr. Bakala was also a member of the supervisory board of the Prague Stock Exchange from 2005 to 2010. In 1994, he founded Patria Finance, the Czech Republic's first independent full service investment bank, which was acquired by KBC, a Belgian banking group, in 2001. Between 1990 and 1994, Mr. Bakala was head of the Czechoslovakia desk at Credit Suisse First Boston (CSFB) and was responsible for establishing a branch office of CSFB in Prague in 1991. Prior to that, he worked in the Corporate Finance department of Drexel Burnham Lambert (New York) from 1989 to 1990. Mr. Bakala graduated from the University of California, Berkeley US, in 1986 with a degree (with honours) in Economics, and obtained a Master of Business Administration degree from the Amos Tuck School of Business Administration, Dartmouth College, in 1989.

Peter Kadas is a non-independent, Non-Executive Director and Vice Chairman of NWR Plc. Mr. Kadas was appointed as a NWR Plc Director with effect from 8 April 2011. Since 15 September 2011 he has also served as Vice Chairman of the NWR Plc Board. He was re-appointed at the 2014 annual general meeting. Mr. Kadas is currently director of Fotex Holding SE; Marex Spectron Group Limited; Shred-It International; Central European Petroleum Ltd. and Domus N.V. He has also served as director of RPG Property B.V. since 2008. Mr. Kadas previously served as a director of NWR NV, and resigned in 2011 following the redomiciliation of NWR NV in the United Kingdom. He served as vice chairman of the board of directors of OKD from 2006 to 2007 and as director of BXR Real Estate Investments B.V. between 2006 and 2014. Mr. Kadas is a Senior Advisor of BXR Partners LLP, an affiliate of the CERCL Group. From 2001 until 2010 he was a director of Bakala Crossroads Partners Ltd, a BXR Group affiliate. Between 1997 and 2001 he was a managing director of Croesus Central Europe and from 1996 to 1997 he worked as a managing director for MC Securities in London. In 1995 he co-founded Renaissance Capital, Russia's first private investment bank. In 1990 he acted as a Director of Credit Suisse First Boston in Budapest. Mr. Kadas also served on numerous corporate boards in the region, including CSFB, the management committee of Renaissance Capital, and as vice chairman of the board of directors of České radiokomunikace, a.s. Mr. Kadas graduated in 1986 from Trinity College, University of Toronto with a Bachelor of Arts degree in Economics and Politics. In 1990 he obtained a Master of Business Administration degree from Dartmouth College.

Bessel Kok is a Senior Independent Director of NWR Plc. Bessel Kok was appointed as a NWR Plc Director with effect from 8 April 2011 and re-appointed at the 2014 annual general meeting. From 11 September 2007, Mr. Kok had served as a director of NWR NV, but resigned in 2011 following the redomiciliation of NWR NV in the United Kingdom. From 2005 to 2010, he served as chairman of the Ukrainian mobile operator LIFE. From 1995 to 2004, he was vice chairman and chief operating officer of Český Telecom (now Telefónica/02) in the Czech Republic. During that time he also served as chairman of the board of directors of Eurotel. Mr. Kok was President of Belgacom from 1989 until the end of 1994 and oversaw its privatisation. In 1973, Mr. Kok was a member of the team establishing SWIFT (Society for Worldwide Interbank Financial Telecommunication) in Belgium and became its president and CEO in 1981; he held such positions until 1989. Mr. Kok graduated in 1963 from the Municipal University of Amsterdam with a degree in Economic Sciences.

Hans-Jörg Rudloff is an independent Non-Executive Director of NWR Plc and was appointed to the NWR Plc Board with effect from 8 April 2011, and re-appointed at the 2014 annual general meeting. Since 11 September 2007, Mr. Rudloff had served as a director of NWR NV until his

resignation on 30 May 2014. From 1998 to 2014, he served as chairman of Barclays Investment Bank. Prior to that, he was chairman of MC BBL Eastern Europe between 1995 and 1998. Mr. Rudloff was chairman and CEO of Credit Suisse First Boston Ltd. from 1989 to 1993, and member of the executive board of Credit Suisse Zurich. Between 1968 and 1980, Mr. Rudloff served at Kidder Peabody International, where he became chairman in 1978. In 1980, he was also nominated to the board of Kidder Peabody Inc. New York. Mr. Rudloff was vice chairman of Rosneft Oil Company until June 2013. Mr. Rudloff also served as chairman of the International Capital Market Association from 2005 until May 2011. He was vice chairman, member of the audit committee and head of the compensation committee of Novartis from 1996 until 2011. He was also chairman of BlueBay Asset Management Ltd. from 2001 to 2010. He has also been and remains a board member of Thyssen Bornemisza Group since 1995, ABD Capital SA since 2003, Decolef since 2012, Guardian Capital since 2014, International Centre for Monetary and Banking studies (ICMB) since 2004 and on the advisory board of Landeskreditbank Baden Württemberg since 1993. Mr. Rudloff is chairman of the Marcuard Group, a privately held asset management group of companies, including Marcuard Heritage (the main operating company). Mr. Rudloff graduated from the University of Berne cum laude in 1965 with a degree in Economics.

Steven Schuit is an independent Non-Executive Director of NWR Plc and was appointed to the NWR Plc Board with effect from 8 April 2011. In 2014 he was re-appointed at the general meeting. Since 20 November 2007, Mr. Schuit has served as a director of NWR NV. Mr. Schuit served as non-executive chairman of NWR NV from 2013 until his resignation on 30 May 2014. He is also a part-time professor of Corporate Governance and Responsibility at Nyenrode Business University. He is currently chairman of the supervisory board of the Pension Fund for Medical Specialists. He also holds the position of chairman of Stichting Giving Back and of The Law Firm School. He is a legal counsel at Allen & Overy LLP's Amsterdam office, having served as a partner at this firm and its predecessor firm between 1976 and 2005. Mr. Schuit has previously been a member of the supervisory board of Numico NV from 2002 to 2006 and of several other companies. Mr. Schuit graduated in 1969 from Groningen University with a degree in Law and was admitted to the bar in the Netherlands in 1971.

Barry Rourke is an independent Non-Executive Director of NWR Plc and was appointed to the NWR Plc Board with effect from 8 April 2011. He was re-appointed at the general meeting of shareholders in 2014. Since 20 November 2007, Mr. Rourke has served as a director of NWR NV where he currently holds the position of non-executive chairman. He served as an audit partner at PricewaterhouseCoopers from 1984 until 2001. Mr. Rourke is currently an independent non-executive director of Avocet Mining Plc and TransFin-M OJSC. He is also the chairman of the audit committee for each of these companies and a member of the remuneration committee for Avocet Mining Plc. He is also an independent member of the audit committee for the Department for Energy and Climate Change and a member of the Coal Liabilities Strategy board for that department. He served as an independent director of Ruukki Group Plc; RusRailLeasing OJSC; Surrey and Borders Partnership NHS Foundation Trust and 3Legs Resources Plc. Mr. Rourke is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified as a Chartered Accountant in 1973.

Paul Everard is an independent Non-Executive Director of NWR Plc and was appointed to the NWR Plc Board with effect from 8 April 2011. He was re-appointed at the general meeting of shareholders in 2013. Since 20 November 2007, Mr. Everard had served as a director of NWR NV until his resignation on 30 May 2014. He is an honorary member of the International Aluminium Institute. He served as an independent director of Ruukki Group Plc (now Afarak Group) between 2010 and 2013 where he was also a chairman of the safety committee and a member of the audit committee. Between 2001 and 2005, Mr. Everard served as deputy president of aluminium for BHP Billiton. From 1994 until 2001, up until Billiton's merger with BHP, he was executive director of Billiton Aluminium, responsible for strategy, business development, and operations outside South Africa. He joined Billiton in 1974, becoming executive director responsible for aluminium in 1983. Subsequently, in 1986 he assumed responsibility as director for all business performance, strategic planning, research, health, safety and environment and public affairs for the Billiton group. He began his career with the Shell group in 1963, mainly working in oil marketing in East Africa until his transfer to Billiton.

Mr. Everard graduated in 1962 from Cambridge University, with an MA in Mechanical Sciences. He completed the Advanced Management Program at Harvard Business School in 1979.

Dr. Alyson Warhurst is an independent Non-Executive Director of NWR Plc and was appointed to the NWR Plc Board on 26 April 2013. She is CEO and founder of risk analytics and mng company Maplecroft, which is a leading source of extra financial risk intelligence. She enjoyed a successful academic career at the Universities of Sussex, Bath and Warwick where she was appointed Professor and Chair of Strategy and International Development, received several prestigious awards and sat on the University Council. In 2010, she retired and became an Honorary Professor at Warwick Business School. Dr. Warhurst is a regular advisor to the World Economic Forum and has also been a longstanding member of its faculty. She is on the Board of Trustees at Transparency International UK. Dr. Warhurst comes from an academic background where she gained extensive expertise in the area of corporate responsibility and global risks, including political and societal risks, sustainability and corporate reputation. She graduated in 1979 from the University of Bristol with a BSc in Geology. She also holds an MSc in Science, Technology and Industrialisation and a PhD from the University of Sussex. She has worked extensively in China, Africa and North & South America and has considerable expertise in the extractives and logistics industries, including advising global corporations in these sectors at board level. Dr. Warhurst holds no directorship in any other publicly quoted company.

2. Senior Management

In addition to the Executive Directors, NWR Plc's senior management consists of the following Senior Managers who are responsible for the offices indicated below:

Name	Position
Peter Dormann.....	Head of Sales and Marketing
Peter Carr.....	Head of Business Development
Dale R. Ekmark.....	Managing Director, OKD

The management expertise and experience of each of the Senior Managers is set out below:

Peter Dormann has been Head of Sales and Marketing of NWR Plc and Chief Commercial Officer of OKD, a.s. since September 2013. He has 20 years of experience in coal marketing and trading, and joined NWR Plc from Freepoint Commodities Europe LLP, where he was Senior Physical Coal Trader in charge of marketing and origination of thermal and coking coal, with a focus on the Atlantic market. Prior to joining Freeport Commodities, Mr. Dormann was Director of International & Continental European Marketing at RWE Supply & Trading GmbH, and before that he held various senior coal buying, trading and sales positions with RAG Verkauf GmbH and RAG Trading GmbH of Germany. Mr. Dormann holds a Master's degree in mining engineering from the Technical University Clausthal in Germany, and a Doctorate in mineral economics from the Norwegian University of Technology in Trondheim.

Dr. Peter Carr joined NWR Plc in January 2013 as Head of Business Development and was subsequently appointed as President of NWR KARBONIA, the Group's Polish subsidiary developing two mining projects. Prior to joining NWR Plc, Dr. Carr worked for ArcelorMittal as a member of the Mining M&A team and then Head of Business Development. Between 1997 and 2005 he was Head of Mining at Atkins, a leading design, engineering and project management consultancy. Prior to joining Atkins, Dr. Carr held senior management positions with mining and geotechnical consultancies in the United Kingdom, Australia, Sweden and South Africa. He gained production experience with in coal and gold Anglo American in South Africa and with the National Coal Board in the United Kingdom. Dr. Carr is a Chartered Engineer, a Fellow of the Institute of Materials, Minerals and Mining, and a Member of the South African Institute of Mining and Metallurgy. He graduated with a BSc in Mineral Exploitation and earned his PhD in strata mechanics from University College, Cardiff, Wales.

Dale R. Ekmark is currently the Managing Director of OKD. In August of 2013, Mr. Ekmark joined NWR Plc as Head of Mining Transformation until his appointment as Managing Director of OKD on 1 January 2014. Mr. Ekmark has extensive global mining leadership experience including: Cleveland-Cliffs (Cliffs Natural Resources), Placer Dome (Barrick-GoldCorp), Debswana (DeBeers), Kazakhmys, Sydvaranger Gruve (Northern Iron) and AMG

Mining. His career spans the following countries: US, Canada, Norway, Kazakhstan, Sierra Leone, Chile, Brazil, Australia, Papua New Guinea, Botswana, and now the Czech Republic. He has led successful mine and mining company transformations throughout his career. He has served as the senior corporate executive (chief executive officer or president) for Noramco Engineering in Hibbing, Minnesota and Sydvaranger Gruve (Northern Iron) in Kirkenes, Norway. He has also served as Chief Operating Officer for AMG Mining and Sydvaranger Gruve. He graduated with a Bachelor degree from the University of Minnesota in Mechanical Engineering/Industrial Engineering Operations Research in 1983. In 1990, while on active duty as a US Air Force officer, he graduated from the University of Alaska with a Master of Science in Engineering Management. He further completed two years of post-graduate studies at Portland State University, Portland, Oregon, in Business Administration/Systems Science.

3. Remuneration and Benefits

NWR Plc Directors

The aggregate amount of remuneration awarded to the NWR Plc Directors in 2013 was EUR 1,887,746, compared to EUR 1,847,422 in 2012, which figures include the annual base salary, bonus, taxable benefits and pension of the Executive Directors and the annual fee paid to the Non-Executive Directors for their Board and committee membership.

The table below sets out a breakdown of the amount of remuneration paid to each of the NWR Plc Executive Directors, along with the value of any benefits in kind for the financial year ended 31 December 2013:

	Salary and fees	Taxable benefits	Bonus	Value of option awards vesting ³	Pension	Total for year ended 31 December 2013
	(EUR)					
Executive Directors						
Gareth Penny ¹	355,343	9,756	—	74,728	26,667	466,494
Marek Jelínek ²	212,573	80,843	—	(84,307)	—	293,416

(1) Mr. Penny's contractual annual salary is EUR 400,000. In the period from 1 May until 31 December 2013, his annual salary was reduced by 10 per cent. to EUR 360,000 as part of the personnel cash-saving measures. The components of Mr. Penny's taxable benefits were health insurance (EUR 9,756) and liability insurance (EUR 14,942). Mr. Penny's total remuneration includes a face value of 83,333 stock options vested on 3 September 2013 in line with his option plan described in footnote 4 of the 2013 Annual Report. The options were not linked to any performance criteria. They are included in this table to set out all items of Mr. Penny's remuneration in 2013. In line with Mr. Penny's employment contract, NWR Plc contributes, in monthly arrears, 5 per cent. of his annual base salary to his personal pension arrangements. In 2013, Mr. Penny received an annual fee of CHF 233,659 from Julius Baer Holding Ltd. for his non-executive directorship and USD 75,000 for his position on the advisory board of TowerBrook Capital Partners. He also accepted a non-executive directorship in Norilsk Nickel, which he joined during the year.

(2) Mr. Jelínek's contractual annual salary is EUR 290,000. In the period from 1 May until 31 December 2013, his annual salary was reduced by 10 per cent. to EUR 261,000 as part of the personnel cash-saving measures. Mr. Jelínek's taxable benefits comprised family health insurance (EUR 3,668), liability insurance (EUR 12,112) and children's education (EUR 77,175). Mr. Jelínek's total remuneration includes a face value of 19,870 stock options vested on 17 March 2013, 73,963 stock options vested on 24 June 2012 and 29,437 stock options vested on 17 March 2012 in line with his option plan.

(3) The face value of share awards vested is calculated by multiplying the number of shares or options vested less the exercise price by the Closing Price on the London Stock Exchange at the date of vesting and converted into EUR at an average exchange rate of 0.85 for the year ended 31 December 2013. Where the face value is negative, the total figure shows the actual remuneration excluding the negative amount.

	Annual fee ¹	Committee chairmanship annual fee	Committee membership annual fee	Total for year ended 31 December 2013
	(EUR)			
Non-Executive Directors				
Zdeněk Bakala ²	70,959	—	31,311	102,270
Peter Kadas ²	70,959	20,875	—	91,834
Bessel Kok.....	70,959	88,699	11,702	171,360
Hans-Jörg Rudloff.....	70,959	—	53,182	124,141
Steven Schuit.....	70,959	—	88,636	159,545
Barry Rourke.....	70,959	82,785	29,435	183,179
Paul Everard.....	70,959	59,132	29,361	159,452
Alyson Warhurst ³	46,993	—	18,053	65,046

(1) As of 1 May 2013, the basic annual fee and the fees for committee chairmanship and membership have been reduced by 10 per cent. as part of the personnel cash-saving measures.

(2) Mr. Bakala and Mr. Kadas waived their fees for the year ended 31 December 2013.

(3) Dr. Warhurst joined the NWR Plc Board on 26 April 2013.

Non-Executive Directors may not receive any bonus, nor are they entitled to any non-cash benefits. No personal loans, guarantees or other similar instruments may be provided to Non-Executive Directors.

The NWR Plc Directors' fees are from time to time determined by the NWR Plc Board, with the condition that total fees shall not exceed EUR 2 million *per annum* in aggregate or such higher amount as may from time to time be determined by ordinary resolution of the general meeting of shareholders. The basic annual fee payable to the Non-Executive Directors is reviewed annually by the Remuneration Committee and at least every three years at an annual general meeting. As of 1 May 2013, the Non-Executive Directors received an annual fixed fee of EUR 68,459. This amount reflects the time commitment and responsibilities of the role.

Senior Managers

The Senior Managers commenced their work for the Group during the course of 2013. The aggregate remuneration (including any contingent or deferred compensation), salary and benefits in kind paid or granted to the Senior Managers by the Group during the financial year ended 31 December 2013 was EUR 529,853.

4. NWR Plc Directors' terms and conditions

Executive Directors

The Executive Directors are employed on the basis of service contracts which are indefinite in duration but which are terminable on a defined period of written notice given by either NWR Plc or the individual. The notice period in respect of Mr. Penny's service contract is twelve months' notice by NWR Plc and six months' notice by Mr. Penny. In respect of Mr. Jelínek's service contract, the notice period is six months' notice by NWR Plc and three months' notice by Mr. Jelínek. Such notice periods are set on a discretionary basis and subject to the Executive Director's position.

The service contracts of the Executive Directors provide for payment of salary alone *in lieu* of notice and statutory severance payment. A right to any benefits accrued or claimed under any share-based incentive plan or pension plan will be determined in accordance with the governing documents of the relevant plan. Any accrued unpaid holiday pay will be paid on termination. No other payments for loss of office will be made.

Non-Executive Directors

Each Non-Executive Director has entered into a letter of appointment with NWR Plc. In accordance with the Articles of Association, the term of appointment of the Non-Executive Directors is four years, subject to satisfactory performance and re-election when appropriate at the annual general meeting. A one-month notice period applies to the termination of each Non-

Executive Director's letter of appointment. The appointment may also be terminated at any time at a general meeting. None of the Non-Executive Directors is entitled to any benefit on termination of his or her letter of appointment.

5. Directors' indemnity

The Articles of Association provide for the NWR Plc Directors to be indemnified, to the extent permitted by law (and subject to certain exemptions), against any liability incurred in connection with any negligence, default, breach of duty, or breach of trust by such Director in relation to NWR Plc or any associated company of NWR Plc. No amount has been paid under any of these indemnities during the financial year ended 31 December 2013. NWR Plc has issued deeds of indemnity to the NWR Plc Directors.

NWR Plc has purchased Directors' and Officers' insurance during the financial year ended 31 December 2013. In broad terms, this policy protects, *inter alia*, private assets of directors and officers against financial losses from legal liability claims filed against such directors or officers arising out of alleged wrongful acts or omissions, either committed or attempted in the capacity as director or officer of NWR Plc. However, this type of policy does not typically cover claims relating to securities claims, arising out of or in connection with a public offer of securities and, therefore, NWR Plc concludes stand-alone insurance policies. In January 2014, NWR Plc concluded a deed poll of indemnity with the NWR Plc Directors to indemnify them in respect of any loss resulting from claims made against them.

6. NWR Plc Directors' and Senior Managers' interests

As a matter of policy, the NWR Plc Directors are required to immediately report any conflict of interest or potential conflict of interest that is of material significance to Mr. Bessel Kok (in his capacity as senior independent director) and to provide all relevant information, including information concerning a related party. If the senior independent director has a conflict of interest or potential conflict of interest that is of material significance, he should immediately report to the NWR Plc Board and provide all relevant information.

Except as set out in this section entitled "*NWR Plc Directors' and Senior Managers' interests*" no NWR Plc Director has any interests (beneficial or non-beneficial) in the share capital of NWR Plc.

6.1 Holdings in Existing A Shares

As at 29 July 2014, (being the latest practicable date prior to the publication of this document) the interests of the NWR Plc Directors in the share capital of NWR Plc, including interests arising pursuant to any transaction notified to NWR Plc pursuant to DTR 5, was 267,501 Existing A Shares in aggregate. The Senior Managers do not hold any interests in the share capital of NWR Plc.

The table below sets out information regarding the shares held by NWR Plc Directors and their connected persons in NWR Plc:

Name	Total holding in the Existing A Shares	Total holding in the New A Shares following the Rights Issue ⁽²⁾
Directors		
Gareth Penny	—	—
Marek Jelínek	37,075	741,500
Zdeněk Bakala ⁽¹⁾	—	—
Peter Kadas ⁽¹⁾	—	—
Bessel Kok	54,308	1,086,160
Paul Everard	67,843	1,356,860
Barry Rourke	55,843	1,116,860
Hans-Jörg Rudloff	26,589	531,780
Steven Schuit	25,843	516,860
Alyson Warhurst	—	—

(1) See the section entitled “Major interests in shares” in Part IX (Additional information) of this document in respect of the individual interests of entities affiliated with Messrs Bakala and Kadas in the Existing A Shares and B Shares of NWR Plc.

(2) Assumes that the NWR Plc Directors act in accordance with the interests detailed in the section entitled “Directors’ intentions” of Part I (Letter from the chairman to Shareholders) of this document.

6.2 NWR Plc Directors’ options and awards

Certain NWR Plc Directors have the following interests in Existing A Shares under the incentive plans (the Stock Option Plan and the Deferred Bonus Plan). The Deferred Bonus Plan has been amended and its name has been changed to the Long Term Incentive Plan or LTIP.

Please refer to the section entitled “Incentive plans” in Part IX (Additional information) for details of the Stock Option Plan and the LTIP. There have been no awards made under the LTIP as at the date of this document.

Name	Date of grant	Number of options/deferred shares as at the date of this document	Exercise price per share	First date for exercise/Vesting date	Expiry date
Gareth Penny ¹	3 September 2012	750,000 options	EUR 0.01	3 September 2013	7th anniversary of the first vesting date for each tranche
Marek Jelínek ²	9 May 2008	39,776 options	GBP 13.25	9 May 2011	9 May 2016
	24 June 2009	221,889 options	GBP 2.8285	24 June 2012	24 June 2017
	17 March 2010	88,310 options	GBP 7.128	17 March 2013	17 March 2018
	3 March 2011	30,000 deferred shares	N/A	3 March 2014	N/A

(1) Mr. Penny was granted 750,000 options under his stock option plan (details of this plan can be found in the 2013 Annual Report in footnote 4 under the remuneration policy table on page 101. The options were granted in three tranches. Each tranche vests equally over three years representing one third of the options each year (first tranche on the first, second and third anniversary of the grant date, second tranche on the second, third and fourth anniversary of the grant date and lastly third tranche on the third, fourth and fifth anniversary of the grant date).

(2) Mr. Jelínek received 30,000 A Shares on 3 March 2014.

6.3 New management incentive arrangements

New incentive arrangements have been introduced for the reward and retention of the senior management teams of NWR Plc and OKD following the Capital Restructuring, such arrangements comprising the following three elements:

- one-off deferred cash bonus awards of between 100 per cent. and 150 per cent. of the participant’s base salary (each, a “**Restructuring Bonus Award**”);
- annual bonuses, dependent upon stretching performance targets (each, an “**Annual Bonus Award**”); and

- phantom share awards under the LTIP (each, a “**Special LTIP Award**”).

Further details of the Restructuring Bonus Awards, Annual Bonus Awards and the Special LTIP Awards appear in the section entitled “*Incentive plans*” in Part IX (*Additional information*) of this document.

6.4 Other directorships

Name	Current directorship/partnership	Previous directorship/partnership
Chairman and Executive Directors		
Gareth Penny	New World Resources N.V. OKD, a.s. OJSC MMC Norilsk Nickel Julius Baer Holdings Limited TowerBrook Capital Partners	De Beers Group AMG Mining AG
Marek Jelínek	New World Resources N.V. OKD, a.s.	Ferrexpo Plc
Non-Executive Directors		
Zdeněk Bakala	Aspen Institute Prague, o.p.s. Economia, a.s.	New World Resources N.V. Advanced World Transport B.V. CERCL Mining B.V. (formerly known as BXR Mining B.V.) RPG Property BV BXR Partners a.s. Asental Development B.V. (formerly known as BXR Real Estate Investments B.V.) Sleep Country Canada Inc.
Peter Kadas	RPG Property B.V. Fotex Holding SE Marex Spectron Group Limited Shred-It International Central European Petroleum Ltd Domus N.V.	Asental Property B.V. (formerly known as BXR Real Estate B.V.) Asental Development B.V. (formerly known as BXR Real Estate Investments B.V.) New World Resources N.V. Bakala Crossroads Partners Ltd
Bessel Kok		New World Resources N.V. Economia, a.s. Astellit Mobile Communications
Alyson Warhurst	Maplecroft Transparency International	
Steven Schuit	The Pension Fund for Medical Specialists Giving Back Foundation	Allen & Overy LLP New World Resources N.V.
Paul Everard		New World Resources N.V. Ruukki Group Plc
Barry Rourke	Avocet Mining Plc TransFin-M OJSC New World Resources N.V.	RusRailLeasing OJSC Ruukki Group Plc 3Legs Resources Plc Surrey and Borders Partnership NHS Foundation Trust Columbus Acquisitions Corp Croydon Economic Development Company
Hans-Jörg Rudloff	Thyssen Bornemisza Group ABD Capital SA Landeskreditbank Baden-Württemberg Marcuard Group Decolef Lux S.à.r.l. Guardian Capital European Central Bank	Rosneft Oil Company Novartis AG BlueBay Asset Management Ltd New World Resources N.V.
Senior Managers		
Peter Dormann	NWR Plc	N/A
Peter Carr	NWR Plc	N/A
Dale Ekmark	OKD	N/A

7. Corporate governance

NWR Plc is committed to the highest standards of corporate governance and has implemented a corporate governance policy which is based primarily on the UK Corporate Governance Code but which also complies generally with the broad requirements of corporate governance codes in the Czech Republic and Poland. Certain principles of the Code of Best Practice for Warsaw Stock Exchange Listed Companies may only be applied to NWR Plc to the extent permitted by and where compatible with its status as a public company, incorporated under the laws of England and Wales. NWR Plc is not required by the Czech National Bank or the Prague Stock Exchange to comply with the Czech Code of Corporate Governance.

In accordance with the UK Corporate Governance Code and the Listing Rules of the UKLA, NWR Plc follows the 'comply or explain' approach and states in its annual reports whether it complied or will comply with the principles of good corporate governance set out in the UK Corporate Governance Code and, if it does not comply, will explain the reasons for such non-compliance. Other than provisions A.2.1 A.3.1 B.2.4 and D.2.1 (as mentioned in this section), NWR Plc has complied with the principles of the UK Corporate Governance Code 2010 and 2012 for the year ended 31 December 2013.

The NWR Plc Board has established several committees to assist its decision-making. The members of the committees are members of the NWR Plc Board and are appointed by the NWR Plc Board. Each committee produces regular reports on its deliberations, findings and recommendations and has its own rules which are approved by the NWR Plc Board.

NWR Plc has a one-tier board of directors, comprising both Executive Directors and Non-Executive Directors. The NWR Plc Board is presided over by its Executive Chairman, Gareth Penny, and currently has 10 members, comprising two Executive Directors and six independent Non-Executive Directors. This is in compliance with provision B.1.2 of the UK Corporate Governance Code, which provides that at least half the board, excluding the chairman, should consist of independent non-executive directors.

The Non-Executive Directors assist in developing NWR Plc's strategy and also monitor the performance of Executive Directors and the Group management as a whole. The chairman facilitates the work of the NWR Plc Board and ensures its effectiveness in all aspects of its role. Contrary to provisions A.2.1 and A.3.1 of the UK Corporate Governance Code, NWR Plc appointed Mr. Penny as Executive Chairman, who exercises the role of the chief executive and chairman. This fusion of roles was carefully examined by the Nomination Committee upon Mr. Penny's appointment in 2012 and NWR Plc continues to believe that the presence of an Executive Chairman is needed to provide strategic and operational leadership and balance in the Group structure. The presence of majority shareholder representatives in the NWR Plc Board alongside independent Non-Executive Directors guarantees that there are appropriate checks and balances in place.

Dr. Alyson Warhurst was the first female director appointed to the NWR Plc Board. External search consultancies and open advertising were not used in the search for a candidate, which is contrary to provision B.2.4 of the UK Corporate Governance Code. This was due to the limited number of candidates that met the recruitment criteria and the desired unique profile.

To support it in discharging its duties, the NWR Plc Board has established six principal committees: the Audit and Risk Management Committee, the Remuneration Committee, the Finance and Investment Committee, the Safety, Health and Sustainability Committee, the Real Estate Committee and the Nomination Committee.

Contrary to provision D.2.1 of the UK Corporate Governance Code Mr. Bakala remains a member of the Remuneration Committee. Due to his insights, the NWR Plc Board continues to perceive his membership as critical to the further alignment of executive remuneration with shareholders' interests.

Committee	Chairman	Members
Audit and Risk Management Committee	Bessel Kok	Hans-Jörg Rudloff, Barry Rourke and Steven Schuit
Remuneration Committee.....	Bessel Kok	Zdeněk Bakala and Hans-Jörg Rudloff
Finance and Investment Committee.....	Peter Kadas	Zdeněk Bakala, Gareth Penny and Marek Jelínek
Safety, Health and Sustainability Committee	Paul Everard	Gareth Penny, Alyson Warhurst, Steven Schuit and Dale Ekmark
Real Estate Committee	Barry Rourke	Steven Schuit and Paul Everard
Nomination Committee	Barry Rourke	Bessel Kok and Gareth Penny

Details of the roles and responsibilities of each of these committees are detailed below:

Audit and Risk Management Committee

The Audit and Risk Management Committee (“**ARMC**”) consists of four members; Hans-Jörg Rudloff, Barry Rourke and Steven Schuit, with Bessel Kok acting as chairman. All members are independent Non-Executive Directors appointed by the NWR Plc Board and have the requisite experience in accounting and financial management, as described in their biographies above. The ARMC advises the NWR Plc Board in its work and is responsible for ensuring the integrity of the consolidated financial statements and consolidated accounts of NWR Plc, preparing resolutions of the NWR Plc Board in relation thereto, and taking decisions in accordance with authorities delegated by the NWR Plc Board. It also advises the NWR Plc Board on audit, accounting and financial disclosure matters regarding the Real Estate Division and reviews the effectiveness of systems for internal control, compliance, budgeting, forecasting and financial reporting of the Group, ensuring both qualitative and quantitative metrics are used. The ARMC meets at least four times *per annum* and as often as the chairman considers appropriate. The quorum for meetings is at least half of the members of the ARMC.

Remuneration Committee

The Remuneration Committee consists of three members; Zdeněk Bakala and Hans-Jörg Rudloff, with Bessel Kok acting as chairman. Mr. Bakala is a non-independent Non-Executive Director and Mr. Rudloff is an independent Non-Executive Director. The Remuneration Committee is primarily responsible for setting the contractual terms, salary, bonuses and other benefits of the Executive Directors. It also approves and evaluates the performance criteria set under NWR Plc's share plans for every bonus year, which is a period during which the annual bonus may be awarded, commencing on 1 January and ending on 31 December of the relevant calendar year. The Remuneration Committee also analyses executive remuneration in terms of the remuneration policy of NWR Plc as a whole as well as pay and conditions elsewhere in the Group and the overall costs to shareholders. Periodic reporting ensures that the Remuneration Committee receives the required information and is kept up-to-date with any changes so that these can be taken into account when considering the remuneration of Executive Directors. The Remuneration Committee meets at least twice a year (and as often as the chairman considers appropriate) and the quorum for such meetings is at least half of the members.

Finance and Investment Committee

The Finance and Investment Committee (“**FIC**”) consists of four members; Zdeněk Bakala, Gareth Penny and Marek Jelínek, with Peter Kadas acting as chairman. The members are appointed by the NWR Plc Board and include Executive Directors and Non-Executive Directors. The main responsibilities of the FIC are (i) to review and present the Group's annual budget to the NWR Plc Board, (ii) to review, approve and recommend to the NWR Plc Board all major strategic or financial investments and divestments and other major capital decisions and (iii) to review the adequacy of the Group's capital structure and to advise on relationships with banks, rating agencies and financial institutions. The FIC also provides oversight and

guidance on funding and treasury management as well as making decisions on all shareholder matters related to NWR Plc's subsidiaries. Meetings are held at least four times *per annum* and as often as the chairman considers appropriate. The quorum of such meetings is at least half of the members of the FIC.

Safety, Health and Sustainability Committee

The Safety, Health and Sustainability Committee ("SHSC") was established to assist NWR Plc's Board in its oversight of corporate and social responsibilities, with a special emphasis on safety, health and environment risks within the Group. It consists of five members; Gareth Penny, Alyson Warhurst, Steven Schuit and Dale Ekmark, with Paul Everard acting as chairman. The SHSC is made up of both Executive Directors and Non-Executive Directors and its main duties are reviewing the policies and systems within the Group for ensuring compliance and applicable social, health and safety, legal and regulatory requirements as well as for effective and positive employee and community relations. The SHSC aims to provide the NWR Plc Board with additional focus, insight and guidance on key Group sustainability and health and safety issues, best practice and global trends. Meetings are held at least twice a year and as often as the chairman considers appropriate. The quorum for such meetings is at least half of the members of the SHSC.

Real Estate Committee

The Real Estate Committee ("REC") comprises Barry Rourke (acting as chairman), Steven Schuit and Paul Everard, each of whom is an independent Non-Executive Director appointed by the NWR Plc Board. The role of the REC is to oversee assets and liabilities of the Real Estate Division and the interaction between the Mining Division and the Real Estate Division of NWR Plc. In its advice, the REC aims to ensure that the interests of NWR Plc and its shareholders (of each separate class of shares) have been identified and adequately taken into consideration. The REC supports the NWR Plc Board in its work by advising on matters regarding the Real Estate Division (except in relation to audit, accounting and financial disclosure matters, which fall within the remit of the ARMC) as well as maintaining and interpreting the Divisional Policy Statements, proposing amendments and providing guidance on provisions whilst overseeing implementation. Meetings are held at least four times *per annum* and as often as the chairman considers appropriate. The quorum for such meetings is at least half of the members of the REC.

Nomination Committee

The Nomination Committee comprises three members; Bessel Kok and Gareth Penny, with Barry Rourke acting as chairman. Mr. Kok is a senior independent director and Mr. Penny is an Executive Director. The main responsibilities of the Nomination Committee are reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the NWR Plc Board and making recommendations with regard to any changes as well as succession planning for both Executive and Non-Executive Directors. The Nomination Committee also identifies and nominates, for the approval of the NWR Plc Board, candidates to fill vacancies on the NWR Plc Board. In doing so, they evaluate the balance of skills, knowledge, experience and diversity (including gender). Meetings are held at least twice a year and as often as the chairman considers appropriate. The quorum for such meetings is at least half of the members.

8. NWR Plc Directors' and Senior Managers' confirmations

Except as disclosed in this section entitled "*NWR Plc Directors' and Senior Managers' confirmations*", within the period of five years preceding the date of this document, none of the NWR Plc Directors or Senior Managers:

- (a) has had any convictions in relation to fraudulent offences;
- (b) has been a director or senior manager of any company at the time of bankruptcy, receivership or liquidation of such company; or
- (c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

None of the NWR Plc Directors or Senior Managers has any potential conflicts of interest between their duties to NWR Plc and their private interests or other duties.

None of the NWR Plc Directors or Senior Managers was selected to act as a member of the administrative, management or supervisory bodies or member of senior management pursuant to any arrangement or understanding with any major shareholder, customer, supplier or other person having a business connection with the Group.

As at the date of this document, no restrictions have been agreed by any NWR Plc Director or Senior Manager on the disposal within a certain time period of their holding of their Existing A Shares.

No NWR Plc Director has or has had any interest in any transactions which were unusual in nature or conditions or were significant to the business of NWR Plc and which were effected during the current or previous financial year or during an earlier financial year and which remain outstanding or unperformed in any aspect.

PART VI

TAXATION

1. United Kingdom taxation

The following statements do not constitute tax advice and are intended to apply as a general guide only to the position under current United Kingdom tax legislation and the published practice of HMRC in the United Kingdom at the date of this document, either of which is subject to change at any time (possibly with retrospective effect). These statements deal only with the position of Qualifying Shareholders who are resident (and in cases of individuals only, domiciled) solely in the United Kingdom for tax purposes (except where otherwise stated) and to whom split-year treatment does not apply and who hold their Ordinary Shares as an investment and who are the absolute beneficial owners of the Existing A Shares held on the Rights Issue Record Date and of all dividends of any kind paid in respect of them. The tax position of certain categories of Qualifying Shareholder who are subject to special rules such as, for example, dealers in securities, insurance companies and collective investment schemes, and Qualifying Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment, is not considered.

Any Qualifying Shareholder who is in any doubt as to their tax position or who is subject to tax in a jurisdiction other than the United Kingdom is strongly recommended to consult their professional advisers immediately.

1.1 Taxation of Chargeable Gains

(a) The Subdivision

For the purposes of United Kingdom taxation of chargeable gains, the Subdivision should constitute a reorganisation of NWR Plc's share capital. On that basis, the subdivision of each Existing A Share into 1 A Share of €0.0004 each and 999 D Shares of €0.0004 each should not be treated as a disposal of that Existing A Share, the A Share of €0.0004 each and the D Share (taken as a single asset) and the Existing A Share should be treated as the same asset, acquired at the same time as the Existing A Share.

(b) Acquisition of New A Shares pursuant to the Rights Issue

For the purposes of United Kingdom taxation of chargeable gains, the issue of New A Shares under the Rights Issue should be regarded as a reorganisation of NWR Plc's share capital. Accordingly, to the extent that a Qualifying Shareholder takes up all or part of his entitlement under the Rights Issue in respect of his Existing A Shares held on the Rights Issue Record Date, he should not be treated as having disposed of any part of that existing shareholding. Instead, his Existing A Shares held on the Rights Issue Record Date and the New A Shares issued to him in respect of those Existing A Shares should be treated as a single asset acquired at the time he acquired his Existing A Shares. For the purpose of computing any gain or loss on a subsequent disposal by a Qualifying Shareholder of any shares comprised in his new holding of Existing A Shares and New A Shares, the Issue Price paid for the New A Shares will be added to the base cost of his Existing A Shares.

If a Qualifying Shareholder or a Participating Existing Noteholder disposes of all or some of his rights to subscribe for New A Shares under the Rights Issue, or if he allows all or part of those rights to lapse and receives a cash payment in respect of this, he may, depending on his circumstances, incur a liability to United Kingdom taxation of chargeable gains. If, however, the proceeds resulting from the disposal or lapse are "small" as compared with the market value (on the date of the disposal or lapse) of the Qualifying Shareholder's Existing A Shares or the Participating Existing Noteholder's Placing Shares (as applicable), such a Qualifying Shareholder or Participating Existing Noteholder will not generally be treated as making a disposal for the purposes of United Kingdom taxation of chargeable gains, provided the proceeds received do not exceed the allowable expenditure in respect of those A Shares. No liability to tax on capital gains will then arise as a result of the disposal or lapse of the rights, but the proceeds will instead reduce the allowable expenditure in respect of the Qualifying Shareholder's Existing A Shares or the Participating Existing Noteholder's Placing Shares (as applicable) used to compute any chargeable gain or loss on a subsequent disposal.

The current practice of HMRC is to treat proceeds as “small” where either (i) the proceeds of the disposal or lapse of rights do not exceed five per cent. of the market value (at the date of the disposal or lapse) of the Existing A Shares held on the Rights Issue Record Date in respect of which those rights arose or (ii) the amount of the proceeds is £3,000 or less, regardless of whether the five per cent. test is satisfied.

(c) *Placing*

The issue of the New A Shares under the Placing will not constitute a reorganisation of NWR Plc’s share capital for the purposes of United Kingdom taxation on chargeable gains and, accordingly, any Placing Shares acquired pursuant to the Placing will be treated as a separate acquisition of New A Shares.

(d) *Subsequent Disposals of New A Shares*

(i) Shareholders within the charge to corporation tax

Where a Qualifying Shareholder or Participating Existing Noteholder is within the charge to United Kingdom corporation tax a disposal of New A Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of corporation tax. Corporation tax is charged on chargeable gains at the rate of corporation tax applicable to that company. Such Shareholders may, for the purposes of computing gains but not losses, be allowed to claim an indexation allowance in respect of the amounts they have paid for their New A Shares. In relation to the amounts paid for the New A Shares issued pursuant to the Rights Issue, the indexation allowance will generally only apply from the date the money for the New A Shares is paid or is liable to be paid, not from the time the original holding was acquired.

(ii) Shareholders within the charge to capital gains tax

A disposal of New A Shares may, depending on the circumstances and subject to any exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom capital gains tax. For Shareholders within the charge to United Kingdom capital gains tax, such as individuals, trustees and personal representatives, indexation allowance is not available.

However, an annual exemption may be available, such that chargeable gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £11,000 for the tax year 2014 to 2015 (£5,500 for most trustees). Capital gains tax will be chargeable at the rate of 18 per cent. to the extent that the gains made by a Shareholder, when added to that Shareholder’s total other taxable gains and income in a given year (less his annual exemption) are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the “**Basic Rate Band**”), and 28 per cent., in the case of trustees and personal representatives or to the extent that such gains when added to that Shareholder’s total other taxable gains and income in a given tax year (less his annual exemption) exceed the Basic Rate Band, in each case during the tax year 2014 to 2015. A Qualifying Shareholder or Participating Existing Noteholder who is resident but not domiciled in the United Kingdom and who has elected to be taxed on the remittance basis will be subject to capital gains tax in respect of the disposal of the New A Shares to the extent that such proceeds are remitted or deemed to be remitted to the United Kingdom. In addition, individuals who are temporarily non-resident may, in certain circumstances, be subject to tax in respect of gains realised while they are not in the United Kingdom.

1.2 Taxation of Dividends

(a) *Company*

NWR Plc will not be required to withhold UK tax at source on any dividends it pays to its Shareholders.

(b) *United Kingdom Resident Shareholders*

Shareholders who are individuals resident in the United Kingdom for taxation purposes are generally liable to income tax on the aggregate amount of any dividend received from NWR Plc and, subject to certain conditions, entitled to a tax credit equal to 10 per cent.

of the gross dividend (which is equal to one-ninth of the dividend received). For example, on a dividend received of £90, the tax credit would be £10, and an individual would be liable to income tax on £100. No further income tax is payable in respect of the dividend by United Kingdom resident individuals who are liable to income tax at a rate not more than the basic rate (who therefore currently pay tax at the dividend ordinary rate of 10 per cent.). United Kingdom resident individuals who are subject to tax at the higher rate are subject to tax on dividends to the extent that such gross dividend when treated as the top slice of the Shareholder's income falls above the threshold for higher rate income tax at the rate applicable to dividends (currently 32.5 per cent.) but are entitled to offset the 10 per cent. tax credit against such liability. For example, on a dividend received of £90 such a taxpayer would have to pay additional tax of £22.50 (representing 32.5 per cent. of the gross dividend less the 10 per cent. credit) and an effective tax rate of 25 per cent. of the cash dividend received). An additional rate of income tax of 45 per cent. applies to United Kingdom resident individuals with income in excess of £150,000. Such taxpayers pay 37.5 per cent. tax on dividends received to the extent that such gross dividend when treated as the top slice of the Shareholder's income falls above the threshold for additional rate income tax (reduced to an effective rate of 30.6 per cent. for eligible taxpayers as a result of applying the tax credit).

A United Kingdom resident individual Shareholder who is not liable to income tax in respect of the gross dividend and other United Kingdom resident Shareholders who are not liable to United Kingdom tax on dividends, including pension funds and charities, are not entitled to claim repayment of any UK tax credit attaching to dividends paid by NWR Plc.

Qualifying Shareholders and Participating Existing Noteholders within the charge to United Kingdom corporation tax who are "small" companies (for the purposes of United Kingdom taxation of dividends) will not generally be subject to tax on dividends from the NWR Plc, provided certain conditions are met.

Subject to certain exceptions for traders in securities and insurance companies, other corporate Shareholders resident in the United Kingdom for tax purposes will generally not be subject to corporation tax on dividends received from the NWR Plc and as it would normally be expected that they should be able to rely on the provisions set out in part 9A of the Corporation Tax Act 2009, which exempt certain classes of dividend from corporation tax (in particular, distributions in respect of non-redeemable ordinary shares) provided that they do not fall within specified anti-avoidance provisions. Such Shareholders will not generally be able to claim repayment of any UK tax credits attaching to dividends.

(c) Non-United Kingdom Resident Shareholders

A non-United Kingdom resident Shareholder is not generally able to claim repayment from HMRC of any part of any UK tax credit in respect of the dividend received.

A non-United Kingdom resident Shareholder may be subject to foreign tax on the dividend received. Such a shareholder should consult his own tax adviser concerning tax liabilities on dividends received from NWR Plc.

1.3 Stamp Duty and SDRT

The statements below are intended as a general and non-exhaustive guide only to the current United Kingdom stamp duty and SDRT position and apply regardless of whether or not a Qualifying Shareholder or Participating Existing Noteholder is resident in the United Kingdom. Special rules apply to agreements made by broker dealers and market makers in the ordinary course of their business and to certain categories of person (such as depositories and clearance services) who may be liable to stamp duty or SDRT at a higher rate.

No stamp duty or SDRT will generally be payable on the issue of Provisional Allotment Letters, split letters of allotment, definitive share certificates, on the crediting of Nil Paid Rights or Fully Paid Rights to accounts in CREST or on the issue of New A Shares.

Where New A Shares represented by such documents or rights are registered in the name of the Qualifying Shareholder or Participating Existing Noteholder entitled to such shares, or where New A Shares are credited in uncertificated form to CREST, no liability to stamp duty or SDRT will generally arise.

Following the decision of the European Court of Justice in *HSBC Holdings and VidaCos Nominees* (case 569/07) and the First-Tier Tax Tribunal decision in *HSBC Holdings and The Bank of New York Mellon*, HMRC has confirmed that 1.5 per cent. SDRT is no longer payable when new shares are issued into a depositary receipt service or clearance service.

A purchase of rights to subscribe for New A Shares represented by a Provisional Allotment Letter (whether nil paid or fully paid), or Nil Paid Rights or fully Paid Rights held in CREST, on or before the latest time for registration of renunciation, will not generally be liable to stamp duty but will be liable to SDRT, generally at the rate of 0.5 per cent. of the amount or value of the consideration payable.

No stamp duty or SDRT will be payable on the registration of Provisional Allotment Letters or split letters of allotment, whether by the original holders or their transferees or renouncees.

No United Kingdom stamp duty or SDRT will be payable on the issue of the Placing Shares.

In respect of any subsequent dealing in New A Shares, a transfer for value of such New A Shares will generally be subject to stamp duty or SDRT. Stamp duty will arise on the execution of an instrument to transfer New A Shares and SDRT will arise on the entry into an unconditional agreement to sell such New A Shares (or in the event of a conditional agreement when such a conditional agreement becomes unconditional).

Stamp duty and SDRT are normally a liability of the purchaser or transferee (although where such purchase is effected through a stockbroker or other financial intermediary, that person should normally account for the liability to SDRT and should indicate this has been done in any contract note issued to a buyer).

The amount of stamp duty or SDRT payable on the transfer is generally calculated at the rate of 0.5 per cent. of the amount or value of the consideration paid (although stamp duty generally only applies where the amount or value of such consideration exceeds £1,000 and is rounded up to the nearest £5). A liability to SDRT will be cancelled and any SDRT already paid will be repaid, generally with interest, where an instrument of transfer is executed and stamp duty is duly paid on that instrument (unless that instrument is exempt) within six years of the date on which the liability to SDRT arises.

Paperless transfers of Ordinary Shares within the CREST system 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 payable. SDRT on relevant transactions is generally settled within the CREST system. Deposits of shares into CREST will generally not be subject to SDRT, unless the transfer into CREST is itself for consideration.

Where New A Shares are transferred (otherwise than as an integral part of a raising of capital): (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services; or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the New A Shares (rounded up to the nearest £5 in the case of stamp duty).

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable (if any) for the transfer will arise on any transfer of New A Shares into such an account and on subsequent agreements to transfer such shares within such account.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise will generally be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

2. Czech Republic taxation

The following statements do not constitute tax advice and are intended to apply as a general guide only to the position under current Czech Republic tax legislation and its interpretations at the date of this document, either of which is subject to change at any time (possibly with retrospective effect). These statements deal only with the position of Qualifying Shareholders who are resident solely in the Czech Republic for tax purposes (except where otherwise stated) and who are the absolute beneficial owners of the Existing A Shares and of all dividends of any kind paid in respect of them. The tax position of certain categories of Qualifying Shareholder who are subject to special rules such as, for example, dealers in securities, insurance companies and collective investment schemes, and Qualifying Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment, is not considered.

Non-Czech resident Shareholders may be subject to Czech and/or foreign tax and should consult their own tax adviser concerning their tax liabilities.

Any Qualifying Shareholder who is in any doubt as to their tax position or who is subject to tax in a jurisdiction other than the Czech Republic is strongly recommended to consult their professional advisers immediately.

2.1 Taxation of Capital Gains

(a) *The Subdivision*

For the purposes of Czech Republic taxation of capital gains, the Subdivision should not constitute disposal of shareholding and as such no realisation of any taxable income at the moment of Subdivision should occur. The A Shares of €0.0004 each and the D Shares of €0.0004 each will be treated as acquired at the time of the acquisition of the Existing A Share, provided that the total nominal value of the new shares received in exchange for the Existing A Share will be the same as that of the original Existing A Share. Otherwise, they will be treated as newly acquired. For the purpose of computing any gain or loss on a subsequent disposal of any such A Shares and D Shares, the tax purchase price of the Existing A Shares should be proportionately divided between the 1 A Share of €0.0004 each and 999 D Shares of €0.0004 each based on a reasonable economic criterion.

(b) *Acquisition of New A Shares pursuant to the Rights Issue*

To the extent that a Qualifying Shareholder takes up all or part of his entitlement under the Rights Issue in respect of his Existing A Shares, he should not be treated as having disposed of any part of that existing shareholding.

The issue of New A Shares under the Rights Issue to a Qualifying Shareholder or a Participating Existing Noteholder will be regarded as an acquisition of new asset acquired at the time of the share issue and at the Issue Price paid. For the purpose of computing any gain or loss on a subsequent disposal by Qualifying Shareholder, the tax purchase price of the shares should generally be tracked separately for each share to the extent each share can be separately identified; otherwise, the tax purchase price of shares should be tracked using the FIFO or the average purchase price method.

If a Qualifying Shareholder or a Participating Existing Noteholder disposes of all or some of his rights to subscribe for New A Shares under the Rights Issue, or if he allows all or part of those rights to lapse and receives a cash payment in respect of this, such income will be generally subject to income taxation in the Czech Republic as described below.

(c) *Placing*

The issue of the New A Shares under the Placing will be considered as acquisition of new asset acquired at the time of the share issue and at the Issue Price paid.

(d) *Subsequent Disposals of New A Shares or Rights*

(i) Shareholders subject to corporate income tax

Capital gains realised by a corporate Qualifying Shareholder or a Participating Existing Noteholder from the sale of the New A Shares or the Rights to subscribe for New A Shares under the Rights Issue or other income from the New A Shares or Rights are generally subject to Czech corporate income tax of 19 per cent. and taxed in the general tax base of the taxpayer.

Capital gains from sale of New A Shares can be tax exempt, provided that participation exemption conditions are fulfilled.

If not tax exempt, losses upon the sale of the New A Shares will generally be tax deductible, provided the Qualifying Shareholders hold the securities as tradable securities and re-value them to fair value for the Czech GAAP purposes.

New A Shares representing a significant shareholding (generally understood to be a holding giving 20 per cent. of voting rights) are not re-valued to fair value under Czech GAAP. Therefore, if a significant shareholding has been held for a short period of time such that the participation exemption does not apply, losses upon its sale would not generally be deductible.

(ii) Shareholders subject to personal income tax

Capital gains realised by an individual Qualifying Shareholder or a Placee from the sale of the New A Shares or the Rights to subscribe for New A Shares under the Rights Issue or other income from the New A Shares or Rights are generally subject to Czech personal income tax of 15 per cent. and taxed in the other income tax base of the taxpayer.

In the specific case of individuals who hold the New A Shares or the Rights as part of their business property, such income is subject to income tax as business income at the rate of 15 per cent., social security and health insurance contributions, and income in excess of 48-times the average wage (CZK 1,245,216 for 2014) is additionally subject to solidarity surcharge tax of 7 per cent.

Capital gains realised by an individual Qualifying Shareholder or a Participating Existing Noteholder from the sale of the New A Shares or the Rights, not held as part of business property, realised by individuals will be exempt from taxation if the aggregate income of that individual from the sale of all securities (including the Rights) does not exceed the *de minimis* amount of CZK 100,000 in the given tax year. From 2015 onwards, expected amendments to legislation may mean that this *de minimis* threshold applies to disposals of securities held for both business and non-business purposes.

If the CZK 100,000 threshold is exceeded, capital gains realised by an individual Qualifying Shareholder or a Participating Existing Noteholder from the sale of the New A Shares or the Rights will be exempt from Czech personal income tax, provided that the holding period of the New A Shares or the Rights exceeds three years, and the New A Shares or the Rights have not been held as part of business property of such individual, or, if so, the New A Shares or the Rights will not be sold prior to the expiry of a three year period following the termination of that individual's business activities.

Losses incurred by Czech individual Qualifying Shareholders or Participating Existing Noteholders on the sale of the New A Shares are generally tax non-deductible but can be used to offset income from the sale of other shares or other securities in the same tax year based on prevailing interpretations of the Czech tax legislation.

Czech Qualifying Shareholders or Participating Existing Noteholders who keep books and hold the New A Shares as part of their business property can use losses upon a sale of the New A Shares under the similar rules as described above for shareholders subject to corporate income tax.

2.2 Taxation of Dividends

(a) *Company*

NWR Plc will not be subject to any tax in the Czech Republic on dividends it pays to its Shareholders because it is not tax resident in the Czech Republic.

(b) *Czech Resident Shareholders*

(i) Shareholders subject to corporate income tax

Dividends received by corporate Qualified Shareholder or a Participating Existing Noteholder from the New A Shares are generally subject to corporate income tax of 15 per cent. and taxed in a separate tax base.

Dividends received by the corporate Qualified Shareholder or a Participating Existing Noteholder can be tax exempt, provided that participation exemption conditions are fulfilled.

(ii) Shareholders subject to personal income tax

Dividends received by an individual Qualifying Shareholder or a Participating Existing Noteholder from the New A Shares are generally subject to corporate income tax of 15 per cent. and taxed in a separate tax base.

Dividends received by the corporate Qualified Shareholder or a Participating Existing Noteholder are generally subject to personal income tax of 15 per cent. and taxed in a separate tax base.

(c) *Non-Czech Resident Shareholders*

A non-Czech resident Shareholder will not be subject to any tax in the Czech Republic on dividends received from NWR Plc.

2.3 Other

(a) *Non-residents' income taxation in the Czech Republic*

Based on the Czech Republic tax legislation, income from a sale of Existing or New A Shares or D Shares or Rights by a non-Czech resident Qualifying Shareholder or a Participating Existing Noteholder from the New A Shares are generally subject to corporate income tax of 15 per cent. and taxed in a separate tax base.

Dividends received by the corporate Qualified Shareholder or a Participating Existing Noteholder to a Czech resident buyer or a Czech permanent establishment of a Czech tax non-resident will be considered to have the source in the Czech Republic and will be subject to income tax in the Czech Republic. An international tax treaty applicable to the non-Czech resident Qualifying Shareholder may prevent the Czech Republic from taxing such income.

The Czech buyer will generally be obliged to withhold tax security of 1 per cent. on a gross basis from such income, unless the seller is a resident of a European Economic Area jurisdiction or unless an international tax treaty provides otherwise. This tax security could be, subsequently, credited against the final Czech tax liability of the Non-Czech resident Qualifying Shareholder or a Participating Existing Noteholder from the New A Shares are generally subject to corporate income tax of 15 per cent. and taxed in a separate tax base.

Dividends received by the corporate Qualified Shareholder or a Participating Existing Noteholder upon filing a tax return in the Czech Republic.

(b) *Stamp duty*

There is no stamp duty or similar transfer tax imposed on the issue or sale of New A Shares or Rights in the Czech Republic.

3. Certain material Polish tax considerations

The following summary covers principal Polish tax law consequences of investing in the Shares. It does not purport to be a comprehensive description of all potentially relevant Polish tax considerations. This summary is not tax advice; it is intended as a general information only, and each prospective investor should consult a professional tax advisor on the tax consequences of an investment in the Shares. This information is based on Polish tax laws and, as its interpretation refers to the position as at the date of this Prospectus, it may thus be subject to change including a change with retroactive effect.

These statements deal only with the position of Qualifying Shareholders who are resident solely in Poland for tax purposes (except where otherwise stated) and who are the absolute beneficial owners of the Existing A Shares and of all dividends of any kind paid in respect of them. The tax position of certain categories of Qualifying Shareholder who are subject to special rules such as, for example, dealers in securities, insurance companies and collective investment schemes, and Qualifying Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment, is not considered.

Non-Polish resident Shareholders may be subject to Polish and/or foreign tax and should consult their own tax adviser concerning their tax liabilities.

Personal Income Tax and Corporate income tax

Capital gains of individuals who are Polish tax residents (i.e. subject to unlimited tax liability in Poland)

In accordance with Article 3 section 1 of the Polish personal income tax Act (the “PIT Act”), individuals who reside within the territory of the Republic of Poland are obliged to pay tax on all their worldwide income (revenue) regardless of the location of the source of that revenue (unlimited tax liability). A person is considered to be ‘residing within the territory of the Republic of Poland’ if: (i) his/her centre of personal or economic interests (centre of vital interests) lies within the territory of the Republic of Poland; or (ii) he/she stays within the territory of the Republic of Poland more than 183 days tax year. The above rules are applicable subject to the relevant treaties on avoiding double taxation to which the Republic of Poland is a party (Article 4a of the PIT Act).

In accordance with Article 30b section 1 of the PIT Act, income from the transfer of the securities for consideration (including Nil Paid Rights and Fully Paid Rights) in exchange for consideration is taxed at a flat rate of 19 per cent. Taxable income from the disposal of securities in exchange for consideration is calculated as the difference between revenue earned in a given tax year from the disposal of securities (the value of the securities at the price set forth in the contract for sale) and the tax-deductible costs (generally, the expenditure on the acquisition of these securities or their subscription), which are deductible at the moment the revenue is generated from the sale of securities. The revenue from the sale of securities for consideration is the revenue due, even if it is not actually received. If a taxpayer disposes of, against consideration, securities acquired at different prices and it is impossible to determine the acquisition price of the securities being transferred, the rule that applies when determining the income from such transfers is that each transfer will be made in respect of the securities acquired at the earliest date (this rule applies separately for each securities account). Where the price of securities indicated in a contract is, for no sound reason, substantially different from the market value thereof, the revenue from the disposal of securities in exchange for consideration will be determined by a tax authority or tax inspection authority in an amount that reflects the market value. Such income is not aggregated with income from other sources and is taxed separately. During the tax year, individuals who earn income from the disposal of securities in exchange for consideration are not obliged to make any income tax prepayment. Tax (or tax prepayment) on the above-mentioned transaction is not withheld by the tax remitters. However, after the end of a given tax year, which in the case of individuals reflects the calendar year, tax payers earning income from the disposal of securities in exchange for consideration are required to disclose such income in their annual tax return, calculate the amount of tax due and pay it to the account of the relevant tax office.

In the case of a tax loss incurred on the disposal of securities in a given tax year, the loss may decrease the income generated from this source (i.e. from the disposal of securities) in the next five consecutive tax years; however, the amount of the decrease in any particular year cannot exceed 50 per cent. of the loss. Tax loss incurred on the disposal of securities is not combined with tax losses incurred by the tax payer on other titles (sources of revenue).

Annual tax returns are prepared by tax payers by the end of April of the year immediately following the tax year in which gains are made. Information on the amount of income earned delivered by the end of the February of the following tax year by sole traders, legal persons and their organisational units as well as organisational units which are not legal persons. The above-mentioned provisions do not apply if securities are sold as a result of the performance of any business activities, as in such cases revenue from the sale of securities should be qualified as originating from the performance of such activities and should be settled according. The revenues from business activity could be subject to progressive or flat tax, depending on the taxpayer’s chosen taxation method and certain additional criteria concerning the taxpayer.

Income (revenue) from dividends and other revenue from a share in the profits of legal persons earned by individuals who are Polish tax residents (i.e. subject to unlimited tax liability in Poland)

In accordance with Article 30a section 1 item 4 of the PIT Act, income (revenue) from dividends and other revenue from a share in the profits of legal persons (e.g. revenue generated on the redemption of shares and revenue generated on the receipt of the legal person’s assets due to its liquidation) earned by individuals subject to unlimited tax liability are subject to taxation at a flat rate of 19 per cent. of the income (revenue) earned. Under domestic Polish tax law, dividends are taxed on a gross basis with no tax deductible cost items to be deducted.

Polish tax resident is entitled to Polish tax credit regarding not Polish withholding tax paid by NWR Plc. The amount of tax credit shall not exceed that part of the tax, as computed in Poland before the deduction is given, which is attributable to such income. In order to benefit from tax credit based on relevant double tax treaty it could be necessary for the individuals who are Polish tax residents to obtain the tax residency certificate of NWR Plc.

Income (revenue) from dividends and other revenue from a share in the profits of legal persons is the income (revenue) actually earned on such share. In accordance with Article 41 section 4 of the PIT Act, a flat rate of income tax on payments made or cash or pecuniary values placed at the tax payer's disposal (such as dividend payments and other income from a share in the profits of legal persons) is withheld by the entities performing such actions. Under Article 41 section 4d of the PIT Act, tax on dividends is withheld by entities keeping securities accounts for tax payers, in their capacity as tax remitters, if the income (revenue) is earned in the territory of Poland and is associated with the securities registered in these accounts, and, further, if relevant payments are made to the tax payers through those entities. However, it is not clear whether the tax due on dividend income earned by individuals from NWR Plc shall be withheld by a Polish bank or brokerage house assisting in effecting the payment, under the provision of Art. 41 sec. 4d of the PIT Act. There is a provision which stipulates that amounts of tax due on dividends earned outside Poland and the amounts of tax paid outside Poland on such dividends should be reported by the taxpayer in his annual tax return (Art. 30a sec. 11 of the PIT Act). Some tax advisers regard the latter provision as overruling the first, and are thus of the opinion that a Polish bank or brokerage house should not withhold any tax. However, in case of doubt, taxpayers should consult their tax adviser.

NWR Plc believes that Polish tax regulations cannot impose any obligation on NWR Plc to withhold Polish tax as a tax remitter (for the avoidance of any doubt as to NWR Plc's obligations).

Under Article 41 section 10 of the PIT Act, in the case of dividend payments from securities registered in omnibus accounts, flat-rate income tax is collected and remitted by the entities keeping the omnibus accounts, through which the payments are made. The tax is withheld on the date of a dividend payment's release to the omnibus account holder. Tax remitters must pay tax amounts by the twentieth day of the month following the month in which the tax was withheld, to the account of the relevant tax office. By the end of January of the year following the tax year, the tax remitters referred to in Article 41 of the PIT Act are required to send an annual tax return in a standard form to the tax office territorially competent for their registered office. Income (revenue) from dividends and other revenue from a share in the profits of legal persons where a flat rate tax was withheld is not aggregated with income from any other sources, and is not disclosed in the annual tax return. Nevertheless, in accordance with Article 45, section 3b of the PIT Act, if the remitter does not withhold the tax, the individual is required to settle the tax in its annual tax return filed by the end of April of the year following the given financial year.

Under Article 30a section 2a of the PIT Act, with respect to income (revenue) from dividends transferred to tax payers holding rights attached to securities registered in omnibus accounts whose identity has not been revealed to the tax remitter in accordance with the Act on Trading in Financial Instruments, a 19 per cent. flat-rate tax is withheld by the tax remitter from the aggregate income (revenue) released for the benefit of all such tax payers through the omnibus account holder. Annual tax returns on this income are filed by the tax remitter (i.e. by the entities keeping the omnibus accounts) with the tax office relevant for the taxation of foreign persons. Under Article 45 section 3c of the PIT Act, tax payers are required to disclose the amount of dividend in their annual tax return if securities were registered in an omnibus account and the tax payer's identity was not revealed to the tax remitter. As far as such tax payers are concerned, the remitter is not required to prepare or to send any individual information regarding the value of the income. It should be noted that there are some controversies regarding application of these withholding tax obligations on the Polish remitters.

Capital gains realised by persons subject to corporate income tax having their registered office or Management Board within the territory of the Republic of Poland (i.e. subject to unlimited tax liability in Poland)

The payers of corporate income tax are legal persons, capital companies in organisation and organisational units having no legal personality, except for partnerships (apart from limited joint stock partnerships). In accordance with Article 3 section 1 of the Polish corporate income tax Act (the “CIT Act”), tax payers which have their registered office or management board within the territory of the Republic of Poland are required to pay tax on all of their income, irrespective of the location of the source of their revenue (unlimited tax liability).

Gains on the disposal of securities by corporate income tax payers having their registered office or management board within Poland are subject to taxation under the general rules stipulated in the CIT Act. Taxable income is the difference, in a tax year, between the revenue from the disposal of securities (the price for securities determined in the sale agreement) and the tax-deductible costs (in principle, the expenditure on acquisition of these securities), which are deductible at the time that the revenue on the sale of securities is generated. If the price of the securities expressed in the contract is, for no sound reason, significantly different from the market value thereof, the revenue from the disposal of securities in exchange for consideration will be determined by a tax authority or tax inspection authority in an amount that reflects the market value. Income from the disposal of securities in exchange for compensation is aggregated with the income of the tax payer that is earned from other sources, to form the taxable base. In accordance with Article 19 section 1 of the CIT Act, the income of a corporate income tax payer is taxed at a rate of 19 per cent. of the taxable base.

A loss incurred by a Polish corporate tax payers on the sale of shares is included in its taxable base. The tax loss of the tax payer may be offset against taxable income (including from other sources) within the next five consecutive tax years (up to a maximum loss of 50 per cent. in one year).

Income (revenue) from dividends and other revenue from a share in the profits of legal persons earned by persons subject to corporate income tax having their registered office or Management Board within the territory of the Republic of Poland (i.e. subject to unlimited tax liability in Poland)

Income (revenue) earned by persons subject to corporate income tax and having their registered office or management board within the territory of the Republic of Poland (if not exempt under separate Polish tax provisions) earned outside the territory of Poland is combined with the income (revenue) earned in the territory of the Republic of Poland in a tax return for the tax year concerned (and is subject to 19% corporate income tax). If this is the case, the amount equivalent to the tax paid in a foreign state is deducted from the tax due on the aggregate income. However, the deducted amount must not exceed the part of the tax calculated before deduction that is proportionately associated with the income earned in a foreign state.

In the case: (i) a company with its registered office or management in the territory of the Republic of Poland earns income (revenue) on dividends and other revenue arising from a share in the profits of legal persons, and (ii) the income (revenue) as referred to in point (i) above) arises from share in the profits of a company whose entire income, irrespective of where it is earned, is subject to income tax in the territory of a state with which the Republic of Poland has a binding double taxation agreement other than a member state of the European Union or another member state of the European Economic Area or the Swiss Confederation, and (iii) a company as referred to in point (i) above directly holds no less than 75% of shares in the equity of a company as referred to in point (ii), then the amount of income tax, with respect to income paid as profit, paid by a company as referred to in point (ii) in the state of its registered office is also deductible, in the part corresponding to the share of a company as referred to in point (i) above in the paid profit of the company referred to in point (ii) above. These provisions apply accordingly to entities whose entire income, irrespective of where it is earned, is subject to income tax in a member state of the European Union or in another member state of the European Economic Area, other than the Republic of Poland, operating via a foreign establishment located in the territory of the Republic of Poland, provided a double taxation agreement concluded between the Republic of Poland and the state of that entities’ registered office provides for the allocation of income earned outside the territory of the Republic of Poland to the entities’ foreign establishments. Such deduction must not exceed that part of the tax paid in a foreign state that proportionately corresponds to the income earned from that

source attributed to the foreign establishment. These provisions apply accordingly to companies whose entire income, irrespective of where it is earned, is subject to income tax in a member state of the European Union or in another member state of the European Economic Area, other than the Republic of Poland, operating via a foreign establishment located in the territory of the Republic of Poland, provided such deduction must not exceed that part of the tax paid in a foreign state that proportionately corresponds to the income earned from that source attributed to the foreign establishment.

Income from dividends earned by a person subject to corporate tax, being a Polish tax resident, may be exempted under the conditions set out by the EU Parent-Subsidiary Directive (as implemented into Art. 20 sec. 3 of the CIT Act).

In accordance with Article 20 section 3 of the CIT Act, subject to Article 20 section 9 of the CIT Act, an income tax exemption applies to dividends and other revenue from a share in the profits of legal corporate income tax payers which have their registered office or management board outside Poland that is earned by persons subject to unlimited tax liability in Poland if all of the following conditions are satisfied jointly: (i) the entity paying the dividends and other revenues from participation in profits generated by legal persons is a company whose worldwide income is subject to income tax in a European Union member state other than Poland, or in an other member state of the European Economic Area regardless of the location of the source thereof; (ii) the Polish entity receiving income (revenue) from dividends and other revenues from participation in profits is a company directly holding not less than 10 per cent. of shares in the company, as referred to in section (i) above, for an uninterrupted period of at least 2 years; (iii) the company referred to in section (ii) above is not exempt from income tax on its entire income, regardless of the location of the source thereof.

The exemption also applies if the two-year period of uninterrupted holding of the required number of shares ends after the date of obtaining such income (revenue).

The above exemption and deduction may only be applied if the Polish tax authority is legally entitled, on the basis of a double taxation convention or another ratified international treaty to which the Poland is a party, to obtain tax information from tax authorities of the foreign state in which the tax payer has its registered office or in which it generated income. The above exemption and deduction does not apply if dividends or other amounts due on account of share in the profits of legal persons are paid as a result of liquidation of the paying company.

Capital gains of individuals who are not Polish tax residents (i.e. subject to limited tax liability in Poland)

In accordance with Article 3, section 2a of the PIT Act, individuals who do not reside within the territory of the Republic of Poland are required to pay tax exclusively on income (revenue) obtained within the territory of the Republic of Poland (limited tax liability). The scope of Polish source income is subject to some uncertainty, as it is not explicitly covered under Polish law or from any official and binding guidelines of tax authorities. According to Article 4a of the PIT Act, the abovementioned regulation is applied in consideration of double tax treaties to which the Republic of Poland is a party. Individuals subject to limited tax liability who earn income from the disposal of securities in Poland need to follow the same taxation rules governing the disposal of securities as specified above, except as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party. In light of Article 30b section 3 of the PIT Act, the application of a tax rate resulting from the appropriate double tax treaty or the non-payment of tax under such a treaty is also possible, provided that the tax payer proves his place of residence for tax purposes with a relevant certificate of tax residence.

Income (revenue) from dividends and other revenue from a share in the profits of legal persons earned by individuals who are not Polish tax residents (i.e. subject to limited tax liability in Poland)

In accordance with Article 3, section 2a of the PIT Act, natural persons, if they do not reside within the territory of Poland, are liable to pay tax exclusively on income obtained within the territory of Poland (limited tax liability). Therefore, income in the form of dividends and other income from the share in the profits of legal persons without registered offices or management conducted in the Republic of Poland that is earned by individuals subject to limited tax liability in Poland, should not be subject to taxation in Poland.

Capital gains realised by persons subject to corporate income tax not having their registered office or management board within the territory of the Republic of Poland (i.e. subject to limited tax liability in Poland)

In accordance with Article 3, section 2 of the CIT Act, tax payers which do not have their registered office or management board within the territory of the Republic of Poland are required to pay tax exclusively on income earned within the territory of the Republic of Poland (limited tax liability). The scope of Polish source income is subject to some uncertainty, as it is not explicitly covered under Polish law or from any official and binding guidelines of tax authorities. The provisions of the CIT Act also apply to income earned within the territory of the Republic of Poland by partnerships having their registered offices or management board in other countries, if they are treated as legal persons under the tax law provisions of a given country and are liable to tax on the total amount of their income, irrespective of the location of the source of their income (Article 1 section 3 of the CIT Act).

Persons subject to corporate income tax and subject to limited tax liability who earn income in Poland from the disposal of securities in exchange for compensation need to follow the same taxation rules governing the disposal of securities as specified above, except as otherwise stated in the relevant double tax treaties to which the Republic of Poland is a party. Such tax payers may be required to present a tax residency certificate to document the legitimacy of the application of a tax rate based on a relevant double tax treaty or lack of tax in accordance with such treaty.

Income (revenue) from dividends and other revenue from a share in the profits of legal persons earned by persons subject to corporate income tax not having their registered office or management board within the territory of the Republic of Poland (i.e. subject to limited tax liability in Poland)

In accordance with Article 3, section 2 of the CIT Act, taxpayers which do not have their registered office or management board within the territory of the Republic of Poland are required to pay tax exclusively on income earned within the territory of the Republic of Poland (limited tax liability). Therefore, income in the form of dividends and other income from the share in the profits of legal persons without registered offices in the Republic of Poland and earned by taxpayers subject to limited tax liability in Poland, should not be subject to taxation in Poland.

Tax on civil law transactions

In accordance with Article 1, section 1, item 1, letter a) in conjunction with Article 1, section 4 of the Transfer Tax Act, tax on civil law transactions applies to agreements for the sale or exchange of property and property rights. These transactions are taxable if their subjects are: (i) property located in Poland or property rights exercisable in Poland; (ii) property located abroad or property rights exercisable abroad if the purchaser's place of residence or registered office is in Poland and the civil law transaction was carried out in Poland.

In principle, the sale of securities, including shares in companies with their registered offices in Poland is considered to be the sale of property rights executable in Poland and is subject to the tax on civil law transactions at a flat rate of 1 per cent. Tax liability arises when a civil law transaction (a transfer) is concluded and such liability is the sole responsibility of the buyer, in the case of a sale agreement. The taxable base is the market value of the property or property right. The market value of the subject of a civil law transaction is assessed based on the average prices applied in the trade in property of the same kind and sort, allowing for its location, condition and wear and tear, and in the trade in property rights of the same kind, applicable on the day of the transaction, without deducting debts or charges. Taxpayers are obliged to, without being summoned by the tax office, file a tax return on tax on civil law transactions and calculate and pay the due amount of the tax within 14 days of the tax liability arising, unless the tax is collected by a tax remitter who is a notary public in the case of civil law transactions concluded in the form of a notarial deed.

Simultaneously, under Article 9 item 9 of the Act on Tax on Civil Law Transactions, the sale of property rights that are financial instruments: (i) to investment firms (including foreign investment firms); or (ii) through the intermediation of investment firms (including foreign investment firms); or (iii) through organised trading; or (iv) outside organised trading by

investment firms (including foreign investment firms) if such financial instruments were acquired by such companies as part of organised trading, within the meaning of the Act on Trading in Financial Instruments, is exempt from tax on civil law transactions.

In the case of an exchange of shares (as opposed to a purchase of shares), the liability to settle the tax shall be borne jointly and severally by both parties to the transaction.

Tax on inheritance and donations

In accordance with Article 1 section 1 of the Act on Tax on Inheritance and Donations, tax on inheritance and donations is paid by natural persons who receive title to property located in Poland or property rights exercised in Poland by right of succession, as legacy, further legacy per vindicationem, testamentary instruction, donation or on the benefactor's instruction. This tax also applies in the case of property rights exercisable outside the territory of Poland where, at the time of donation or inheritance, the acquirer was a Polish resident or had a permanent place of residence in Poland.

The tax is paid by the heir, successor or beneficiary. The taxable base is the value of the property or property rights received after deducting the debts and charges (net value), assessed based on the condition of the property and property rights on the day of their receipt and based on the market prices applicable as of the day the tax liability arose. The tax base is computed according to the tax group to which the recipient was assigned. A relevant tax group is assigned according to the recipient's personal relationship to the person from whom the property or the property rights were received or inherited. Inheritances and donations are taxed at a progressive rate from 3 per cent. to 20 per cent. of the taxable base depending on the tax group to which the recipient was assigned. There are certain amounts exempt from tax in each group. Tax payers are required, except for cases in which the tax is charged by the tax remitter, to file with the competent head of the tax office a tax return specifying the receipt of the property or property rights in a standard form, within one month from the date the tax liability arose. The tax return should be accompanied by any documents that may influence the determination of the tax. The tax is paid within 14 days from the receipt of the decision issued by the head of the tax office assessing the amount of the tax liability.

Under Article 4a, section 1 of the Act on Tax on Inheritances and Donations, the acquisition of property or property rights (including securities) by a spouse, descendant, ascendant, stepchild, siblings, stepfather or stepmother are tax exempt, provided that they notify the competent head of the tax office of acquisition of the property or property rights within six months from the date the tax liability arose, and in the case of receipt by right of succession, within six months from the date the court decision acknowledging the acquisition of the inheritance becomes final and binding. The above exemption applies if, at the time of the acquisition, the acquirer was a Polish citizen or a citizen of an EU Member State or a country belonging to the EEA, or had their place of residence within the territory of Poland or within any such states.

In the case of failure to meet the above conditions, the acquisition of the property or property rights is subject to taxation on the general terms specified for persons assigned to the first tax group.

Remitter's liability

Under Article 30 of the Tax Ordinance, a tax remitter failing to fulfil its duty to calculate, withhold or pay tax to a relevant tax authority is liable for the tax that has not been withheld or that has been withheld but not paid, with all of its assets. The tax remitter is not liable if the relevant provisions provide otherwise or if the tax has not been withheld due to the tax payer's fault. In such cases, the relevant tax authority issues a decision concerning the tax payer's liability.

4. Netherlands taxation

The following is a summary of Netherlands tax consequences of the holding and disposal of shares in NWR Plc. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of shares. Holders should consult with their tax advisors with regards to the tax consequences of investing in the shares in their particular circumstances. The discussion below is included for general information purposes only.

The tax position of certain categories of Qualifying Shareholder who are subject to special rules is not considered, such as for example, for such Qualifying Shareholder:

- (i) having a substantial interest (*aanmerkelijk belang*) in NWR Plc (such a substantial interest is generally present if an equity stake of at least 5 per cent, or a right to acquire such a stake, is held, in each case by reference to NWR Plc's total issued share capital, or the issued capital of a certain class of shares);
- (ii) who is a private individual and may be taxed for the purposes of Dutch income tax (*inkomstenbelasting*) as an entrepreneur (*ondernemer*) having an enterprise (*onderneming*) to which the New A Shares are attributable; or who derives benefits or is deemed to derive benefits from the New A Shares that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*); or who holds the New A Shares, whether directly or indirectly, and any benefits to be derived from such New A Shares are intended, in whole or in part, as remuneration for activities performed or deemed to be performed in the Netherlands by him or by a person who is a connected person in relation to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), or who may otherwise be taxed with respect to benefits derived from the New A Shares being treated as income derived from work and home (*werk en woning*);
- (iii) is a corporate entity, and for the purposes of Dutch corporate income tax (*vennootschapsbelasting*) and Dutch dividend tax (*dividendbelasting*), has, or is deemed to have, a participation (*deelneming*) in NWR Plc (such a participation is generally present in the case of an interest of at least 5 per cent., of NWR Plc's nominal paid-in capital);
- (iv) which is a corporate entity and an exempt investment institution (*vrijgestelde beleggingsinstelling*) or investment institution (*beleggingsinstelling*) for the purposes of Dutch corporate income tax, a pension fund, or otherwise not a taxpayer or exempt for tax purposes;
- (v) which is a Trust or Foundation as described in article 2.14a of the Dutch Income Tax Act 2001 (*afgezonderd particulier vermogen*);
- (vi) which receives New A Shares or proceeds from the New A Shares as income from employment or deemed employment or otherwise as compensation; or
- (vii) which is not considered the beneficial owner (*uiteindelijk gerechtigde*) of the New A Shares and/or the benefits derived from the New A Shares.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and regulations, as in effect on the date hereof and as interpreted in published case law on the date hereof and is subject to change after such date, including changes that could have retroactive effect.

1.1 Dividend Withholding Tax

(a) General

Dividends distributed by NWR Plc generally are subject to Netherlands dividend withholding tax at a rate of 15%. The withholding mechanism requires NWR Plc to deduct from the dividend an amount of withholding tax to be paid to the Netherlands tax authorities. The withholding tax is therefore effectively carried by the recipient of a dividend. The expression "dividends distributed" includes, among others:

- distributions in cash or in kind;
- liquidation proceeds, proceeds of redemption of shares, or proceeds of the repurchase of shares by NWR Plc or a subsidiary of NWR Plc or other affiliated entities to the extent such proceeds exceed the average paid-in capital of those ordinary shares as recognized for the purposes of Netherlands dividend withholding tax;
- an amount equal to the par value of shares issued or an increase of the par value of shares, to the extent that it does not appear that a contribution, recognized for the purposes of Netherlands dividend withholding tax, has been made or will be made; and

- partial repayment of the paid-in capital, recognized for the purposes of Netherlands dividend withholding tax, if and to the extent that NWR Plc has net profits (in Dutch, “*zuivere winst*”), unless the holders of shares have resolved in advance at a general meeting to make such repayment and the par value of the ordinary shares concerned has been reduced by an equal amount by way of an amendment of our articles of association.

If a holder of shares is resident in a country other than the Netherlands and if a double taxation convention is in effect between the Netherlands and such other country, such holder of shares may, depending on the terms of that double taxation convention, be eligible for a full or partial exemption from, or refund of, Netherlands dividend withholding tax.

A qualifying tax-exempt entity that is a resident of a Member State of the European Union, or resident of a State of the European Economic Area that has been specifically designated in a Ministerial Regulation (2014: Norway, Iceland and Liechtenstein), may be eligible for a refund of paid dividend taxes, if such entity also would not be subject to Dutch corporate income tax if it would be tax resident in the Netherlands. This refund is not available to entities that are engaged in similar activities as investment institutions (in Dutch: “*beleggingsinstellingen*”) as referred to in Section 6a or 28 of the Netherlands Corporate Income Tax Act 1969.

Qualifying investors (such as pension funds, sovereign wealth funds and exempt government bodies) from outside the EU and the EEA (so-called third countries) may be eligible for a refund of Dutch dividend withholding tax. The refund only applies in connection to portfolio investments and in case the following conditions are cumulatively met:

- a. The investor is resident in a designated country with which the Netherlands has concluded adequate arrangements for the exchange of information, and;
- b. The investor is not subject to any profits tax or exempt from any profits tax in the State of residence and would not have been subject to Dutch corporate income tax, if it had been resident in the Netherlands.

(b) Issuance/Acquisition of New A Shares pursuant to the Rights Issue

The issue or acquisition of New A Shares under the Rights Issue to Shareholders should not be subject to or give rise to Dutch dividend withholding tax.

(c) Credit of Dividend Withholding tax

Individuals and corporate legal entities who are resident or deemed to be resident in the Netherlands for Netherlands tax purposes (“**Netherlands resident individuals**” and “**Netherlands resident entities**”, as the case may be) can generally credit Netherlands dividend withholding tax against their income tax or corporate income tax liability. The same generally applies to holders of New A Shares that are neither resident nor deemed to be resident of the Netherlands if these shares are attributable to a Netherlands permanent establishment of such non-resident holder. Individuals who have made an election for the application of the rules of the Netherlands Income Tax Act 2001, as they apply to residents of the Netherlands, can credit Netherlands dividend withholding tax against their Dutch income as referred to in Chapter 7 of the Netherlands Income Tax Act 2001. In this respect, it is relevant whether the dividend income also would have qualified as Dutch taxable income without the application of this election.

Pursuant to legislation to counteract “dividend stripping”, a reduction, exemption, credit or refund of Netherlands dividend withholding tax is denied if the recipient of the dividend is not the beneficial owner. This legislation generally targets situations in which shareholders retain their economic interest in shares but reduce the withholding tax cost on dividends by a transaction with another party. For application of these rules it is not a requirement that the recipient of the dividends is aware that a dividend stripping transaction took place. the Netherlands State Secretary of Finance takes the position that the definition of beneficial ownership introduced by this legislation will also be applied in the context of a double taxation convention.

(d) *Reduction of Dividend Withholding Tax*

In general, the dividend withholding tax withheld will have to be remitted to the Netherlands tax authorities. However, under certain circumstances, NWR Plc is allowed to reduce the amount to be remitted to the Netherlands tax authorities by the lesser of:

- three percent of the portion of the distribution paid by us that is subject to Netherlands dividend withholding tax; and,
- three percent of the dividends and profit distributions, before deduction of foreign withholding taxes, received by NWR Plc from qualifying foreign subsidiaries in the current calendar year (up to the date of the distribution) and the two preceding calendar years, as far as such dividends and profit distributions have not yet been taken into account for purposes of establishing the above mentioned deductions.

Although this reduction reduces the amount of Netherlands dividend withholding tax that NWR Plc is required to pay to the Netherlands tax authorities, it does not reduce the amount of tax that NWR Plc is required to withhold from dividends.

1.2 Individual Income Tax

(a) *Netherlands Resident Individuals*

If a holder of New A Shares is a Netherlands resident individual (including the non-resident individual holder who has made an election for the application of the rules of the Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands), and such holder does not fall within the categories of Qualifying Shareholders mentioned above, the New A Shares are recognised as investment assets and included as such in such holder's net investment asset base (in Dutch, "*rendementsgrondslag*"). Such holder will be taxed annually on a deemed income of 4 per cent. of the aggregate amount of his or her net investment assets for the year at an income tax rate of 30 per cent. The aggregate amount of the investment assets for the year is the fair market value of the investment less the allowable liabilities at the beginning of that year. A tax free allowance may be available. Actual benefits derived from the ordinary shares are as such not subject to Netherlands income tax.

(b) *Non-resident Individuals*

A holder of New A Shares will not be subject to Netherlands taxes on income or on capital gains in respect of any payment on those shares or any gain realized on the disposal or deemed disposal of those shares, provided that:

- (i) such holder is neither a resident nor deemed to be resident in the Netherlands for Netherlands tax purposes and, if such holder is an individual, such holder has not made an election for the application of the rules of the Netherlands Income Tax Act 2001 as they apply to residents of the Netherlands;
- (ii) such holder does not have an interest in an enterprise or a deemed enterprise which, in whole or in part, is either effectively managed in the Netherlands or is carried out through a permanent establishment, a deemed permanent establishment (statutorily defined term) or a permanent representative in the Netherlands and to which enterprise or part of an enterprise these shares are attributable; and
- (iii) such holder does not carry out any activities in the Netherlands with respect to these shares that exceed ordinary active asset management (in Dutch, "*normaal vermogensbeheer*") and does not derive benefits from these shares that are (otherwise) taxable as benefits from other activities in the Netherlands (in Dutch, "*resultaat uit overige werkzaamheden*") or Netherlands employment income.

1.3 Corporate Income Tax

(a) *Netherlands Resident Entities*

Any benefit derived or deemed to be derived from the New A Shares held by Netherlands resident entities, including any capital gains realised on the disposal thereof, will generally be subject to Netherlands corporate income tax at a rate of 25 per cent. (2014). A reduced corporate income tax rate of 20% applies with respect to taxable profits up to €200,000).

The issue or acquisition of New A Shares under the Rights Issue to Shareholders should not be subject to corporate income tax.

(b) Non-resident Entities

A holder of New A Shares will not be subject to Netherlands taxes on income or on capital gains in respect of any payment on those shares or any gain realized on the disposal or deemed disposal of those shares, provided that such holder does not have an interest in an enterprise or a deemed enterprise which, in whole or in part, is either effectively managed in the Netherlands or is carried out through a permanent establishment, a deemed permanent establishment (statutorily defined term) or a permanent representative in the Netherlands and to which enterprise or part of an enterprise these shares are attributable.

1.4 Gift and Inheritance Taxes

Non-residents of the Netherlands

No Netherlands gift or inheritance taxes will arise on the transfer of New A Shares by way of a gift by, or on the death of, a holder of New A Shares who is neither resident nor deemed to be resident in the Netherlands, unless:

- (i) in case of a gift of the ordinary shares under a condition precedent (in Dutch, “*opschortende voorwaarde*”) by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual is resident or deemed to be resident in the Netherlands at the date of the fulfilment of the condition; or
- (ii) in case of a gift of the New A Shares by an individual who at the date of the gift or in case of a gift under a condition precedent-at the date of the fulfilment of the condition was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift or the fulfilment of the condition, while being resident or deemed to be resident in the Netherlands.

Furthermore, Netherlands inheritance tax will arise in case of a gift under a condition precedent by an individual who at the date of the gift was neither resident nor deemed to be resident of the Netherlands, but at the date of his/her death was resident or deemed to be resident in the Netherlands, and the condition was fulfilled after the date of his/her death.

Residents of the Netherlands

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the New A Shares by way of a gift by, or, on the death of, a holder of ordinary shares who is resident or deemed to be resident in the Netherlands at the time of the gift or his/her death.

No Netherlands gift tax will arise in case of a gift of the New A Shares under a condition precedent by an individual who at the date of the gift was resident or deemed to be resident, but at the date of the fulfilment of the condition was neither resident nor deemed to be resident in the Netherlands, unless such individual dies within 180 days after the date of the fulfilment of the condition, while being resident or deemed to be resident in the Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift, in case of a gift under a condition precedent-the date of the fulfilment of the condition or the death of this person. Additionally, for purposes of Netherlands gift tax, a person not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the 12 months preceding the date of the gift or in case of a gift under a condition precedent-the date of the fulfilment of the condition. Applicable tax treaties may override the tax implications of deemed residency.

Other Taxes and Duties

No Netherlands registration tax, customs duty, stamp duty or any other similar documentary tax or duty will be payable by a holder of New A Shares in connection with holding those shares or the disposal of those shares.

PART VII

QUESTIONS AND ANSWERS ON THE RIGHTS ISSUE AND PLACING

These questions and answers are intended to be in general terms only and, as such, you should read Part VIII (Terms and conditions of the Rights Issue) of this document for full details of the terms of the Rights Issue and what action you should take if you wish to participate in the Rights Issue. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, duly authorised under FSMA, or from another appropriately authorised independent financial adviser. Your attention, especially if you are an Overseas Shareholder, or resident or located in, or a citizen or national of, any country outside the United Kingdom, the Czech Republic and Poland, is in particular, drawn to the section entitled “Overseas Shareholders” of Part VIII (Terms and conditions of the Rights Issue) of this document.

Section A deals with general questions relating to the Rights Issue and the Placing and more specific questions relating to Existing A Shares held by persons resident in the United Kingdom, Czech Republic or Poland who hold their Existing A Shares in certificated form and persons whose Existing A Shares are on NWR Plc’s register of members. If you are an Overseas Shareholder or resident or located in, or a citizen or national of, any country outside the United Kingdom, the Czech Republic and Poland or you hold Existing A Shares for the account or benefit of any Overseas Shareholder or any such person or you have a contractual or other legal obligation to forward this document or a Provisional Allotment Letter, if and when received, or any other document relevant to the Rights Issue or the Placing, to a jurisdiction outside the United Kingdom, the Czech Republic and Poland, you should read the section entitled “Overseas Shareholders” of Part VIII (Terms and conditions of the Rights Issue) 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 Rights. If you hold your Existing A Shares in uncertificated form (through CREST and (where relevant) CSD and/or NDS or through a broker) you should read Section B, C and D respectively 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 hold your Existing A Shares in certificated form (through CREST or through a broker) you should read Section C for full details of what action you should take. If you do not know whether your Existing A Shares are in certificated or uncertificated form, please call the shareholder helpline on 0870 707 4034 (or 0044 870 707 4034 from outside the United Kingdom). For legal reasons, the shareholder helpline will only be able to provide information contained in this document and will be unable to give advice on the merits of the Rights Issue or to provide legal, financial, tax or investment advice.

Section A – General

(1) What is the timetable of the Rights Issue?

For the timetable of the Rights Issue, please refer to the section entitled “*Proposed timetable*” in Part VIII (Terms and conditions of the Rights Issue) of this document. NWR Plc may, at its discretion and with the agreement of the Sponsor and the Backstop Providers, amend the dates that Provisional Allotment Letters are despatched or dealings in Nil Paid Rights commence or amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document and in such circumstance shall notify the UK Listing Authority, and make the required announcements through a Regulatory Information Service, ESPI and the Central Storage of Regulated Information, and, if appropriate, may also notify Shareholders, but Qualifying Shareholders may not receive any further written communication.

(2) What is a rights issue?

A rights issue is a way for companies to raise money by giving their existing shareholders the right to subscribe for further shares in proportion to their existing holdings, usually at a discount to the market price as at the date of announcement.

The offer under the Rights Issue is 19 New A Shares at a price of 2.3457891¢ per New A Share, for every 1 Existing A Share held on the relevant Record Date by Qualifying Shareholders. If you hold Existing A Shares on the relevant Record Date, and, subject to certain exceptions, are not a Shareholder resident or with a registered address in the Excluded Territories or in the United States, you will be entitled to subscribe for New A Shares in the

Rights Issue. If you hold your Existing A Shares in certificated form, your entitlement will be set out in your Provisional Allotment Letter (which is due to be sent to you after the General Meeting if the Resolution is approved).

In the Rights Issue, New A Shares are being offered to Qualifying Shareholders at a discount to the share price on the last Business Day before the details of the Rights Issue were announced on 30 July 2014. The Issue Price of 2.3457891¢ per New A Share represents a 82.93 per cent. discount to the Closing Price of 10.875 pence per Existing A Share on 29 July 2014 (being the last Business Day prior to the announcement of the Rights Issue) and a 19.54 per cent. discount to the theoretical ex-rights price of 2.31 pence per New A Share calculated by reference to the Closing Price on the same day.

If you do not want to buy the New A Shares to which you are entitled, you can instead sell or transfer your rights to those shares and receive the net proceeds, if any, of the sale or transfer in cash. This is referred to as dealing “nil paid”.

(3) What is the Placing?

The Placing is a proposed issue of 1,364,336,135 New A Shares at 2.3457891¢ per New A Share to Existing Noteholders *pro rata* to their respective holdings of the Existing Notes only if the Existing Noteholders first commit to participate in the Super Senior Facility. Please refer to the section entitled “Participation in the Noteholder Equity Investment” of Part I (*Letter from the chairman to Shareholders*) of this document for further details.

(4) Why are the Existing A Shares being subdivided?

The Companies Act prohibits the allotment of shares at a discount. NWR Plc would like to set an Issue Price per New A Share which is lower than the current nominal value of the Ordinary Shares. Therefore, in order to comply with the Companies Act NWR Plc is proposing to reduce the nominal value of the Existing A Shares by subdividing each Existing A Share into one A Share of €0.0004 nominal value and 999 D Shares of €0.0004 nominal value. The D Shares would have very limited rights.

(5) What impact does it have on my shareholding and share value and what do I do with my share certificate?

The proportion of the issued share capital of NWR Plc held by each Shareholder immediately following the Subdivision will remain unchanged. In addition, apart from having a different nominal value, each A Share of €0.0004 nominal value will carry the same rights as set out in the Articles of Association that currently apply to Existing A Shares.

All uncertificated Existing A Shares credited to Shareholders’ stock accounts in CREST, the NDS, and/or the CSD will be amended as soon as possible after 8:00 a.m. (London time) on 27 August 2014 or shortly thereafter to confirm the new nominal value of €0.0004. No new share certificates will be issued in respect of Existing A Shares in certificated form in connection with the Subdivision and no action will, or needs to, be taken in respect of such Existing A Shares as a result of the Subdivision.

The D Shares created on the Subdivision becoming effective will have no voting or dividend rights and, on a return of capital on a winding up, will have no valuable economic rights. No share certificates will be issued in respect of the D Shares, nor will stock accounts in CREST be credited with any entitlement to D Shares, nor will they be listed on the Official List or admitted to trading on the London Stock Exchange or any other investment exchange.

(6) Are there any market limits on price which may affect the ability to trade the Nil Paid Rights and the A Shares?

Each of the Prague Stock Exchange and the Warsaw Stock Exchange requires that any absolute change in the price of the A Shares and (in the case of the Warsaw Stock Exchange) the Nil Paid Rights be equal to at least certain minimum threshold (i.e., CZK 0.05 in the case of the Prague Stock Exchange and 0.01 PLN in the case of the Warsaw Stock Exchange, as of the date of this Prospectus), while on the other hand requiring that the trading in the same be halted if the percentage change in their price exceeds their certain maximum threshold. These market limits on price changes may affect the ability to trade the Nil Paid Rights and the

A Shares on the Warsaw Stock Exchange and the A Shares on the Prague Stock Exchange, and so no market may develop for trading those securities. For more details, see the relevant rules of the Prague Stock Exchange and/or the Warsaw Stock Exchange (as applicable).

(7) Are the Rights Issue and the Placing underwritten?

Yes. The Rights Issue and the Placing are underwritten by the Backstop Providers pursuant to the Underwriting Agreement and the Subscription Agreement. The fees payable to the Backstop Providers in connection with this underwriting and a summary of the terms of the Underwriting Agreement and the Subscription Agreement are set out in the sections entitled “*Underwriting Agreement*” and “*Subscription Agreement*”, respectively, of Part IX (*Additional information*) of this document.

(8) Why is NWR Plc undertaking the Rights Issue and the Placing?

As described more fully in Part I (*Letter from the chairman to Shareholders*) of this document, due to the global pressure on both coking and thermal coal prices and the challenging market conditions experienced in recent times, the Group’s financial situation has continued to deteriorate and in January 2014, the Group initiated a review of its strategic alternatives and began preparations for a restructuring of its capital structure. At the present market prices for coal, the Group is currently cash flow negative and the current low coal price environment has placed significant pressure on the Group’s liquidity position and also on its solvency.

As a result, the NWR Plc Board and the board of directors of NWR NV have decided to seek the injection of new capital into the Group and to reduce the Group’s debt by way of the Rights Issue and the Placing.

(9) What if the number of New A Shares to which I am entitled is not a whole number: am I entitled to fractions of New A Shares?

Your entitlement to New A Shares will be calculated at the relevant Record Date. If the result is not a whole number, you will not receive a New A Share in respect of the fraction of an Existing A Share and your entitlement will be rounded down to the nearest whole number.

(10) Will my current shareholding in NWR Plc remain the same following the Rights Issue and Placing?

If you decide to take up all of your Rights to acquire the New A Shares to which you are entitled, the proportion of your holding in NWR Plc will, subject to fractional entitlements, remain the same as it was before the Rights Issue, before allowing for the effects of the Placing and any conversion of the New Convertible Notes. If your entitlement to New A Shares is not a whole number, your entitlement will be rounded down.

The total number of A Shares in issue immediately prior to the Rights Issue and the Placing will represent approximately 4.0 per cent. of the total number of New A Shares in issue immediately following completion of the Rights Issue and the Placing. The new equity being injected will therefore be represented by approximately 96 per cent. of the total number of New A Shares in issue immediately following completion of the Rights Issue and the Placing.

As a result of the Placing, your interest in NWR Plc will be diluted, and the dilution you will suffer would be 20.5 per cent. once the Placing has been completed, as New A Shares are being issued for the purposes of the Placing. If you decide to sell or not take up some or all of your Rights (or, because you are an Overseas Shareholder or otherwise, you are not able to take up some or all of your Rights), the proportion of NWR Plc you will own will be significantly smaller once the Rights Issue and the Placing have been completed, as New A Shares are being issued for the purposes of the Rights Issue as well as for the purposes of the Placing. In these circumstances your interest in NWR Plc will be diluted further and the maximum dilution you would suffer immediately following completion of the Rights Issue and the Placing in the event that you do not take up any of your Rights would be approximately 96.0 per cent.

In addition, the Restructuring involves the issue of the New Convertible Notes, which (unless previously converted, redeemed or purchased and cancelled by NWR NV in the limited circumstances where that is permitted) will be converted into NVA Shares and such NVA Shares will be immediately purchased by NWR Plc with the consideration for such purchase being the issue of, or transfer and delivery of, A Shares in NWR Plc. If all the New Convertible Notes are converted and no other shares are issued by NWR Plc, your maximum dilution as a

result of the Rights Issue, the Placing and the conversion of the New Convertible Notes would be (i) 44.3 per cent. if you take up all of your Rights in the Rights Issue and (ii) 97.1 per cent. if you do not take up any of your Rights in the Rights Issue.

(11) I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?

If you do not want to buy the New A Shares being offered to you under the Rights Issue, you can instead sell or transfer your Nil Paid Rights to subscribe for those New A Shares and receive the net proceeds of the sale or transfer in cash. This is referred to as dealing “nil paid”. This means that, during the Rights Issue offer period, you can either trade in Existing A Shares (which will not carry any entitlement to participate in the Rights Issue) or you can trade in the Nil Paid Rights.

(12) Why is a General Meeting being held?

The General Meeting is being convened for the purposes of considering and, if thought fit, passing the Resolution. Shareholders are being asked to vote on the Resolution in order to provide the NWR Plc Directors with the necessary authority and power under the Companies Act to proceed with the Capital Restructuring, the Rights Issue and the Placing. In order for the Capital Restructuring to proceed, Shareholders must approve the Resolution and conditions precedent relating to the Capital Restructuring must be fulfilled or otherwise held in escrow and released on the completion of the Capital Restructuring and other procedural steps, as detailed in the section entitled “*There is a risk that the debt and security documents to be entered into in connection with the Restructuring will not become effective on the completion date of the Capital Restructuring and that consequently the Restructuring will not complete at a time when the Rights Issue and the Placing have already completed. Should the Restructuring not complete, Shareholders would lose their existing investment in NWR Plc and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares under the Rights Issue)*” in the “*Risk factors*” part of this document. If the Resolution is not approved by Shareholders, the Capital Restructuring will not occur. If the Capital Restructuring does not occur, NWR Plc will not receive the proceeds from the Rights Issue, the Placing or the injection of capital pursuant to the implementation of the other steps of the Capital Restructuring.

In parallel with the implementation of the Capital Restructuring, the Group has commenced a sale process for the Assets in the event that the Alternative Restructuring Plan is to be implemented. This sale process is part of the Group’s contingency planning to ensure continuation of the operations of these Assets should the requisite majorities from Shareholders and creditors not be obtained (or if a termination event occurs) in respect of the Capital Restructuring.

If the proceeds of the Rights Issue and the Placing are not received and the other steps of the Capital Restructuring are not implemented, the Group intends to proceed with the sale of the Assets pursuant to the sale process detailed above. The Group anticipates that a sale of the Assets would be effected by way of an English scheme of arrangement and a pre-packaged English administration procedure. This procedure is being proposed by NWR NV to the Scheme Creditors at the same time as the Capital Restructuring, to facilitate the potential sale of the Assets should the Capital Restructuring not occur. This procedure would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc.

Therefore, if the Capital Restructuring does not proceed the NWR Plc Directors are of the opinion that NWR Plc would cease trading and that the subsidiaries of NWR Plc and NWR NV would become subject to applicable insolvency processes and that there would be no residual value for Shareholders.

A notice convening the General Meeting to be held at NWR Plc’s corporate office at Jachthavenweg 109h, 1081 KM Amsterdam, the Netherlands at 10.00 a.m. (CET) on 20 August 2014 is set out at the end of this document.

(13) What action should I take in relation to the General Meeting?

A member of NWR Plc entitled to attend and vote at the General Meeting may appoint another person(s) (who need not be a member of NWR Plc) to exercise all or any of the rights to attend and to speak and vote at the meeting attaching to the shares of the member whom he represents (a “**proxy**”).

A Form of Proxy for use at the General Meeting is enclosed with this document. The Form of Proxy must be executed by or on behalf of the Shareholder making the appointment. A corporation may execute a Form of Proxy either under its common seal or under the hand of a duly authorised officer or other person duly authorised for that purpose. A Shareholder may appoint more than one proxy to attend on the same occasion, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. To appoint more than one proxy, please sign and date the Form of Proxy and attach a schedule listing the names and addresses (in block letters) of all of the proxies, the number of shares in respect of which each proxy is appointed (which, in aggregate, must not exceed the number of shares held by the Shareholder) and indicating how each proxy should vote or abstain from voting. More than one proxy may not be appointed to exercise the rights attaching to any one share. To appoint the chairman as one of the multiple proxies, simply write “the Chairman of the Meeting”.

Whether or not you propose to attend the General Meeting in person, it is important that you complete and sign the Form of Proxy in accordance with the instructions printed thereon and return it. The completion and return of a Form of Proxy or the registration of the appointment of a proxy electronically will not preclude you from attending the General Meeting and voting in person, if you so wish and are so entitled.

Shareholders on the register of members wishing to appoint a proxy should complete the Form of Proxy, which accompanied the Notice of General Meeting, and return it to the Registrars, Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom so as to be received as soon as possible and, in any event, by not later than 10.00 a.m. (CET) on 18 August 2014.

Electronic proxy appointment via www.investorcentre.co.uk/eproxy must be received by no later than 10:00 a.m. (CET) on 18 August 2014. The Shareholder will need the shareholder reference number (SRN) and PIN number shown on the paper Form of Proxy.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following 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) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified above. 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 issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means. CREST members (and, where applicable, their CREST Sponsors or voting service providers) should note that Euroclear 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 member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) 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. NWR Plc may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland 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 member 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.

(14) How will I know the price of the Nil Paid Rights and how much will I actually receive if I decide to sell my Nil Paid Rights?

The price you will receive for your Nil Paid Rights will vary with market conditions. It is important to note that the market price for Nil Paid Rights is different from the Issue Price of the New A Shares.

The value of the Nil Paid Rights reflects the difference between the market price of Existing A Shares ex-rights and the Issue Price of New A Shares (allowing for any applicable brokerages and commissions and amounts in respect of value added tax). It is possible that you may receive little or no proceeds from the sale of some or all of your Nil Paid Rights if the market price of the Existing A Shares falls, thus reducing the discount at which the New A Shares are issued. In addition, there may be transaction costs on the sale of Nil Paid Rights.

(15) If I buy A Shares after the Record Date will I be eligible to participate in the Rights Issue?

If you are a Qualifying Shareholder and you bought A Shares after the Record Date but prior to the relevant Ex-rights Date, you may be eligible to participate in the Rights Issue. 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.

(16) Will I be taxed if I take up my Rights or sell my Rights or if my Rights are sold on my behalf?

If you are resident or ordinarily resident in the United Kingdom, the Czech Republic or Poland for tax purposes, you should not have to pay tax when you take up your Rights, although the Rights Issue will affect the amount of tax you may pay when you subsequently sell your A Shares.

However, in the United Kingdom, assuming that you hold your A Shares as an investment, rather than for the purposes of a trade, you may (subject to any available exemption or relief) be subject to capital gains tax on any proceeds that you receive from the sale of your Rights (unless, generally, the proceeds do not exceed £3,000, or, if more, 5 per cent. of the market value of your A Shares on the date of sale, although in that case the amount of UK tax you may pay when you subsequently sell all or any of your Shares may be affected). Persons who do not hold their Existing A Shares as an investment should contact a professional tax adviser.

Further information for Qualifying Shareholders who are resident in the United Kingdom, Czech Republic or Poland for tax purposes is contained in Part VI (*Taxation*) of this document. This information is intended as a general guide to the current tax position in the United Kingdom, the Czech Republic and Poland and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Rights Issue in light of their own circumstances. **Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible. Please note that the shareholder helpline will not be able to assist you with taxation issues.**

(17) Can I change my decision to take up my Rights?

Once you have returned your Provisional Allotment Letter to the Registrar, you cannot withdraw your application or change the number of New A Shares that you have applied for.

(18) What if I hold options and awards under employee share plans?

Appropriate adjustments may be made to outstanding awards (including options) granted under the Deferred Bonus Plan and the Stock Option Plan (together, the “Share Plans” and each a “Share Plan”) in accordance with the rules of the relevant Share Plan, in order to compensate the holders of such outstanding awards for any reduction in the value of their awards resulting from the Rights Issue.

Any such adjustments:

- will be made after the Rights Issue by the Remuneration Committee;
- may include adjustment of the number of shares subject to awards and, in the case of options, the exercise price; and
- will not require shareholder approval.

Alternatively or additionally to any such adjustments, the Remuneration Committee may decide to offer the holder of each outstanding award the opportunity to cancel the award in return for payment of a cash amount representing the value of the award.

The holders of outstanding awards under the Share Plans will be provided with further information on how their awards will be affected by the Rights Issue and the Placing.

Please refer to the section entitled “*Incentive plans*” in Part IX (*Additional information*) of this document for further details of the Incentive Plans.

(19) I hold my Existing A Shares in certificated form. What if I do not receive a Provisional Allotment Letter?

If Shareholders approve the Resolution at the General Meeting to be called for 20 August 2014, and if you do not receive a Provisional Allotment Letter but hold your Existing A Shares in certificated form, this probably means that you are not able to subscribe for New A Shares under the Rights Issue. Some Qualifying Non-CREST Shareholders holding their Existing A Shares in uncertificated form, however, will not receive a Provisional Allotment Letter but may still be eligible to acquire New A Shares under the Rights Issue, namely:

- Qualifying CREST Shareholders who held their Existing A Shares in uncertificated form on 17 September 2014 and who have converted them to certificated form;
- Shareholders who bought Existing A Shares before the relevant Record Date and who hold such shares in certificated form but were not registered as the holders of those Existing A Shares at the close of business on the relevant Record Date; and
- certain Overseas Shareholders.

If you do not receive a Provisional Allotment Letter but think that you should have received one, please contact the shareholder helpline. Contact details for the shareholder helpline are 0870 707 4034 (or +44 870 707 4034 from outside the United Kingdom). The shareholder helpline will only be able to provide information contained in this document (and, in addition, information relating to NWR Plc’s register of members) and will be unable to give advice on the merits of the Rights Issue or to provide legal, financial, tax or investment advice.

(20) I hold my Existing A Shares in certificated form. If I buy additional A Shares after the Record Date will I be eligible to participate in the Rights Issue?

If you bought A Shares after the Record Date but prior to the Ex-rights Date, you may be eligible to participate in the Rights Issue.

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 A Shares at or after the Ex-rights Date, you will not be eligible to participate in the Rights Issue in respect of those Shares.

(21) I hold my Existing A Shares in certificated form. What if I want to sell the New A Shares which I have paid for?

Provided the New A Shares have been paid for and you have requested the return of the receipted Provisional Allotment Letter, you can transfer the Fully Paid Rights by completing Form X (the form of renunciation) on the receipted Provisional Allotment Letter and passing it

to your stockbroker, bank manager or the appropriate financial adviser or to the transferee (provided they are not in the United States or any of the Excluded Territories). After that time, you will be able to sell your New A Shares in the normal way. The definitive share certificate relating to your New A Shares is expected to be despatched to you by no later than 8 October 2014. Pending despatch of the definitive share certificate, instruments of transfer will be certified by the Registrar against the register.

Further details are set out in Part VIII (*Terms and conditions of the Rights Issue*) of this document.

(22) What should I do if I live outside the United Kingdom, Czech Republic or Poland?

Whilst you have an entitlement to participate in the Rights Issue, your ability to take up rights to subscribe for New A 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 Rights. Shareholders resident or with registered addresses in any of the Excluded Territories or the United States are not able to acquire the New A Shares provisionally allotted to them under the Rights Issue. Your attention is drawn to the information in the section entitled “*Overseas Shareholders*” of Part VIII (*Terms and conditions of the Rights Issue*) of this document.

(23) What should I do if I think my holding of A Shares is incorrect or I want more information in relation to the Rights Issue?

If you have bought or sold A Shares shortly before the relevant Record Date, your transaction may not be entered on the register of members in time to appear on the register at the relevant Record Date. If you are concerned about the figure in the Provisional Allotment Letter or otherwise concerned that your holding of A Shares has been reflected incorrectly, please contact the shareholder helpline. Contact details for the shareholder helpline are set out above. The shareholder helpline will only be able to provide information contained in this document (and, in addition, information relating to NWR Plc’s register of members) and will be unable to give advice on the merits of the Rights Issue or to provide legal, financial, tax or investment advice.

(24) Is there a risk that the Rights Issue will happen but the Restructuring will not happen?

Yes, if CERCL Mining and/or any of the Backstop Providers were to default on their contractual obligations, the Capital Restructuring would not complete and Shareholders would lose their existing investment and any new funds paid in as a result of taking up their Rights in the Rights Issue (as would other purchasers of New A Shares in the Rights Issue). Furthermore, there is a risk that the debt and security documents to be entered into in connection with the Restructuring will not become effective on the completion date of the Capital Restructuring as the release of the debt and security documentation relating to the Restructuring will be conditional on the execution and delivery of customary legal opinions in respect thereof which are to be released on the date of completion of the Capital Restructuring and certain other procedural steps. Whilst NWR Plc believes that the risk is remote, if the requisite legal opinions are not released (or alternative legal opinions not delivered) on the date of completion of the Capital Restructuring (or the relevant procedural steps do not take place), the Restructuring will not complete at a time when the Rights Issue has already completed. Should the Restructuring not complete, you would lose your existing investment in NWR Plc and any new funds paid in as a result of taking up your Rights in the Rights Issue (as would other purchasers of New A Shares in the Rights Issue).

Section B – Questions and answers for Qualifying Shareholders (other than Qualifying Shareholders holding Existing A Shares through the CSD in the Czech Republic and/or the NDS in Poland)

(1) I hold my Existing A Shares in uncertificated form. What do I need to do in relation to the Rights Issue?

If you hold Existing A Shares in uncertificated form your account in CREST will be credited with Nil Paid Rights. If you are a CREST Sponsored Member you should refer to your CREST Sponsor, as only your CREST Sponsor will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with your Nil Paid Rights. If you are not a CREST Sponsored Member, you should read the section entitled “*Procedure for acceptance and payment*” of Part VIII (*Terms and conditions of the Rights Issue*) of the Prospectus and consult the CREST Manual for instructions as to how to participate in the Rights Issue.

(2) I hold my Existing A Shares in certificated form. How do I know if I am able to subscribe for New A Shares under the Rights Issue?

If you receive a Provisional Allotment Letter and, subject to a certain exceptions, you are not a holder with a registered address in any of the Excluded Territories or in the United States, you should be eligible to subscribe for New A Shares under the Rights Issue (as long as you have not sold all of your Existing A Shares before the relevant Ex-rights Date).

(3) I hold my Existing A Shares in certificated form. What do I need to do in relation to the Rights Issue?

Subject to Shareholders approving the Resolution at the General Meeting to be called for 20 August 2014, if you hold your Existing A Shares in certificated form and, subject to certain exceptions, do not have a registered address in the United States or one of the Excluded Territories, you will be sent a Provisional Allotment Letter that shows:

- how many Existing A Shares you held at the close of business on the relevant Record Date for the Rights Issue;
- how many New A Shares you are entitled to subscribe for; and
- how much you need to pay if you want to take up your Rights to subscribe for all the New A Shares provisionally allotted to you.

If you are not a Qualifying Shareholder or, subject to certain exceptions, have a registered address in one of the Excluded Territories or the United States, you will not receive a Provisional Allotment Letter.

(4) I hold my Existing A Shares in certificated form. If I take up my Rights, when will I receive the certificate representing my New A Shares?

If you take up your Rights under the Rights Issue, definitive share certificates for the New A Shares are expected to be posted by no later than 8 October 2014.

(5) I hold my Existing A Shares in certificated form. What are my choices and what should I do with the Provisional Allotment Letter?

(a) If you want to take up all of your Rights

If you want to take up all of the Rights to acquire the New A Shares to which you are entitled, all you need to do is send the Provisional Allotment Letter, together with your cheque or banker's draft in Euro for the full amount payable on acceptance, payable to "Computershare Investor Services PLC Re: New World Resources Plc Rights Issue" and crossed "A/C payee only", by post to the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom, to arrive by 11:00 a.m. (London time) on 23 September 2014.

If payment is made by building society cheque or a banker's draft, the building society or bank must confirm on the cheque or draft the applicant's name (which should be the same as that shown on the Provisional Allotment Letter) by stamping or endorsing the building society cheque or banker's draft to such effect.

NWR Plc may, at its discretion, elect to accept payment by way of electronic fund transfer. If it elects to accept payment in such manner, further details will be included in the Provisional Allotment Letter.

A definitive share certificate will then be sent to you for the New A Shares that you take up. Your definitive share certificate for New A Shares is expected to be despatched to you by no later than 8 October 2014.

(b) If you do not want to take up any of your Rights

If you do not want to take up your Rights, you do not need to do anything. If Qualifying Non-CREST Shareholders do not return the Provisional Allotment Letter by 11:00 a.m. (London time) on 23 September 2014, NWR Plc has made arrangements under which the Bookrunner will try to find investors to take up such Shareholders' rights. If it does find investors and is able to achieve a premium over the Issue Price and the related expenses of procuring those investors (including any applicable brokerage and commissions and amounts in respect of value added tax which are not recoverable), Qualifying Non-CREST Shareholders so entitled will be sent a cheque for the amount of that aggregate premium above the Issue Price

less related expenses (including any applicable brokerage and commissions and amounts in respect of value added tax which are not recoverable), so long as the amount in question is at least €5.

(c) If you want to take up some but not all of your Rights

Holders of Provisional Allotment Letters who wish to take up some but not all of their Nil Paid Rights and do not wish to sell or transfer some or all of those rights which they do not want to take up, should apply for split Provisional Allotment Letters by completing Form X of the Provisional Allotment Letter and returning it, together with a cheque or banker's draft in Euro for this number of rights, payable to "Computershare Investor Services PLC Re: New World Resources Plc Rights Issue" and crossed "A/C payee only" and a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights or Fully Paid Rights (if appropriate) to be comprised in each split Provisional Allotment Letter (including those to be accepted), by post to the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom, by 11:00 a.m. (London time) on 19 September 2014, the latest time and date for splitting the Provisional Allotment Letter, nil paid. The Provisional Allotment Letter will then be cancelled and exchanged for the split Provisional Allotment Letters required, and the rights taken up. The further split Provisional Allotment Letters (representing the New A Shares the Shareholder does not wish to take up) will be required in order to sell those rights not being taken up.

Alternatively, holders of Provisional Allotment Letters who wish to take up some of their rights, without selling or transferring the remainder, should complete Form X of the original Provisional Allotment Letter and return it by post to the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom, together with a covering letter confirming the number of rights to be taken up and a cheque or banker's draft in Euro to pay for this number of New A Shares, payable to "Computershare Investor Services PLC Re: New World Resources Plc Rights Issue" and crossed "A/C payee only". In this case, the Provisional Allotment Letter and payment must be received by the Receiving Agent by 11:00 a.m. (London time) on 23 September 2014, the latest time and date for the splitting of Provisional Allotment letters.

(d) If you want to sell all of your Rights

If you want to sell all of your Rights, you should complete and sign Form Y on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and pass the entire letter to your stockbroker, bank manager or other appropriate financial adviser or to the transferee (provided they are not in the United States or any of the Excluded Territories). You will need your Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick the relevant box on the Provisional Allotment Letter.

The latest time and date for selling all of your Rights is 11:00 a.m. (London time) on 23 September 2014. Please ensure, however, that you allow enough time so as to enable the person acquiring your Rights to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. (London time) on 23 September 2014.

Section C – Questions and answers for Qualifying Shareholders holding Existing A Shares through the CSD in the Czech Republic

(1) What do I need to do in relation to the Rights Issue and what are my choices?

If you hold Existing A Shares in uncertificated form through the CSD (and, subject to certain exceptions, are not a Shareholder resident or with a registered address in the Excluded Territories or in the United States), your relevant securities account will be credited with Nil Paid Rights.

You may take up the entitlements in respect of some or all of your Nil Paid Rights and exercise certain related rights only through the financial intermediary holding the securities account in the CSD where such Nil Paid Rights are held (each an "CSD Intermediary" and collectively the "CSD Intermediaries"). The CSD may in turn process the taking up of such entitlements and the exercise of such rights only by providing the relevant instructions and making the relevant payments through certain further intermediaries to CREST. Each of the intermediaries within this chain (including, among others, the CSD Intermediaries, the CSD and CREST) needs

sufficient time to collect and process the relevant instructions and payments. Therefore, while the relevant deadlines for the taking up of the entitlements in respect of Nil Paid Rights, and exercise of the related rights, in CREST, are formally the same for all Qualifying CREST Shareholders, you will need to provide the relevant instructions and documents, and make the relevant payments, to your relevant CSD Intermediary well in advance of the CREST deadlines. **CONSEQUENTLY, IF YOU INTEND TO TAKE UP ENTITLEMENTS IN RESPECT OF SOME OR ALL OF YOUR NIL PAID RIGHTS HELD THROUGH THE CSD, YOU SHOULD (I) LIAISE AS SOON AS POSSIBLE WITH YOUR RELEVANT CSD INTERMEDIARY TO CONFIRM AND AGREE ON WHAT INSTRUCTIONS, DOCUMENTS AND PAYMENTS SUCH CSD INTERMEDIARY REQUIRES AND WHEN IN ORDER TO PROCESS THE TAKING UP OF SUCH ENTITLEMENTS AND/OR THE EXERCISE OF ANY RELATED RIGHTS, AND (II) TIMELY PROVIDE THE SAME TO SUCH CSD INTERMEDIARY.**

The following section provides brief answers to what you need to do if you want to take up some or all of your Nil Paid Rights, if you do not want to take up some or all of your Nil Paid Rights and if you want to sell some or all of your Nil Paid Rights. For further details, you should read the section entitled “*Additional note to Qualifying CREST Shareholders holding Existing A Shares through CSD*” in Part VIII (*Terms and Conditions of the Rights Issue*) of this document.

(a) If you want to take up some or all of your Nil Paid Rights

If you intend to take up all or some of the entitlements in respect of your Nil Paid Rights, you should arrange well in advance with your relevant CSD Intermediary that, no later than on the CSD deadline, which will be disclosed to the members of the CSD in the CSD bulletin (or by such later time and/or date as the CSD and NWR Plc may determine), such CSD Intermediary (i) provides the CSD with instructions necessary for the taking up of such entitlements and (ii) pays the Issue Price for the relevant New A Shares in Euro on your behalf through the CSD. The CSD may not process any instructions for the taking up of entitlements in respect of Nil Paid Rights and/or any related payment received after this deadline. It cannot be ruled out that, in addition to requiring that you pay the CSD Intermediary the Issue Price for the relevant New A Shares, the relevant CSD Intermediary will also apply certain additional fees and/or charges.

After acceptance of the provisional allotment and payment in full of the Issue Price for the relevant New A Shares, the CSD will block the relevant Nil Paid Rights so that they cannot be further transferred. Such blocked Nil Paid Rights are expected to be converted into the New A Shares on 23 September 2014 or shortly thereafter. It is expected that the CSD and, where relevant, the CSD Intermediaries will credit your securities account(s) on which the Nil Paid Rights are blocked with the New A Shares on or about 24 September 2014 or shortly thereafter.

(b) If you do not want to take up any of your Nil Paid Rights

If you do not want to take up your Nil Paid Rights, you do not need to do anything. The Nil Paid Rights will expire on 23 September 2014.

(c) If you want to sell some or all of your Nil Paid Rights

Nil Paid Rights can generally be transferred in the CSD in the same manner as any other securities that are admitted to the CSD. However, after acceptance of the provisional allotment and payment in full for the Nil Paid Rights, the CSD will block such Nil Paid Rights so that they cannot be further transferred. For further details, please read the section entitled “*If you want to take up some or all of your Nil Paid Rights*” in this Section C (*Questions and answers for Qualifying Shareholders with Existing A Shares through the CSD in the Czech Republic*).

Section D – Questions and answers for Qualifying Shareholders holding Existing A Shares through the NDS in Poland

(1) What do I need to do in relation to the Rights Issue and what are my choices?

If you hold Existing A Shares in uncertificated form through the NDS (and, subject to certain exceptions, are not a Shareholder resident or with a registered address in the Excluded Territories or in the United States), your relevant securities account will be credited with Nil Paid Rights.

You may take up the entitlements in respect of some or all of your Nil Paid Rights and exercise certain related rights only through the financial intermediary holding the securities account in the NDS where such Nil Paid Rights are held (each an “**NDS Intermediary**” and collectively the “**NDS Intermediaries**”). The NDS may in turn process the taking up of such entitlements and the exercise of such rights only by providing the relevant instructions and making the relevant payments through certain further intermediaries to CREST. Each of the intermediaries within this chain (including, among others, the NDS Intermediaries, the NDS and CREST) needs sufficient time to collect and process the relevant instructions and payments. Therefore, while the relevant deadlines for the taking up of the entitlements in respect of Nil Paid Rights, and exercise of the related rights, in CREST, are formally the same for all Qualifying CREST Shareholders, you will need to provide the relevant instructions and documents, and make the relevant payments, to your relevant NDS Intermediary well in advance of the CREST deadlines. **CONSEQUENTLY, IF YOU INTEND TO TAKE UP ENTITLEMENTS IN RESPECT OF SOME OR ALL OF YOUR NIL PAID RIGHTS HELD THROUGH THE NDS, YOU SHOULD (I) LIAISE AS SOON AS POSSIBLE WITH YOUR RELEVANT NDS INTERMEDIARY TO CONFIRM AND AGREE ON WHAT INSTRUCTIONS, DOCUMENTS AND PAYMENTS SUCH NDS INTERMEDIARY REQUIRES AND WHEN IN ORDER TO PROCESS THE TAKING UP OF SUCH ENTITLEMENTS AND/OR THE EXERCISE OF ANY RELATED RIGHTS, AND (II) TIMELY PROVIDE THE SAME TO SUCH NDS INTERMEDIARY.**

The following section provides brief answers to what you need to do if you want to take up some or all of your Nil Paid Rights, if you do not want to take up some or all of your Nil Paid Rights and if you want to sell some or all of your Nil Paid Rights. For further details, you should read the section entitled “*Additional note to Qualifying CREST Shareholders holding Existing A Shares through NDS*” in Part VIII (*Terms and Conditions of the Rights Issue*) of this document.

(a) If you want to take up some or all of your Nil Paid Rights

If you intend to take up all or some of the entitlements in respect of your Nil Paid Rights, you should arrange well in advance with your relevant NDS Intermediary that, no later than on the NDS deadline, which will be disclosed only to the NDS Intermediaries by the NDS in the NDS communique (or by such later time and/or date as the NDS and NWR Plc may determine), such NDS Intermediary (i) provides the NDS with instructions necessary for the taking up of such entitlements and (ii) pays the Issue Price for the relevant New A Shares in Euro on your behalf through the NDS. The NDS may not process any instructions for the taking up of entitlements in respect of Nil Paid Rights and/or any related payment received after this deadline. It cannot be ruled out that, in addition to requiring that you pay the NDS Intermediary the Issue Price for the relevant New A Shares, the relevant NDS Intermediary will also apply certain additional fees and/or charges.

After the payment in full of the Issue Price for the relevant New A Shares, the NDS will block the relevant Nil Paid Rights so that they cannot be further transferred. Such blocked Nil Paid Rights are expected to be converted into the New A Shares on 23 September 2014 or shortly thereafter. It is expected that the NDS will credit the appropriate securities accounts of the NDS Intermediaries and the NDS Intermediaries will credit the relevant investors’ securities accounts on which the Nil Paid Rights are blocked with the New A Shares on 24 September 2014 or shortly thereafter.

(b) If you do not want to take up any of your Nil Paid Rights

If you do not want to take up your Nil Paid Rights, you do not need to do anything. The Nil Paid Rights will expire on 23 September 2014.

(c) If you want to sell some or all of your Nil Paid Rights

Nil Paid Rights are expected to be traded on the Warsaw Stock Exchange. While the Issue Price is to be paid in Euro, the Nil Paid Rights are expected to be traded on the Warsaw Stock Exchange in Polish Zloty. Nil Paid Rights can generally be transferred in the NDS in the same manner as any other securities that are admitted to the NDS. However, after the payment in full for the Nil Paid Rights, the NDS will block such Nil Paid Rights so that they cannot be

further transferred. For further details, please refer to the section entitled “*If you want to take up some or all of your Nil Paid Rights*” in this Section D (*Questions and answers for Qualifying Shareholders with Existing A Shares through the NDS in Poland*).

The following is a direct and accurate translation in the Czech language of Part VII (*Questions and answers on the Rights Issue and Placing*) of this document.

Otázky a odpovědi k Emisi práv a Neveřejnému umístění

Tyto otázky a odpovědi jsou pouze obecné, a proto byste si měli prostudovat Oddíl VIII (Podmínky Emise práv) tohoto dokumentu, kde naleznete podrobné údaje o podmínkách Emise práv a o tom, jak je třeba postupovat, chcete-li se Emise práv účastnit. V případě jakýchkoli pochybností o krocích, které byste měli podniknout, doporučujeme ihned konzultovat Vašeho obchodníka s cennými papíry, bankéře, právního zástupce, účetního nebo jiného nezávislého finančního poradce řádně oprávněného v souladu se zákonem FSMA, popř. jiného řádně oprávněného nezávislého finančního poradce. Pokud jste Zahraničním akcionářem, máte trvalé bydliště v jiné zemi než ve Velké Británii, ČR a Polsku nebo máte v této zemi bydliště nebo jste jejím občanem či státním příslušníkem, upozorňujeme Vás zejména na část nazvanou „Zahraniční akcionáři“ Oddílu VIII (Podmínky Emise práv) tohoto dokumentu.

Část A řeší všeobecné otázky spojené s Emisí práv a Neveřejným umístěním a konkrétnější otázky týkající se Stávajících akcií typu A ve vlastnictví osob s trvalým bydlištěm ve Velké Británii, České republice nebo Polsku, jejichž Stávající akcie typu A jsou v listinné podobě, a osob, jejichž Stávající akcie typu A jsou uvedeny na seznamu akcionářů NWR Plc. Jste-li Zahraničním akcionářem nebo máte trvalé bydliště v jiné zemi než ve Velké Británii, ČR nebo Polsku, nebo máte v takové zemi bydliště nebo jste jejím občanem či státním příslušníkem nebo máte v držbě Stávající akcie typu A na účet nebo ve prospěch jakéhokoli Zahraničního akcionáře nebo jakékoli takové osoby či máte smluvní nebo jinou právní povinnost přeposlat po obdržení tento dokument nebo Oznámení o předběžném přidělení nebo jakýkoli jiný dokument, který je pro Emisi práv nebo Neveřejné umístění relevantní, do jurisdikce mimo Velkou Británii, Českou republiku a Polsko, prostudujte si prosím část nazvanou „Zahraniční akcionáři“ Oddílu VIII (Podmínky Emise práv) tohoto dokumentu a obraťte se na profesionálního poradce ohledně toho, zda splňujete podmínky a nebo musíte učinit nějaké formální kroky k tomu, abyste mohli uplatnit svá Práva. Pokud držíte Vaše Stávající akcie typu A v zaknihované podobě (prostřednictvím systému CREST a (v relevantních případech prostřednictvím CSD al nebo NDS nebo prostřednictvím obchodníka s cennými papíry), měli byste si pročíst Část B, C a D, kde jsou podrobně popsány kroky, jaké byste měli podniknout. Jste-li Patronátním členem CREST, měli byste se rovněž obrátit na člena CREST, který je Vaším patronem. Pokud vlastníte Stávající akcie typu A v listinné podobě (prostřednictvím CREST nebo obchodníka s cennými papíry), prostudujte si Část C, v níž je podrobně popsáno, jak byste měli postupovat. Pokud si nejste jisti tím, zda Vaše Stávající akcie typu A jsou v listinné nebo zaknihované podobě, kontaktujte prosím asistenční linku pro akcionáře na tel. č. 0870 707 4034 (nebo 0044 870 707 4034 při volání ze zahraničí) Tato asistenční linka může ze zákona poskytovat pouze informace obsažené v tomto dokumentu a nebude moci poskytovat poradenství ohledně skutkových okolností Emise práv, ani poskytovat právní, finanční, daňové nebo investiční poradenství.

1.2 Část A – Všeobecné otázky

(1) V jakém harmonogramu má Emise práv proběhnout?

Harmonogram Emise práv je rozveden v části nazvané „Navrhovaný harmonogram“ v Oddílu VIII (Podmínky Emise práv) tohoto dokumentu. NWR Plc dle svého uvážení a po dohodě se Sponzorem a Záložními investory může měnit termíny pro odeslání Oznámení o předběžném přidělení nebo začátek obchodování s Nesplacenými právy, popř. měnit nebo odkládat nejzazší termín pro přijetí Emise práv a rovněž všechny související termíny stanovené v tomto dokumentu, přičemž v takovém případě je NWR povinna toto oznámit Britskému výboru pro kotaci (UKLA) a provést povinná oznámení prostřednictvím Regulační informační služby, ESPI a Centrálního registru regulovaných informací a v případě potřeby rovněž informovat Akcionáře, přičemž ale Kvalifikovaní akcionáři nemusí obdržet žádné další písemné sdělení.

(2) Co je Emise práv?

Emise práv je pro společnosti cestou k získání finančních prostředků tím, že svým stávajícím akcionářům udělí právo na upsání dalších akcií v poměru k jejich stávajícím akciím, a to zpravidla za cenu nižší, než je tržní cena takových akcií ke dni oznámení takové nabídky.

Emise práv se týká 19 Nových akcií typu A za cenu 2,3457891 € za každý 1 ks Stávající akcie typu A, kterou Kvalifikovaní akcionáři vlastní v příslušný Rozhodný den. Pokud k příslušnému Rozhodnému dni vlastníte Stávající akcie typu A a nejste Akcionářem, který má trvalé bydliště nebo sídlo ve Vyloučených zemích nebo v USA, můžete Nové akcie typu A v rámci Emise práv

upsat. Pokud jsou Vaše Stávající akcie typu A v listinné podobě, Vaše práva budou popsána v Oznámení o předběžném přidělení (které Vám bude zasláno po skončení Valné hromady, bude-li přijato Usnesení).

V rámci této Emise práv se Nové akcie typu A nabízejí Kvalifikovaným akcionářům za cenu nižší, než je v poslední Pracovní den před oznámením údajů o Emisi práv, k němuž dojde dne 30. července 2014. Emisní cena ve výši 2,3457891 € za Novou akcii typu A odpovídá 82,93 % slevě ze Závěrečného kurzu ve výši 10,875 pence za Stávající akcii typu A dne 29. července 2014 (tj. v poslední Pracovní den před oznámením Emise práv) a 19,54 % slevě z teoretické ceny bez práv ve výši 2,31 nová pence za Novou akcii typu A vypočtenou s ohledem na Závěrečný kurz v tentýž den.

Pokud o Nové akcie typu A, na které máte nárok, nemáte zájem, můžete namísto toho svá práva na tyto akcie prodat nebo převést a v případě čistého výnosu tento dostát vyplacen. Této možnosti se říká obchodování „s nesplacenými“.

(3) Co je Neveřejné umístění?

Neveřejné umístění je navrhovaná emise 1.364.336.135 Nových akcií typu A za 2,3457891 € za akcii Majitelům stávajících dluhopisů v poměru k jejich podílům na Stávajících dluhopisech, kteří se však před jejich upsáním musí zavázat k účasti na Superseniorním úvěru. Podrobnější údaje viz část s názvem „Zapojení majitele do kapitálové investice“ v Oddílu I (*Dopis předsedy představenstva akcionářům*) tohoto dokumentu.

(4) Proč se Stávající akcie typu A dále rozdělují?

Zákon o obchodních společnostech zakazuje rozdělování akcií mezi upisovatele se slevou. Spol. NWR Plc by ovšem ráda nastavila takovou Emisní cenu Nové akcie typu A, která je nižší než aktuální jmenovitá hodnota Kmenových akcií. Aby byl dodržen Zákon o obchodních společnostech, navrhuje NWR Plc snížení jmenovité hodnoty Stávajících akcií typu A jejich dalším rozdělením na jednu Akcii typu A se jmenovitou hodnotou 0,0004 EUR a 999 Akcií typu D se jmenovitou hodnotou 0,0004 EUR. Práva spojená s Akciemi typu D by byla velice omezená.

(5) Jaký dopad to má na můj akciový podíl a na hodnotu akcií a co mám konkrétně dělat s mým akciovým certifikátem?

Poměr vydaného akciového kapitálu NWR Plc ve vlastnictví každého Akcionáře bezprostředně po Dalším rozdělení zůstane beze změn. Je třeba dále uvést, že kromě jiné jmenovité hodnoty budou s každou Akcií typu A se jmenovitou hodnotou 0,0004 EUR spojena stejná práva, která jsou vymezena ve Stanovách a která jsou v současné době spojena se Stávajícími akciemi typu A.

Všechny Stávající akcie typu A v zaknihované podobě vedené na účtech cenných papírů Akcionářů v systému CREST, NDS nebo CSD budou co nejdříve po 8:00 hod. (londýnského času) dne 27. srpna 2014 nebo krátce poté přeměněny na akcie se jmenovitou hodnotou ve výši 0,0004 EUR. Žádné nové akciové certifikáty na Stávající akcie typu A v listinné podobě v souvislosti s Dalším rozdělením vydávány nebudou a ve vztahu k těmto Stávajícím akciím typu A v důsledku Dalšího rozdělení nebude proveden (ani nebude nutné provést) žádný jiný úkon.

S Akciemi typu D vzniklými okamžikem účinnosti Dalšího rozdělení nebudou spojena hlasovací práva ani právo na dividendu a pro případ výplaty při zrušení společnosti s nimi nebudou spojena žádná hodnotná práva. K Akciím typu D nebudou vydávány akciové certifikáty, na účty cenných papírů vedených v systému CREST nebudou připsána žádná oprávnění k Akciím typu D a Akcie typu D nebudou ani kotovány na Oficiálním indexu ani přijaty k obchodování na Londýnské burze cenných papírů či jiné investiční burze.

(6) Existují nějaké tržní cenové limity, které by mohly mít dopad na obchodovatelnost Nesplacených práv a Akcií typu A?

Pražská i varšavská burza cenných papírů vyžadují, aby jakákoli absolutní změna v kurzu Akcií typu A a (v případě Varšavské burzy cenných papírů) Nesplacených práv odpovídala nejméně určité minimální hranici (tzn. 0,05 CZK v případě Burzy cenných papírů Praha a 0,01 PLN v případě Varšavské burzy cenných papírů, v obou případech informace platná ke dni vyhotovení tohoto Prospektu), zároveň však vyžadují, aby obchodování s těmito nástroji bylo pozastaveno, pokud procentuálně vyjádřená změna jejich kurzu překročí jejich určitou maximální hranici.

Tyto limity změny kurzů mohou ovlivnit obchodovatelnost Nesplacených práv a Akcií typu A na Varšavské burze cenných papírů a obchodovatelnost Akcií typu A na Burze cenných papírů Praha, a tudíž pro obchodování s těmito zaknihovanými cennými papíry nemusí vzniknout žádný trh. Blíže informace naleznete v pravidlech Burzy cenných papírů Praha a/nebo pravidlech Varšavské burzy cenných papírů.

(7) Je Emise práv a Neveřejné umístění předmětem upsání?

Ano. Emise práv a Neveřejné umístění jsou upsány Záložními investory na základě Smlouvy o nabytí cenných papírů (*Underwriting Agreement*) a Smlouvy o upsání (*Subscription Agreement*). Odměna Záložním investorům v souvislosti s tímto upsáním a souhrn podmínek Smlouvy o nabytí cenných papírů a Smlouvy o upsání jsou uvedeny v částech s názvem „Smlouva o nabytí cenných papírů“ a „Smlouva o upsání“ v Oddílu IX (*Další informace*) tohoto dokumentu.

(8) Proč vlastně NWR Plc přikročila k Emisi práv a Neveřejnému umístění?

Jak je dále rozvedeno v Oddílu I (*Dopis od předsedy představenstva adresovaný Akcionářům*) tohoto dokumentu, vzhledem ke globálnímu tlaku na ceny koksovatelného a energetického uhlí a náročným podmínkám na trhu v poslední době se finanční pozice Skupiny i nadále zhoršovala a v lednu 2014 Skupina přikročila k přehodnocení svých strategických možností a zahájila přípravu na restrukturalizaci vlastní kapitálové struktury. Při současných tržních cenách uhlí se aktuální cash flow Skupiny pohybuje v červených číslech a stávající nízké ceny koksovatelného uhlí vyvíjí značný tlak na likvidní pozici Skupiny a rovněž její solventnost.

V důsledku toho představenstva NWR Plc a NWR NV rozhodla o nalezení a získání nového kapitálu a o snížení zadlužení Skupiny formou Emise práv a Neveřejného umístění.

(9) Co když počet Nových akcií typu A, na které mám nárok, nevychází na celé číslo; mám nárok na část Nových akcií typu A?

Váš nárok na Nové akcie typu A bude stanoven k příslušnému Rozhodnému dni. Pokud výsledek nebude celé číslo, neobdržíte část Nové akcie typu A za přebývající zlomek Stávající akcie typu A, nýbrž bude počet akcií, na které máte nárok, zaokrouhlen směrem dolů na nejbližší celé číslo.

(10) Zůstane můj akciový podíl v NWR Plc stejný i po Emisi práv a Neveřejném umístění?

Pokud se rozhodnete uplatnit všechna svá Práva na nabytí Nových akcií typu A, na něž máte nárok, pak poměr Vašeho podílu v NWR Plc zůstane při odpočtu zlomkových podílů stejný jako před Emisí práv ještě před zohledněním důsledků Neveřejného umístění a jakékoli výměny Nových vyměnitelných dluhopisů. Pokud Váš nárok na Nové akcie typu A nebude v celém čísle, provede se zaokrouhlení směrem dolů.

Celkový počet Akcií typu A v oběhu bezprostředně před Emisí práv a Neveřejným umístěním bude představovat přibližně 4,0 % celkového počtu Akcií typu A v oběhu bezprostředně po dokončení Emise práv a Neveřejného umístění. Tento nový kapitál bude proto odpovídat přibližně 96 % celkového počtu Akcií typu A v oběhu bezprostředně po dokončení Emise práv a Neveřejného umístění.

V důsledku Neveřejného umístění bude Váš podíl v NWR Plc po dokončení Neveřejného umístění snížen, a to o 13,6 až 20,5 %, protože Nové akcie typu A se vydávají za účelem Neveřejného umístění. Pokud se rozhodnete prodat nebo nevyužít některá nebo všechna svá Práva (nebo vzhledem k tomu, že jste Zahraničním akcionářem apod., nebudete schopni využít některá nebo všechna svá Práva), podíl na NWR Plc, který budete vlastnit, bude podstatně nižší, jakmile bude dokončena Emise práv a Neveřejné umístění, protože Nové akcie typu A se vydávají pro účely Emise práv a pro účely Neveřejného umístění. Za těchto okolností bude Váš podíl v NWR Plc dále snížen a maximální snížení, které byste utrpěl bezprostředně po dokončení Emise práv a Neveřejného umístění v případě, že byste nevyužil žádná ze svých Práv, by činilo přibližně 96,0 %.

Součástí Restrukturalizace je i Neveřejné umístění a emise Nových vyměnitelných dluhopisů, které (pokud je NWR NV v určitých povolených případech již nevyměnila, předčasně nesplatila nebo neodkoupila a nezrušila) budou vyměněny za Akcie NVA a tyto Akcie NVA okamžitě zakoupí NWR Plc za protiplnění ve formě emise (nebo převodu a dodání) Akcií typu A v NWR Plc. Pokud budou vyměněny všechny Nové vyměnitelné dluhopisy a NWR Plc již žádné

další akcie nevydává, maximální snížení v důsledku Emise práv, Neveřejného umístění a výměny Nových vyměnitelných dluhopisů bude činit (i) 44,3 %, pokud využijete všechna svá Práva v rámci Emise práv a (ii) 97,1 %%, pokud nevyužijete žádného ze svých Práv v rámci Emise práv.

(11) Rozumím, že je stanovena lhůta, v níž probíhá obchodování s Nesplacenými právy. Co to znamená?

Pokud nemáte zájem o Nové akcie typu A, které jsou Vám nabídnuty v rámci Emise práv, můžete namísto toho prodat nebo převést svá Nesplacená práva na upsání těchto Nových akcií typu A a získat z takového prodeje nebo převodu výnos. To je označováno jako obchodování „s nesplacenými“. To znamená, že během období platnosti Emise práv můžete obchodovat buď se Stávajícími akciemi typu A (s nimiž není spojen žádný nárok na účast při Emisi práv) nebo můžete obchodovat s Nesplacenými právy.

(12) Proč se koná Valná hromada?

Valná hromada se svolává k projednání a přijetí Usnesení. Akcionáři jsou vyzváni k hlasování o Usnesení s cílem poskytnout členům představenstva NWR Plc potřebná oprávnění a pravomoci v souladu se Zákonem o obchodních společnostech k provedení Restrukturalizace kapitálu, Emise práv a Neveřejného umístění. Než bude přikročeno k Restrukturalizaci kapitálu, Akcionáři musí schválit Usnesení a odkládací podmínky Restrukturalizace kapitálu musí být splněny, popř. tyto musí být jinak vedené v úschově a uvolněné při dokončení Restrukturalizace kapitálu a dalších procesních kroků, jak je rozvedeno v pododstavci „Existuje riziko, že dluhové a zajišťovací dokumenty, které mají být uzavřeny v souvislosti s Restrukturalizací, nenabudou účinnosti v den dokončení Restrukturalizace kapitálu a že následně Restrukturalizace nebude dokončena v době, kdy již ovšem Emise práv a Neveřejné umístění dokončeny budou. Pokud by Restrukturalizace dokončena nebyla, akcionáři přijdou o svou investici v NWR Plc a jakákoli jiná finanční plnění ve spojitosti s uplatněním jejich Práv v rámci Emise práv (tak jako jiní nabyvatelé Nových akcií typu A v rámci Emise práv)“ v této části „Rizikové faktory“ tohoto dokumentu. Pokud Akcionáři Usnesení neschválí, k Restrukturalizaci kapitálu nedojde. Pokud k Restrukturalizaci kapitálu nedojde, NWR Plc neobdrží žádný výnos z Emise práv, Neveřejného umístění ani dodatečný kapitál v souladu s realizací dalších kroků v rámci Restrukturalizace kapitálu.

Současně s Restrukturalizací kapitálu Skupina zahájila proces prodeje Aktiv pro případ přijetí Alternativního restrukturalizačního plánu. Tento prodejní proces je součástí plánů Skupiny s cílem zajistit nepřerušovaný provoz těchto Aktiv, pokud by od Akcionářů a věřitelů nebyla získána potřebná většina (nebo pokud by nastal případ ukončení) ohledně Restrukturalizace kapitálu.

Pokud výnosy z Emise práv a Neveřejného umístění nebudou obdrženy a nebudou přijaty další kroky v rámci Restrukturalizace kapitálu, Skupina hodlá přikročit k prodeji Aktiv v rámci níže popisovaného prodejního procesu. Skupina předpokládá, že k prodeji Aktiv by došlo v rámci schématu vypořádání podle anglického práva (*Scheme of Arrangement*) a předjednaného insolvenčního řízení podle anglického práva. Tento postup navrhuje NWR NV Věřitelům schématu současně s Restrukturalizací kapitálu k usnadnění potenciálního prodeje aktiv, pokud by k Restrukturalizaci kapitálu nedošlo. Tento postup by měl za následek insolvenční NWR NV a krátce poté i insolvenční NWR Plc.

Pokud tedy k Restrukturalizaci kapitálu přikročeno nebude, členové představenstva jsou toho názoru, že NWR Plc přestane být obchodována a dceřiné společnosti NWR Plc a NWR NV by vstoupily do insolvence nulovou zbytkovou hodnotou pro Akcionáře.

Pozvánka na Valnou hromadu, která se bude konat v sídle NWR Plc na adrese Jachthavenweg 109h, 1081 KM Amsterdam, Nizozemsko, dne 20. srpna 2014 v 10 hod. (SEČ), se nachází na konci tohoto dokumentu.

(13) Jaké kroky bych měl v souvislosti s Valnou hromadou podniknout?

Akcionář NWR Plc s právem účastnit se Valné hromady a hlasovat na ní může jmenovat jinou osobu (tato nemusí být akcionářem NWR Plc), která bude uplatňovat všechna nebo některá práva na účast, aktivní vystupování a hlasování na Valné hromadě v rozsahu pravomocí spojených s akciemi zastupovaného společníka („zmocněnec“).

Vzor plné moci pro zmocněnce určené pro Valnou hromadu je připojen na konci tohoto dokumentu. Plná moc musí být podepsána Akcionářem, který Plnou moc vystavuje, nebo musí být podepsána jeho jménem. Obchodní společnost může Plnou moc podepsat buď s otiskem

firemní pečeti, nebo řádně oprávněným pracovníkem či jinou osobou řádně zmocněnou pro tento účel. Akcionář může zmocnit více než jednoho zmocněnce s tím, že každý zmocněnec je zmocněn k uplatnění práv spojených s jinými akciemi ve vlastnictví takového Akcionáře. V případě zmocnění několika zmocněnců prosím podepište a datem opatřete Plnou moc a v příloze k ní uveďte seznam jmen s adresami (hůlkovým písmem) všech zmocněnců, a to včetně počtu akcií, k nimž je konkrétní zmocněnec zmocněn (počet akcií nesmí v součtu převyšovat počet akcií ve vlastnictví daného Akcionáře), a dále s uvedením způsobu, jakým má daný zmocněnec hlasovat nebo zda se má zdržet hlasování. K výkonu práv spojených s jednou akcií nelze zmocnit více zmocněnců. Pokud hodláte zmocnit předsedajícího Valné hromady jako jednoho z několika zmocněnců, prosím uveďte „předsedající Valné hromady“.

Vzor plné moci v souladu s pokyny tam uvedenými je třeba vyplnit, podepsat a zaslat zpět bez ohledu na to, zda se hodláte účastnit Valné hromady osobně nebo v zastoupení. Vyplnění a vrácení Vzor plné moci nebo registrace zmocněnce elektronickou cestou Vám nebrání zúčastnit se Valné hromady a hlasovat na ni osobně, pokud si to budete přát a budete k tomu oprávněni.

Akcionáři uvedení na seznamu akcionářů, kteří hodlají zmocnit zmocněnce, by měli vyplnit Vzor plné moci, který je součástí Pozvánky na Valnou hromadu, a vrátit ji na adresu: Registrars, Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, tak, aby byla doručena co nejdříve, každopádně nejpozději 18. srpna 2014 v 10 hod. (SEC).

Zmocnění zmocněnce elektronickou cestou prostřednictvím www.investorcentre.co.uk/eproxy musí být doručeno nejpozději v 10:00 hod. CET dne 18. srpna 2014. Akcionář musí uvést referenční číslo akcionáře (SRN) a číslo PIN uvedené v tištěné verzi Vzor plné moci.

Členové systému CREST, kteří hodlají zmocnit zástupce nebo několik zástupců prostřednictvím služby CREST určené ke zmocňování zástupců elektronickou cestou, tak mohou učinit pro účely Valné hromady (a jakékoli náhradní valné hromady) s použitím následujících postupů popisovaných v Manuálu CREST. Osobní členové CREST nebo jiní Patronátní členové CREST (a ti členové CREST, kteří určili osobu, která zajistí hlasování), by se měli obrátit na svého patrona nebo zvolenou osobu, která zajistí hlasování, kteří budou schopni provést jejich jménem příslušné kroky. K tomu, aby zmocnění zástupce nebo pokyn prostřednictvím systému CREST byly platné, je třeba řádně autorizovat příslušný pokyn CREST („**Pokyn CREST ke zmocnění zástupce**“) v souladu se specifikacemi Euroclear a tyto pokyny musí obsahovat údaje vyžadované k vydání těchto pokynů, jak jsou popsány v Manuálu CREST (viz www.euroclear.com/CREST). Pokyn (bez ohledu na to, zda je novým zmocněním zástupce nebo dodatkem k pokynu vydanému již dříve zmocněnému zástupci) musí být odeslán tak, aby jej Computershare Investor Services PLC (ID 3RA50) obdržela nejpozději ke konci termínu stanoveného pro doručení zmocnění zástupců výše, jinak nebude platný. Pro tento účel bude za okamžik doručení považován okamžik (uvedený na časovém razítku připojeném k pokynu službou CREST Applications Host), od kterého si zástupce vystavující osoby může danou zprávu vyzvednout na základě žádosti adresované CREST v podobě vyžadované CREST. Po uplynutí této lhůty by jakékoli změny v pokynech zástupci zmocněnému prostřednictvím systému CREST měly být sdělovány takovému zástupci jinými prostředky. Členové CREST (popř. jejich Sponzoři CREST nebo osoby, které zajistí hlasování) se upozorňují na to, že Euroclear nestanoví žádné zvláštní postupy pro konkrétní pokyny či zprávy v rámci CREST. Na vkládání Pokynů CREST pro zástupce se tudíž vztahují obvyklé lhůty a limity tohoto systému. Povinností příslušného člena CREST je zajistit (nebo pokud daný člen CREST je osobním členem CREST nebo patronátním členem nebo určil osobu, která za něj zajistí hlasování, zajistit, aby tak učinil tento jeho patron nebo tato osoba zajišťující hlasování) provedení takových úkonů, které jsou nezbytné k tomu, aby k přenosu dané zprávy došlo prostřednictvím systému CREST do konkrétního data. V této souvislosti se členové CREST (popř. jejich Sponzoři CREST nebo osoba zajišťující hlasování) odkazují zejména na ty části Manuálu CREST týkající se praktických omezení systému CREST a termínů. NWR Plc může Pokyny CREST pro zástupce považovat za neplatné v případech uvedených v Předpisu č. 35(5)(a) Souboru předpisů z r. 2001 o zaknihovaných cenných papírech.

Členové CREST, popř. jejich sponzoři CREST nebo osoby zajišťující hlasování, se upozorňují na to, že Euroclear UK & Ireland pro tyto pokyny a zprávy nestanoví žádné konkrétní postupy v rámci systému CREST. Na vkládání Pokynů CREST pro zástupce se tudíž vztahují obvyklé lhůty a omezení. Povinností příslušného člena CREST je zajistit (nebo pokud daný člen CREST je osobním členem CREST nebo patronátním členem nebo určil osobu, která za něj zajistí hlasování, zajistit, aby tak učinil tento jeho patron nebo tato osoba zajišťující hlasování)

provedení takových úkonů, které jsou nezbytné k tomu, aby k přenosu dané zprávy došlo prostřednictvím systému CREST do konkrétního data. V této souvislosti se členové CREST (popř. jejich Sponzoři CREST nebo osoby zajišťující hlasování) odkazují zejména na ty části Manuálu CREST týkající se praktických omezení systému CREST a termínů.

(14) Jak se dozvím kurz Nesplacených práv a jaký výnos obdržím, pokud se rozhodnu svá Nesplacená práva prodat?

Kurz, který za svá Nesplacená práva obdržíte, se bude v závislosti na tržních podmínkách měnit. Je třeba upozornit na to, že tržní cena za Nesplacená práva se liší od Emisní ceny Nových akcií typu A.

Hodnota Nesplacených práv zohledňuje rozdíl mezi tržní cenou Stávajících akcií typu A (bez práv) a Emisní cenou Nových akcií typu A (s přihlédnutím k relevantním poplatkům, provizím a DPH). Je možné, že z prodeje všech nebo některých svých Nesplacených práv získáte pouze zanedbatelný nebo vůbec žádný výnos, poněvadž pokud dojde k poklesu tržní ceny Stávajících akcií typu A, v důsledku toho dojde k minimalizaci slevy oproti kurzu, za kterou lze Nové akcie typu A upsat. Kromě toho mohou u prodeje Nesplacených práv vznikat transakční náklady.

(15) Pokud nakoupím Akcie až po Rozhodném dni, budu oprávněn účastnit se Emise práv?

Pokud jste Kvalifikovaným akcionářem a zakoupili jste Akcie typu A až po Rozhodném dni, ovšem před příslušným Dnem bez práv, Emise práv se můžete zúčastnit. V případě jakýchkoli pochybností se poraďte se svým obchodníkem s cennými papíry, bankéřem či jiným finančním poradcem nebo s tím, kdo pro Vás zprostředkovává nákup cenných papírů, abyste zajistil uplatnění svého nároku.

(16) Jsou s uplatněním mých Práv nebo prodejem mých Práva, třebaže mým jménem, spojeny daňové odvody?

Jste-li rezidentem Velké Británie, České republiky nebo Polska, nebo v těchto zemích bydlíte, pak byste neměli odvádět žádné daně z uplatnění Vašich Práv, i když Emisí práv bude ovlivněna částka daně, k jejímuž odvodu Vám může vzniknout povinnost po případném následném prodeji Vašich Akcií typu A.

Ve Velké Británii ovšem platí, že pokud vlastníte Akcie typu A jako investici a nikoli pro účely obchodování, může se na Vás vztahovat (s výhradou dostupných výjimek či úlev) daň z výnosů z kapitálového majetku, a to konkrétně daň z výtěžku z prodeje Vašich Práv (ledaže tento výtěžek nepřekročí částku 3 000 GBP, nebo pokud ji překročí, nebude vyšší než 5 % tržní hodnoty Vašich Akcií typu A v den prodeje, nicméně v takovém případě může být ovlivněna výše daně, k jejímuž odvodu Vám může vzniknout povinnost po případném následném prodeji Vašich Akcií). Osoby, které své Stávající akcie typu A nedrží jako investici, by se měly poradit s odborným daňovým poradcem.

Bližší údaje určené pro Kvalifikované akcionáře, kteří jsou pro daňové účely rezidenty Velké Británie, České republiky nebo Polska, jsou uvedeny v Oddílu VI (*Zdanění*) tohoto dokumentu. Tyto údaje mají posloužit jako obecný průvodce aktuálními daňovými předpisy ve Velké Británii, České republice a v Polsku a Kvalifikovaní akcionáři by se měli poradit s vlastními daňovými poradci ohledně daňového režimu Emise práv s ohledem na jejich vlastní situaci. **Kvalifikovaní akcionáři, kteří mají jakékoli pochybnosti ohledně jejich daňového statutu, nebo kteří jsou daněni v jakékoli jiné jurisdikci, by se měli co nejdříve poradit s odborným poradcem.** Upozorňujeme, že asistenční linka pro akcionáře Vám v daňových otázkách nebude schopna poradit.

(17) Mohu změnit rozhodnutí ohledně uplatnění mých Práv?

Zasláním Oznámení o dočasném přidělení zpět do Registrační kanceláře již svou žádost nemůžete vzít zpět a nemůžete ani změnit počet Nových akcií typu A, o něž jste zažádali.

(18) Co dělat, když vlastním opce a jinou formu odměny z titulu akciového plánu pro zaměstnance?

Dosud nevyplacené přiznané odměny (včetně opcí) udělené na základě Odloženého bonusového programu a Akciového opčního plánu (dále společně „**Akciové plány**“ a jednotlivě „**Akciový plán**“) v souladu s pravidly příslušného Akciového plánu mohou být upraveny tak, aby došlo k náhradě újmy majitelů těchto dosud nevyplacených přiznaných odměn způsobené snížením hodnoty jejich odměn v důsledku Emise práv.

Jakékoli takové úpravy:

- provede Výbor pro odměňování po skončení Emise práv;
- mohou zahrnovat úpravu počtu akcií, které se mají poskytnout na základě přiznaných odměn, a v případě opcí úpravu realizační ceny; a
- nevyžadují schválení ze strany akcionářů.

Místo těchto úprav, nebo také vedle nich, může Výbor pro odměňování rozhodnout o tom, že majiteli takto nevyplacené přiznané odměny bude nabídnuta možnost vzdát se jí za protiplnění v podobě poskytnutí výplaty v hodnotě přiznané odměny.

Majitelé nevyplacených přiznaných odměn na základě Akciových plánů obdrží ještě další informace o tom, jakým způsobem budou jejich přiznané odměny ovlivněny Emisí práv a Neveřejným umístěním.

Podrobnější údaje o Motivačních plánech naleznete v části nazvané „*Motivační plány*“ v Oddílu IX (*Další informace*) tohoto dokumentu.

(19) Stávající akcie typu A vlastním v listinné podobě. Co když Oznámení o předběžném přidělení neobdržíte?

Pokud Akcionáři na Valné hromadě, která se má konat 20. srpna 2014, schválí Usnesení a Vy Oznámení o předběžném přidělení neobdržíte, nicméně Vaše Stávající akcie typu A jsou v listinné podobě, pravděpodobně to znamená, že nemáte právo upisovat Nové akcie typu A na základě Emise práv. Někteří Kvalifikovaní non-CREST akcionáři vlastníci Stávající akcie typu A v listinné podobě Oznámení o předběžném přidělení neobdrží, nicméně i přesto mohou upsat Nové akcie typu A na základě Emise práv, jmenovitě:

- Kvalifikovaní CREST akcionáři, kteří vlastnili Stávající akcie typu A v zaknihované podobě k 17. září 2014 a kteří je vyměnili za akcie v listinné podobě;
- Akcionáři, kteří nakoupili Stávající akcie typu A před příslušným Rozhodným dnem a kteří tyto akcie drží v listinné podobě, nicméně nebyli zaregistrováni jako majitelé těchto Stávajících akcií typu A ke konci obchodování příslušného Rozhodného dne; a
- určití Zahraniční akcionáři.

Pokud neobdržíte Oznámení o předběžném přidělení, nicméně jste toho názoru, že jste jej obdržet měli, obraťte se prosím na asistenční linku pro akcionáře. Kontaktní údaje na asistenční linku pro akcionáře je následující: 0870 707 4034 (nebo +44 870 707 4034 při volání ze zahraničí). Asistenční linka pro akcionáře může poskytovat pouze informace obsažené v tomto dokumentu (a dále ještě informace týkající se seznamu akcionářů NWR Plc) a nemůže poskytovat poradenství ohledně skutkových okolností Emise práv, ani poskytovat právní, finanční, daňové či investiční poradenství.

(20) Stávající akcie typu A vlastním v listinné podobě. Pokud zakoupím další Akcie typu A po Rozhodném dni, budu se moci zúčastnit Emise práv?

Pokud zakoupíte Akcie typu A po Rozhodném dni, avšak před Dnem bez práv, Emise práv se můžete zúčastnit.

V případě pochybností se obraťte na svého obchodníka s cennými papíry, bankovního nebo jiného finančního poradce, nebo toho, kdo pro Vás zprostředkovává nákup cenných papírů, abyste zajistil uplatnění svého nároku.

Pokud nakoupíte Akcie typu A ke Dni bez práv nebo po tomto datu, nebudete se ohledně stejných Akcií již moci zapojit do Emise práv.

(21) Mé Stávající akcie typu A jsou v listinné podobě. Co když budu chtít prodat Nové akcie typu A, za které jsem již zaplatil?

Pokud již Nové akcie typu A byly zaplacený a Vy jste si vyžádali vrácení již doručeného Oznámení o předběžném přidělení, svá Plně splacená práva můžete převést vyplněním Formuláře X (formulář pro vzdání se práva), který je součástí doručeného Oznámení o předběžném přidělení, a předat je svému obchodníkovi s cennými papíry, bankéři nebo jinému finančnímu poradci nebo nabyvateli (za předpokladu, že se nenacházejí v USA nebo v kterékoliv Vyloučené zemi). Poté budete moci prodat své Nové akcie typu A běžným způsobem. Předpokládá se, že

akciový certifikát k Vaším Novým akciím typu A Vám bude zaslán nejpozději 8. října 2014. Až do doručení tohoto akciového certifikátu bude převodní listiny ověřovat Registrační kancelář oproti údajům z registru.

Podrobnější údaje naleznete v Oddílu VIII (*Podmínky Emise práv*) tohoto dokumentu.

(22) Jak mám postupovat, pokud žiji mimo území Velké Británie, České republiky nebo Polska?

Ačkoliv máte právo k účasti na Emisi práv, schopnost uplatnit práva na upsání Nových akcií typu A může být dotčena právním řádem země, v níž žijete, a proto byste si měli vyžádat odbornou radu, zda uplatnění Vašich práv vyžaduje souhlasy státních nebo jiných orgánů, nebo zda je nutné provést jiné formální úkony. Akcionáři s trvalým bydlištěm nebo sídlem v některé z Vyloučených zemí nebo v USA nemohou získat Nové akcie typu A, které jim byly na základě Emise práv předběžně přiděleny. Upozorňujeme na informace uvedené v části nazvané „Zahraniční akcionáři“ Oddílu VIII (*Podmínky Emise práv*) tohoto dokumentu.

(23) Jak mám postupovat, pokud si myslím, že můj podíl v Akciích typu A je nesprávný nebo pokud potřebuji další informace ohledně Emise práv?

Pokud jste Akcie typu A zakoupili nebo prodali krátce před příslušným Rozhodným dnem, Vaše transakce ještě nemusí být zapsána do seznamu akcionářů tak, aby se v něm objevila k příslušnému Rozhodnému dni. Pokud máte pocit, že počet Akcií typu A uvedený v Oznámení o předběžném přidělení není správný, nebo podle Vás došlo k nějakému pochybení v tomto ohledu, obraťte se na asistenční linku pro akcionáře. Kontaktní údaje jsou uvedeny výše. Asistenční linka pro akcionáře může poskytovat pouze informace obsažené v tomto dokumentu (a dále ještě informace týkající se seznamu akcionářů NWR Plc) a nemůže poskytovat poradenství ohledně skutkových okolností Emise práv, ani poskytovat právní, finanční, daňové nebo investiční poradenství.

(24) Existuje riziko, že k Emisi práv dojde, ale k Restrukturalizaci nikoli?

Ano, pokud by se CERCL Mining a/nebo kterýkoli ze Záložních investorů ocitli v porušení svých smluvních závazků, k dokončení Restrukturalizace kapitálu by nedošlo a Akcionáři by přišli o svou stávající investici i o veškeré případné nové peněžní prostředky složené při uplatnění svých Práv v rámci Emise práv (stejně tak jako ostatní nabyvatelé Nových akcií typu A v rámci Emise práv). Dále zde existuje riziko, že dluhové a zajišťovací dokumenty, které mají být uzavřeny v souvislosti s Restrukturalizací, nenabudou účinnosti v den dokončení Restrukturalizace kapitálu, neboť dluhová a zajišťovací dokumentace spojená s Restrukturalizací je podmíněna vyhotovením a dodáním obvyklých právních posudků, které mají být vydány v den dokončení Restrukturalizace kapitálu, a provedením určitých dalších procesních kroků. I když NWR Plc je přesvědčena, že toto riziko je nevýznamné, tak pokud požadované právní posudky nebudou uvolněny (nebo nebudou dodány alternativní právní posudky) v den dokončení Restrukturalizace kapitálu (nebo nebudou provedeny příslušné procesní kroky), Restrukturalizace nebude dokončena v době, kdy Emise práv již proběhne. Pokud by Restrukturalizace skutečně nebyla dokončena, přišli byste o svou stávající investici v NWR Plc a o jakékoli nové prostředky uhrazené při uplatnění Vašich Práv v rámci Emise práv (stejně tak jako ostatní nabyvatelé Nových akcií typu A v rámci Emise práv).

Část B – Otázky a odpovědi pro Kvalifikované akcionáře (s výjimkou Kvalifikovaných akcionářů držících Stávající akcie typu A prostřednictvím CSD v České republice a/nebo prostřednictvím NDS v Polsku)

(1) Mé Stávající akcie typu A jsou v zaknihované podobě. Jak mám postupovat v souvislosti s Emisí práv?

Pokud se Vaše Stávající akcie typu A nacházejí v zaknihované podobě, pak na Váš účet u CREST budou připsána Nesplacená práva. Pokud jste Patronátním členem CREST, obraťte se na svého patrona, protože jen ten může provést potřebné níže uvedené kroky k uplatnění nároku nebo k jinému nakládání s Vašimi Nesplacenými právy. Pokud nejste Patronátním členem CREST, prostudujte si část nazvanou „Postup pro přijetí a platby“ Oddílu VIII (*Podmínky Emise práv*) Prospektu a nahlédněte do Manuálu CREST, kde naleznete pokyny k účasti na Emisi práv.

- (2) **Mé Stávající akcie typu A jsou v listinné podobě. Jak zjistím, zda mohu upsat Nové akcie typu A na základě Emise práv?**
- Pokud obdržíte Oznámení o předběžném přidělení a pokud (s určitými výjimkami) nemáte sídlo či bydliště v některém z Vyloučených území nebo v USA, měli byste mít nárok na upsání Nových akcií typu A na základě Emise práv (pokud jste ovšem všechny své Stávající akcie typu A neprodali před příslušným Dnem bez práv).
- (3) **Mé Stávající akcie typu A jsou v listinné podobě. Jak mám postupovat v souvislosti s Emisí práv?**
- Pokud Akcionáři schválí Usnesení na Valné hromadě, která proběhne dne 20. srpna 2014, pak za předpokladu, že Vaše Stávající akcie typu A jsou v listinné podobě a pokud (s určitými výjimkami) nemáte sídlo či bydliště v USA nebo v některé z Vyloučených zemí, bude Vám zasláno Oznámení o předběžném přidělení, v němž budou uvedeny následující údaje:
- Počet Stávajících akcií typu A, které jste vlastnili ke konci obchodování v příslušný Rozhodný den pro Emisi práv;
 - počet Nových akcií typu A, které máte právo upsat; a
 - částku, kterou budete povinni zaplatit, pokud se rozhodnete uplatnit svá Práva na upsání všech Nových akcií typu A, které Vám byly předběžně přiděleny.
- Pokud nejste Kvalifikovaným akcionářem, popř. s určitými výjimkami máte sídlo v některé z Vyloučených zemí nebo v USA, pak Oznámení o předběžném přidělení neobdržíte.
- (4) **Mé Stávající akcie typu A jsou v listinné podobě. Pokud svých Práv využiji, kdy obdržím certifikát na mé Nové akcie typu A?**
- Pokud uplatníte svá Práva v rámci Emise práv, akciové certifikáty na Nové akcie typu A Vám budou odeslány nejpozději 8. října 2014.
- (5) **Mé Stávající akcie typu A jsou v listinné podobě. Jaké mám možnosti a jak bych měl reagovat na Oznámení o předběžném přidělení?**
- (a) **Pokud hodláte uplatnit všechna svá Práva**
- Pokud hodláte uplatnit všechna svá Práva na získání Nových akcií typu A, na něž máte nárok, stačí jen odeslat Oznámení o předběžném přidělení spolu s šekem nebo směnkou v měně EUR znějící na celou částku se splatností při převzetí, s vyznačeným příjemcem platby “Computershare Investor Services PLC Re: New World Resources Plc Rights Issue“ a zaškrtnutou doložkou “A/C payee only“, do rukou osoby v pozici “Receiving Agent“, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, Velká Británie, s doručením nejpozději do 11:00 hod. (londýnského času) dne 23. září 2014.
- Pokud platba bude provedena šekem stavební spořitelny nebo bankovní směnkou, daná stavební spořitelna nebo banka musí na šeku/směnce potvrdit jméno žadatele (které by se mělo shodovat se jménem uvedeným v Oznámení o předběžném přidělení) orazítkováním nebo jiným potvrzením šeku stavební spořitelny nebo směnky.
- NWR Plc dle svého uvážení může přijmout platbu formou elektronického převodu platebních prostředků. Pokud se tak rozhodne, další údaje budou uvedeny v Oznámení o předběžném přidělení.
- Poté Vám bude zaslán konečný akciový certifikát znějící na Vámi požadované Nové akcie typu A. Předpokládá se, že tento akciový certifikát znějící na Nové akcie typu A Vám bude odeslán nejpozději 8. října 2014.
- (b) **Pokud nehodláte uplatnit žádné ze svých Práv**
- Pokud nehodláte uplatnit svá Práva, nemusíte dělat nic. Pokud Kvalifikovaní non-CREST akcionáři nezašlou Oznámení o předběžném přidělení zpět do 11:00 hod. (londýnského času) dne 23. září 2014, NWR Plc již má zavedeny postupy, jejichž prostřednictvím se Správce úpisů pokusí nalézt investory, kteří práva těchto Akcionářů využijí místo nich. Pokud investory nalezne a podaří se mu dosáhnout prémie k Emisní ceně a vzniknou mu výdaje v souvislosti s vyhledáním těchto investorů (včetně příslušných poplatků a jiných provizí a DPH, jejichž proplacení nelze nárokovat), Kvalifikovaným non-CREST akcionářům bude zaslán šek znějící na

částku rozdílu mezi dosaženou premií k Emisní ceně a vynaloženými náklady (včetně příslušných poplatků a jiných provizí a DPH, jejichž proplacení nelze nárokovat), a to za předpokladu, že tato částka činí nejméně 5 EUR.

(c) Pokud hodláte uplatnit pouze některá, nikoli všechna svá Práva

Adresáti Oznámení o předběžném přidělení, kteří hodlají uplatnit pouze některá svá Nesplacená práva a nepřejí chtít prodat nebo přenos některá nebo všechna zbylá práva, která nehodlají uplatnit, by měli požádat o rozdělení Oznámení o předběžném přidělení vyplněním Formuláře X Oznámení o předběžném přidělení a zaslat jej zpět spolu s šekem nebo bankovní směnkou v měně EUR znějící na tento počet práv, s údajem, že částka má být vyplacena „Computershare Investor Services PLC Re: New World Resources Plc Rights Issue“, se zaškrtnutou doložkou „A/C payee only“ a spolu s průvodním dopisem obsahujícím počet požadovaných rozdělených Oznámení o předběžném přidělení a počet Nesplacených práv nebo Plně splacených práv, která mají tvořit každé takto rozdělené Oznámení o předběžném přidělení (včetně těch, která mají být ještě přijata), a to poštou, k rukám osoby v pozici „Receiving Agent“, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, Velká Británie, nejpozději do 11:30 (londýnského času) dne 19. září 2014, což je nejzazší termín a datum pro rozdělení Oznámení o předběžném přidělení (nesplacených). Oznámení o předběžném přidělení bude poté zrušeno a nahrazeno požadovaným rozděleným Oznámením o předběžném přidělení a práva tak budou uplatněna. K prodeji práv, která nebudou uplatněna, bude poté třeba dalšího rozdělení Oznámení o předběžném přidělení (představující Nové akcie typu A, které Akcionář nehodlá uplatnit).

Adresáti Oznámení o předběžném přidělení, kteří hodlají uplatnit některá svá práva, aniž by prodali nebo převedli zbytek práv, by eventuálně měli vyplnit Formulář X originálního Oznámení o předběžném přidělení a zaslat jej zpět poštou k rukám osoby v pozici „Receiving Agent“, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, Velká Británie, spolu s průvodním dopisem potvrzujícím počet uplatňovaných práv a dále spolu s šekem nebo bankovní směnkou v měně EUR znějící k úhradě tohoto počtu Nových akcií typu A, s pokynem vyplatit „Computershare Investor Services PLC Re: New World Resources Plc Rights Issue“, se zaškrtnutou doložkou „A/C payee only“. V takovém případě musí osoba v pozici „Receiving Agent“ toto Oznámení o předběžném přidělení a platbu obdržet nejpozději do 11:00 hod. (londýnského času) dne 23. září 2014, což je nejzazší termín a datum pro rozdělení Oznámení o předběžném přidělení.

(d) Pokud hodláte prodat všechna svá Práva

Pokud hodláte prodat všechna svá Práva, měli byste vyplnit a podepsat Formulář Y, který je součástí Oznámení o předběžném přidělení (pokud již není označeno “Originál řádně zrušen”) a celé oznámení předat vašemu obchodníkovi s cennými papíry, bankéři nebo jinému příslušnému finančnímu poradci popř. nabyvateli (pokud se nenachází v USA nebo v některé z Vyloučených zemí). Pokud budete mít zájem o obchodování s Vašimi Plně splacenými právy, vyžádejte si vrácení Vašeho Oznámení o předběžném přidělení. Oznámení o předběžném přidělení Vám bude zasláno zpět jen za předpokladu, že v Oznámení o předběžném přidělení zaškrtnete příslušné políčko.

Nejzazším termínem a datem pro prodej všech Vašich Práv je 11:00 hod. (londýnského času) dne 23. září 2014. Mějte však na paměti, že je třeba poskytnout dostatečný časový prostor k tomu, aby osoba nabývající Vaše Práva mohla podniknout všechny nezbytné kroky v souvislosti s využitím tohoto práva před 11:00 hod. (londýnského času) dne 23. září 2014.

Část C – Otázky a odpovědi pro Kvalifikované akcionáře vlastníci Stávající akcie typu A prostřednictvím CSD v České republice

(1) Jak mám v souvislosti s Emisí práv postupovat a jaké mám možnosti?

Pokud Vaše Stávající akcie typu A jsou v zaknihované podobě drženy prostřednictvím CSD (a pokud (s určitými výjimkami) nejste Akcionářem s trvalým bydlištěm nebo sídlem ve Vyloučených zemích nebo USA), na Váš příslušný účet zaknihovaných cenných papírů budou připsána Nesplacená práva.

Nároky spojené některými nebo všemi Vašimi Nesplacenými právy a související práva Můžete uplatnit pouze prostřednictvím finančního zprostředkovatele s účtem cenných papírů vedeným u CSD, kde jsou předmětná Nesplacená práva registrována (jednotlivě „Zprostředkovatel u CSD“

a společně „Zprostředkovatelé u CSD“). CSD může zpracovat uplatnění těchto nároků a práv pouze zadáním příslušných pokynů a provedením příslušných plateb adresovaných CREST prostřednictvím dalších zprostředkovatelů. Každý z těchto zprostředkovatelů v rámci tohoto řetězce (zejména včetně Zprostředkovatelů u CSD, CSD a CREST) budou potřebovat dostatečný čas ke shromáždění a zpracování příslušných pokynů a plateb. Proto tedy, i když relevantní termíny pro uplatnění nároků ve vztahu k Nesplaceným právům a pro využití souvisejících práv u CREST jsou pro všechny Kvalifikované akcionáře v systému CREST z formálního hlediska shodné, bude třeba, abyste zadali příslušné pokyny a poskytli příslušné dokumenty a provedli příslušné platby svému Zprostředkovateli u CSD s dostatečným předstihem před termíny stanovenými systémem CREST.

PROTO TEDY POKUD HODLÁTE UPLATNIT NÁROKY Z NĚKTERÝCH NEBO VŠECH SVÝCH NESPLACENÝCH PRÁV VEDENÝCH V CSD, MĚLI BYSTE (I) SE CO NEJDŘÍVE OBRÁTIT NA SVÉHO PŘÍSLUŠNÉHO ZPROSTŘEDKOVATELE U CSD, ABYSTE SI POTVRDILI A DOHODLI, JAKÉ POKYNY, DOKUMENTY A PLATBY TENTO ZPROSTŘEDKOVATEL U CSD VYŽADUJE A KDY JE VYŽADUJE ZA ÚČELEM ZPRACOVÁNÍ UPLATNĚNÍ TĚCHTO NÁROKŮ A/NEBO VÝKONU SOUVISEJÍCÍCH PRÁV, A (II) TYTO POKYNY, DOKUMENTY A PLATBY TOMUTO ZPROSTŘEDKOVATELI U CSD VČAS PŘEDLOŽIT.

Následující část obsahuje stručné odpovědi na dotazy, jak postupovat v případě uplatnění některých nebo všech Nesplacených práv, pro případ neuplatnění některých nebo všech Nesplacených práv a v případě prodeje některých nebo všech Nesplacených práv. Bližší informace naleznete v části nazvané „Doplňková poznámka pro Kvalifikované akcionáře v systému CREST, kteří vlastní Stávající akcie typu A prostřednictvím CSD“ v Oddílu VIII (Podmínky Emise práv) tohoto dokumentu.

(a) Pokud hodláte uplatnit některá nebo všechna svá Nesplacená práva

Pokud hodláte uplatnit některé nebo všechny nároky ze svých Nesplacených práv, měli byste se s dostatečným předstihem dohodnout se svým Zprostředkovatelem u CSD, že nejpozději ke konci termínu CSD, který bude ještě účastníkům CSD oznámen v bulletinu CSD (nebo k pozdějšímu termínu a/nebo datu stanovenému CSD nebo NWR Plc), tento Zprostředkovatel u CSD (i) předloží CSD pokyny potřebné k uplatnění těchto nároků a (ii) zaplatí prostřednictvím CSD Emisní cenu za příslušné Nové akcie typu A v měně EUR Vaším jménem. CSD nesmí zpracovat žádné pokyny pro uplatnění nároků z Nesplacených práv a/nebo související platby obdržené po uplynutí stanoveného termínu. Nelze vyloučit, že vedle nutnosti uhradit Zprostředkovateli u CSD Emisní cenu za příslušné Nové akcie typu A bude tento Zprostředkovatel u CSD nárokovat i další odměnu a/nebo poplatky.

Po obdržení předběžného přidělení a po plné úhradě Emisní ceny za příslušné Nové akcie typu A CSD příslušná Nesplacená práva zablokuje, aby je nebylo možné již dále převést. Předpokládá se, že tato zablokovaná Nesplacená práva budou vyměněna za Nové akcie typu A dne 23. září 2014 nebo krátce poté. Má se za to, že CSD a v relevantních případech Zprostředkovatelé u CSD připsí na Váš účet zaknihovaných cenných papírů/Vaše účty zaknihovaných cenných papírů, na nichž jsou Nesplacená práva zablokována, Nové akcie typu A ke dni nebo kolem 24. září 2014 nebo krátce poté.

(b) Pokud nehodláte uplatnit žádná svá Nesplacená práva

Pokud žádná svá Nesplacená práva uplatnit nehodláte, nemusíte dělat vůbec nic. Nesplacená práva zaniknou dne 23. září 2014.

(c) Pokud hodláte některá nebo všechna svá Nesplacená práva prodat

Obecně lze Nesplacená práva převádět v CSD stejným způsobem jako každý jiný zaknihovaný cenný papír přijatý do CSD. Po obdržení předběžného přidělení a plné úhradě Nesplacených práv však CSD tato Nesplacená práva zablokuje, aby je nebylo možné již dále převádět. Bližší údaje naleznete v části nazvané „Pokud hodláte uplatnit některá nebo všechna svá Nesplacená práva“ v této části C (Otázky a odpovědi pro Kvalifikované akcionáře vlastníci Stávající akcie typu A prostřednictvím CSD v České republice).

Část D – Otázky a odpovědi pro Kvalifikované akcionáře vlastníci Stávající akcie typu A prostřednictvím NDS v Polsku

(1) Jak mám v souvislosti s Emisí práv postupovat a jaké mám možnosti volby?

Pokud Vaše Stávající akcie typu A jsou v zaknihované drženy podobě prostřednictvím NDS (a pokud s určitými výjimkami nejste Akcionářem s trvalým bydlištěm nebo sídlem ve Vyloučených zemích nebo USA), na Váš příslušný účet zaknihovaných cenných papírů budou připsána Nesplacená práva.

Nároky spojené některými nebo všemi Vašimi Nesplacenými právy a související práva můžete uplatnit pouze prostřednictvím finančního zprostředkovatele s účtem cenných papírů vedeným u NDS, kde jsou předmětná Nesplacená práva registrována (jednotlivě „Zprostředkovatel u NDS“ a společně „Zprostředkovatelé u NDS“). NDS může zpracovat uplatnění těchto nároků a práv pouze zadáním příslušných pokynů a provedením relevantních plateb CREST prostřednictvím konkrétních dalších zprostředkovatelů. Každý z těchto zprostředkovatelů v rámci tohoto řetězce (zejména včetně Zprostředkovatelů u NDS, NDS a CREST) budou potřebovat dostatečný časový prostor ke shromáždění a zpracování příslušných pokynů a plateb. Proto i když termíny pro uplatnění nároků ve vztahu k Nesplaceným právům a pro využití souvisejících práv u CREST jsou pro všechny Kvalifikované akcionáře v systému CREST z formálního hlediska shodné, bude třeba, abyste zadali příslušné pokyny a poskytli příslušné dokumenty a provedli příslušné platby svému relevantnímu Zprostředkovateli u NDS s dostatečným předstihem před termíny stanovenými systémem CREST.

PROTO TEDY POKUD HODLÁTE UPLATNIT NÁROKY Z NĚKTERÝCH NEBO VŠECH SVÝCH NESPLACENÝCH PRÁV VEDENÝCH V NDS, MĚLI BYSTE (I) SE CO NEJDŘÍVE OBRÁTIT NA SVÉHO PŘÍSLUŠNÉHO ZPROSTŘEDKOVATELE U NDS, ABYSTE SI POTVRDILI A DOHODLI, JAKÉ POKYNY, DOKUMENTY A PLATBY TENTO ZPROSTŘEDKOVATEL U NDS VYŽADUJE A KDY JE VYŽADUJE ZA ÚČELEM ZPRACOVÁNÍ UPLATNĚNÍ TĚCHTO NÁROKŮ A/NEBO VÝKONU SOUVISEJÍCÍCH PRÁV, A (II) TYTO POKYNY, DOKUMENTY A PLATBY TOMUTO ZPROSTŘEDKOVATELI U NDS VČAS PŘEDLOŽIT.

Následující část obsahuje stručné odpovědi na dotazy, jak postupovat v případě uplatnění některých nebo všech Nesplacených práv, v případě neuplatnění některých nebo všech Nesplacených práv, a v případě prodeje některých nebo všech Nesplacených práv. Bližší údaje naleznete v části nazvané „Doplňková poznámka pro Kvalifikované akcionáře v systému CREST, kteří vlastní Stávající akcie typu A prostřednictvím NDS“ v Oddílu VIII (Podmínky Emise práv) tohoto dokumentu.

(a) Pokud hodláte uplatnit některá nebo všechna svá Nesplacená práva

Pokud hodláte uplatnit některé nebo všechny nároky ze svých Nesplacených práv, měli byste se s dostatečným předstihem dohodnout se svým Zprostředkovatelem u NDS, že nejpozději k termínu NDS, který bude ještě výhradně účastníkům NDS oznámen v bulletinu NDS (nebo k pozdějšímu termínu a/nebo datu stanovenému NDS nebo NWR Plc), tento Zprostředkovatel u NDS (i) předloží NDS pokyny potřebné k uplatnění těchto nároků a (ii) zaplatí prostřednictvím NDS Emisní cenu za příslušné Nové akcie typu A v měně EUR Vaším jménem. NDS nesmí zpracovat žádné pokyny pro uplatnění nároků z Nesplacených práv a/nebo související platbu obdržené po uplynutí stanoveného termínu. Nelze vyloučit, že vedle nutnosti uhradit Zprostředkovateli u NDS Emisní cenu za příslušné Nové akcie typu A bude tento Zprostředkovatel u NDS nárokovat i další odměnu a/nebo poplatky.

Po plné úhradě Emisní ceny za příslušné Nové akcie typu A NDS příslušná Nesplacená práva zablokuje, aby je nebylo možné již dále převést. Předpokládá se, že tato zablokovaná Nesplacená práva budou vyměněna za Nové akcie typu A dne 23. září 2014 nebo krátce poté. Má se za to, že NDS připiše na účet cenných papírů příslušných investorů, na nichž jsou Nesplacená práva zablokována, Nové akcie typu A ke dni nebo kolem 24. září 2014 nebo krátce poté.

(b) Pokud nehodláte uplatnit žádná svá Nesplacená práva

Pokud žádná svá Nesplacená práva uplatnit nehodláte, nemusíte dělat vůbec nic. Nesplacená práva zaniknou dne 23. září 2014.

(c) Pokud hodláte některá nebo všechna svá Nesplacená práva prodat

Předpokládá se, že Nesplacená práva budou na Varšavské burze. Zatímco Emisní cena má být zaplacená v měně EUR, předpokládá se, že Nesplacená práva budou na pražské burze obchodována v PLN. Obecně lze Nesplacená práva převádět v NDS stejným způsobem jako každý jiný cenný papír přijatý do NDS. Po plné úhradě Nesplacených práv však NDS tato Nesplacená práva zablokuje, aby je nebylo možné již dále převádět. Bližší údaje naleznete v části nazvané „*Pokud hodláte uplatnit některá nebo všechna svá Nesplacená práva*“ v této části D (*Otázky a odpovědi pro Kvalifikované akcionáře vlastníci Stávající akcie typu A prostřednictvím NDS v Polsku*).

The following is a direct and accurate translation in the Polish language of Part VII (*Questions and answers on the Rights Issue and Placing*) of this document.

PYTANIA I ODPOWIEDZI DOTYCZĄCE EMISJI PRAW POBORU ORAZ OFERTY

Poniższe pytania i odpowiedzi mają wyłącznie charakter ogólny i w związku z tym powinni Państwo zapoznać się z treścią Części VIII (Warunki Emisji Praw Poboru) niniejszego dokumentu, w celu uzyskania pełnych szczegółowych informacji na temat warunków Emisji Praw Poboru oraz tego, jakie działania powinni Państwo podjąć w razie chęci udziału w Emisji Praw Poboru. Jeżeli mają Państwo wątpliwości co do czynności, jakie należy podjąć, zalecamy niezwłoczny kontakt z Państwa maklerem, menedżerem w banku, prawnikiem, księgowym lub innym niezależnym doradcą finansowym, należycie umocowanym zgodnie z FSMA, bądź innym niezależnym doradcą finansowym posiadającym odpowiednie upoważnienie. Państwa uwagę polecamy w szczególności, jeśli są Państwo Akcjonariuszem Zagranicznym, lub rezydentem bądź mają Państwo siedzibę w Wielkiej Brytanii, Republice Czeskiej lub Polsce, bądź są Państwo obywatelstwa lub narodowości brytyjskiej, czeskiej lub polskiej, punkt zatytułowany "Akcjonariusze Zagraniczni" wchodzący w skład Części VIII (Warunki Emisji Praw Poboru) niniejszego dokumentu.

Dział A poświęcony jest pytaniom ogólnym dotyczącym Emisji Praw Poboru oraz Oferty, a także bardziej szczegółowym kwestiom związanym z Istniejącymi Akcjami Serii A posiadanymi przez osoby zamieszkałe w Wielkiej Brytanii, Republice Czeskiej lub Polsce, których Istniejące Akcje Serii A mają postać fizyczną, a także osoby, których Istniejące Akcje Serii A zostały zapisane w rejestrze członków spółki NWR Plc. Jeśli są Państwo Akcjonariuszem Zagranicznym, lub mają Państwo miejsce zamieszkania lub siedzibę w jakimkolwiek innym państwie niż Wielka Brytania, Republika Czeska lub Polska, bądź są Państwo obywatelstwa lub narodowości innej niż brytyjska, czeska lub polska, bądź posiadają Państwo Istniejące Akcje Serii A na rachunek lub na rzecz jakiegokolwiek Akcjonariusza Zagranicznego lub innej takiej osoby, lub są Państwo umownie lub prawnie zobowiązani do przekazania Prospektu lub Wstępnego Dokumentu Przydziału, jeśli go Państwo otrzymali i po jego otrzymaniu, lub jakiegokolwiek innego dokumentu dotyczącego Emisji Praw Poboru lub Oferty do jakiegokolwiek jurysdykcji położonej poza granicami Wielkiej Brytanii, Republiki Czeskiej lub Polski, powinni Państwo przeczytać punkt zatytułowany "Akcjonariusze Zagraniczni" wchodzący w skład Części VIII (Warunki Emisji Praw Poboru) niniejszego dokumentu, a także zasięgnąć profesjonalnej porady odnośnie tego, czy są Państwo uprawnieni i/lub czy muszą Państwo spełnić jakiekolwiek wymogi formalne, aby móc zrealizować przysługujące Państwu Prawa Poboru. Jeżeli posiadają Państwo Istniejące Akcje Serii A w formie zdematerializowanej (za pośrednictwem systemu CREST i (w uzasadnionych przypadkach) CSD i/lub KDPW lub maklera), powinni Państwo zapoznać się z treścią odpowiednio Działu B, C i D w celu uzyskania pełnych szczegółowych informacji odnośnie czynności, jakie powinni Państwo podjąć. Jeżeli są Państwo Uczestnikiem Systemu CREST Reprezentowanym przez Powiernika, powinni Państwo także skonsultować się ze swoim Powiernikiem w Systemie CREST. Jeżeli posiadają Państwo jakiekolwiek Istniejące Akcje Serii A w formie fizycznej (za pośrednictwem systemu CREST lub maklera), powinni Państwo zapoznać się z treścią Działu C w celu uzyskania pełnych szczegółowych informacji odnośnie czynności, jakie powinni Państwo podjąć. Jeżeli nie wiedzą Państwo, czy Państwa Istniejące Akcje Serii A są akcjami w formie fizycznej czy zdematerializowanej, prosimy o kontakt z infolinią dla akcjonariuszy pod numerem 0870 707 4034 (lub 0044 870 707 4034 dla akcjonariuszy znajdujących się poza Wielką Brytanią). Z powodów prawnych, infolinia dla akcjonariuszy będzie mogła jedynie przekazać informacje zawarte w niniejszym dokumencie, natomiast nie będzie w stanie doradzić Państwu w kwestii Emisji Praw Poboru ani udzielić porady prawnej, finansowej, podatkowej lub inwestycyjnej.

Dział A—Postanowienia ogólne

(1) Jaki jest harmonogram Emisji Praw Poboru?

Harmonogram Emisji Praw Poboru przedstawiony jest w punkcie zatytułowanym "Proponowany harmonogram" w Części VIII (Warunki Emisji Praw Poboru) niniejszego dokumentu. NWR Plc może, według własnego uznania i za zgodą Powiernika oraz Gwarantów, zmienić daty wysyłki Wstępnych Dokumentów Przydziału lub rozpoczęcia transakcji z udziałem Nieopłaconych Praw Poboru lub zmienić bądź wydłużyć ostateczne terminy akceptacji w Ramach Emisji Praw Poboru oraz wszystkie powiązane z tym daty określone w niniejszym dokumencie i w takich okolicznościach powiadomi brytyjski organ nadzorujący publiczny obór papierami wartościowymi (*Listing Authority*), a także może wydać wymagane komunikaty za pośrednictwem organu do spraw informacji regulacyjnych (*Regulatory Information Service*), ESPI

oraz Centralnego Rejestru Informacji Regulowanych (*Central Storage of Regulated Information*), i, o ile będzie to uzasadnione, może także powiadomić Akcjonariuszy, z zastrzeżeniem, że Uprawnieni Akcjonariusze nie mogą otrzymać żadnych dalszych zawiadomień.

(2) Co to jest emisja praw poboru?

Emisja praw poboru to wykorzystywany przez spółki sposób na pozyskanie kapitału poprzez udzielenie ich dotychczasowym akcjonariuszom prawa do dokonania zapisu na kolejne akcje w ilości proporcjonalnej do liczby posiadanych przez nich akcji, zazwyczaj z dyskontem w stosunku do ceny rynkowej na dzień ogłoszenia.

Przedmiotem oferty w ramach Emisji Praw Poboru jest 19 Nowych Akcji Serii A po cenie 2,3457891 centów za jedną Nową Akcją Serii A, na każdą 1 Istniejącą Akcję Serii znajdującą się w posiadaniu Uprawnionych Akcjonariuszy na dany dzień rejestracji uczestnictwa w walnym zgromadzeniu (Dzień Rejestracji). Jeżeli posiadają Państwo Istniejące Akcje Serii A na odpowiedni Dzień Rejestracji, i, z zastrzeżeniem pewnych wyjątków, nie są Państwo Akcjonariuszem posiadającym miejsce zamieszkania lub siedzibę w Wykluczonych Jurysdykcjach lub w USA, będą Państwo uprawnieni do dokonania zapisu na Nowe Akcje Serii A w ramach Emisji Praw Poboru. Jeżeli posiadają Państwo swoje Istniejące Akcje Serii A w formie fizycznej, Państwa uprawnienie zostanie określone w Wstępnym Dokumencie Przydziału (który ma zostać do Państwa wysłany po Walnym Zgromadzeniu pod warunkiem zatwierdzenia Uchwały).

W ramach niniejszej Emisji Praw Poboru, Nowe Akcje Serii A są oferowane Uprawnionym Akcjonariuszom z obniżką w stosunku do ceny akcji w ostatnim Dniu Roboczym przed ogłoszeniem szczegółowych informacji na temat Emisji Praw Poboru dnia 30 lipca 2014 r. Cena Emisyjna w wysokości 2,3457891 centów za Nową Akcję Serii A odpowiada obniżce w wysokości 82,93 procent w stosunku do Ceny Zamknięcia równej 10,875 pensów za jedną Istniejącą Akcję Serii A na dzień 29 lipca 2014 r. (będącego ostatnim Dniem Roboczym przed ogłoszeniem Emisji Praw Poboru) oraz obniżce w wysokości 19,54 procent w stosunku do ceny TERP (*theoretical ex-rights*) równej 2,31 pensów za jedną Nową Akcję Serii A obliczoną poprzez odniesienie do Ceny Zamknięcia w tym samym dniu.

Jeżeli nie zamierzają Państwo nabyć Nowych Akcji Serii A, które Państwu przysługują, mogą Państwo w zamian za to sprzedać lub przenieść swoje prawa do takich akcji i otrzymać w gotówce ewentualne przychody netto z takiej sprzedaży lub przeniesienia. Jest to nazywane transakcją “nieopłaconą”.

(3) Co to jest Oferta (*Placing*)?

Oferta jest proponowaną emisją 1.364.336.135 Nowych Akcji Serii A po cenie 2,3457891 centów za jedną Nową Akcję Serii A skierowaną do Dotychczasowych Obligatariuszy proporcjonalnie do liczby posiadanych przez nich Istniejących Obligacji wyłącznie pod warunkiem uprzedniego zobowiązania się przez Dotychczasowych Obligatariuszy do udziału w Nadrzędnym Kredycie Uprzywilejowanym. Dalsze informacje mogą Państwo uzyskać zapoznając się z treścią punktu zatytułowanego „Udział w Inwestycji Kapitałowej Obligatariuszy” wchodzącym w skład Części I (*List Prezesa Zarządu do Akcjonariuszy*) niniejszego dokumentu.

(4) Dlaczego Istniejące Akcje Serii A są przedmiotem podziału?

Ustawa o Spółkach zakazuje przydziału akcji z dyskontem. NWR Plc chciałaby ustalić Cenę Emisyjną za jedną Nową Akcję Serii A na poziomie niższym niż aktualna wartość nominalna Akcji Zwykłych. Z tego względu, aby spełnić wymogi Ustawy o Spółkach, NWR Plc proponuje obniżenie nominalnej wartości Istniejących Akcji Serii A przez podział każdej z Istniejących Akcji Serii A na jedną Akcję Serii A o wartości nominalnej 0,0004 € oraz 999 Akcji Serii D o wartości nominalnej 0,0004 €. Z Akcjami Serii D byłyby związane bardzo ograniczone prawa.

(5) Jaki ma to wpływ na mój udział w akcjonariacie i wartość akcji i co powinienem zrobić ze swoim dokumentem akcji?

Część wyemitowanego kapitału zakładowego NWR Plc, jaka znajdzie się w posiadaniu każdego Akcjonariusza niezwłocznie po dokonaniu Podziału, pozostanie niezmienną. Ponadto, poza inną wartością nominalną, z każdą z Akcji Serii A o wartości nominalnej 0,0004 € będą związane takie same prawa, jakie zostały określone w Statucie jako mające obecnie zastosowanie do Istniejących Akcji Serii A.

Wszystkie zdematerializowane Istniejące Akcje Serii A zapisane na rachunkach inwestycyjnych Akcjonariuszy w systemie CREST, KDPW i/lub CSD zostaną zmienione tak szybko, jak będzie to możliwe po godzinie 8:00 dnia 27 sierpnia 2014 r. lub w zbliżonym późniejszym terminie, w celu potwierdzenia nowej wartości nominalnej w wysokości 0,0004 €. Nie zostaną wydane żadne nowe dokumenty akcji odnośnie Istniejących Akcji Serii A w formie fizycznej w związku z Podziałem i nie zostaną ani nie muszą zostać podjęte żadne czynności odnośnie takich Istniejących Akcji Serii A w wyniku Podziału.

Akcje Serii D utworzone w wyniku wejścia w życie Podziału nie będą związane z żadnymi prawami głosu ani prawami do dywidendy, a w przypadku zwrotu kapitału lub likwidacji nie będą związane z żadnymi prawami majątkowymi. Odnośnie Akcji Serii D nie zostaną wydane dokumenty akcji ani też na rachunkach inwestycyjnych w systemie CREST nie zostanie zapisane żadne uprawnienie przysługujące w stosunku do Akcji Serii D i nie będą one notowane na Liście Oficjalnych Notowań ani dopuszczone do obrotu na Giełdzie Papierów Wartościowych w Londynie lub jakiegokolwiek innej giełdzie inwestycyjnej.

(6) Czy istnieją jakiegokolwiek rynkowe ograniczenia nakładane na cenę, które mogą mieć wpływ na możliwości obrotu Nieopłaconymi Prawami Poboru oraz Akcjami Serii A?

Zgodnie z wymogami zarówno Giełdy Papierów Wartościowych w Pradze jak i Giełdy Papierów Wartościowych w Warszawie, jakakolwiek bezwzględna zmiana ceny Akcji Serii A oraz (w przypadku Giełdy Papierów Wartościowych w Warszawie) Nieopłaconych Praw Poboru musi być równa co najmniej określonej minimalnej progowi (tj. 0,05 CZK w przypadku Giełdy Papierów Wartościowych w Pradze i 0,01 PLN w przypadku Giełdy Papierów Wartościowych w Warszawie, na dzień sporządzenia niniejszego Prospektu). Z drugiej strony wymogi te przewidują procedurę równoważenia, jeśli zmiana ceny przekroczy pewien próg maksymalny. Takie rynkowe ograniczenia nakładane na zmiany cen mogą mieć wpływ na możliwości obrotu Nieopłaconymi Prawami Poboru oraz Akcjami Serii A na Giełdzie Papierów Wartościowych w Pradze, w związku z czym rynek obrotu tymi papierami wartościowymi może nie rozwinąć się. W celu uzyskania dodatkowych szczegółowych informacji prosimy o zapoznanie się z odpowiednim regulaminem Giełdy Papierów Wartościowych w Pradze i/lub Giełdy Papierów Wartościowych w Warszawie (odpowiednio).

(7) Czy Emisja Praw Poboru i Oferta będą objęte gwarancją?

Tak. Emisja Praw Poboru i Oferta zostaną objęte gwarancją ze strony Gwarantów (*Backstop Providers*) zgodnie z Umową o Gwarantowanie Emisji i Umową Zapisu na Akcje. Opłaty należne Gwarantom w związku z takim gwarantowaniem, a także podsumowanie warunków Umowy o Gwarantowanie Emisji i Umowy Zapisu na Akcje są przedstawione odpowiednio w punktach zatytułowanych „Umowa o Gwarantowanie Emisji” i „Umowa Zapisu na Akcje” Części IX (*Informacje dodatkowe*) Prospektu.

(8) Dlaczego NWR Plc przeprowadza Emisję Praw Poboru i Ofertę?

Jak opisano to bardziej szczegółowo w Części I (*List Prezesa Zarządu do Akcjonariuszy*) niniejszego dokumentu, z powodu globalnej presji na ceny zarówno węgla koksującego jak i energetycznego oraz utrzymujące się od dłuższego czasu trudne warunki rynkowe, sytuacja finansowa Grupy ulegała coraz większemu pogorszeniu, w związku z czym, w styczniu 2014 r. Grupa przeprowadziła przegląd ewentualnych działań strategicznych i rozpoczęła przygotowania do zmiany jej struktury kapitałowej. Przy obecnych rynkowych cenach węgla Grupa notuje ujemne przepływy środków pieniężnych, a kształtujące się aktualnie na niskim poziomie ceny węgla wywierają znaczący wpływ na płynność finansową Grupy oraz jej wypłacalność.

W związku z powyższym, Zarząd NWR Plc oraz rada dyrektorów NWR NV podjęły decyzję o pozyskaniu nowego kapitału dla Grupy oraz redukcji jej zadłużenia w drodze Emisji Praw Poboru i Oferty.

(9) Co nastąpi w sytuacji, gdy liczba Nowych Akcji Serii A, które mi przysługują, nie będzie liczbą całkowitą: czy jestem uprawniony/-a do części ułamkowych Nowych Akcji Serii A?

Państwa uprawnienie do objęcia Nowych Akcji Serii A zostanie obliczone na dany Dzień Rejestracji. Jeżeli wynik obliczenia nie będzie liczbą całkowitą, nie otrzymają Państwo Nowej Akcji Serii A przypadającej na część ułamkową Istniejącej Akcji Serii A, a liczba akcji, do jakich będą Państwo uprawnieni, zostanie zaokrąglona w dół do najbliższej liczby całkowitej.

(10) Czy wielkość mojego obecnego udziału w NWR Plc pozostanie na tym samym poziomie po dokonaniu Emisji Praw Poboru i przeprowadzeniu Oferty?

Jeżeli podejmą Państwo decyzję o realizacji wszystkich Państwa Praw Poboru w celu nabycia przysługujących Państwu Nowych Akcji Serii A, wówczas Państwa udział w NWR Plc pozostanie, z zastrzeżeniem uprawnień do części ułamkowych, na takim samym poziomie, na jakim znajdował się przed Emisją Praw Poboru, nie uwzględniając skutków Oferty oraz zamiany Nowych Obligacji Zamiennych. Jeśli przysługujące Państwu uprawnienie do Nowych Akcji Serii A nie jest liczbą całkowitą, wówczas takie uprawnienie zostanie zaokrąglone w dół.

Całkowita liczba wyemitowanych Akcji Serii A bezpośrednio przed Emisją Praw Poboru i Ofertą będzie stanowić w przybliżeniu 4,0 proc. całkowitej liczby wyemitowanych Nowych Akcji Serii A bezpośrednio po zakończeniu Emisji Praw Poboru and Oferty. Z tego względu nowy kapitał własny będzie reprezentowany przez w przybliżeniu 96 proc. łącznej liczby wyemitowanych Nowych Akcji Serii A bezpośrednio po zakończeniu Emisji Praw Poboru i Oferty.

W wyniku Oferty Państwa udział w NWR Plc zostanie rozwodniony, a wielkość rozwodnienia Państwa akcji będzie wynosić 13,6 do 20,5 proc. po zakończeniu Oferty, ponieważ dla celów Oferty zostaną wyemitowane Nowe Akcje Serii A. Jeżeli podejmą Państwo decyzję o sprzedaży lub rezygnacji z realizacji niektórych lub wszystkich przysługujących Państwu Praw Poboru (lub, w związku z tym, że są Państwo Akcjonariuszem Zagranicznym lub z innych przyczyn, nie będą Państwo w stanie zbyć lub objąć całości lub części Państwa Praw Poboru), część kapitału spółki NWR Plc, jaka znajdzie się w Państwa posiadaniu będzie znacznie mniejsza po zakończeniu Emisji Praw Poboru i Oferty w wyniku emisji Nowych Akcji Serii A dla celów Emisji Praw Poboru oraz Oferty. W tych okolicznościach, Państwa udział w NWR Plc ulegnie dalszemu rozwodnieniu, przy czym maksymalna wielkość rozwodnienia Państwa kapitału bezpośrednio po zakończeniu Emisji Praw Poboru i Oferty, w przypadku gdy nie zrealizują Państwo żadnych z przysługujących im Praw Poboru, wyniosłaby w przybliżeniu 96,0 procent.

Ponadto, Restrukturyzacja przewiduje emisję Nowych Obligacji Zamiennych, które (o ile nie zostaną wcześniej poddane zamianie, wykupowi, nabyciu i unieważnieniu przez NWR NV w ograniczonych okolicznościach, gdy będzie to dozwolone) zostaną zamienione na Akcje NVA i takie Akcje NVA zostaną niezwłocznie nabyte przez NWR Plc, przy czym wynagrodzeniem za takie nabycie będzie emisja lub przeniesienie Akcji Serii A w NWR Plc. Jeżeli wszystkie Nowe Obligacje Zamienne zostaną poddane zamianie i NWR Plc nie wyemituje żadnych innych akcji, maksymalne rozwodnienie Państwa akcji w wyniku Emisji Praw Poboru, Oferty i zamiany Nowych Obligacji Zamiennych wyniosłoby (i) 44,3 proc., o ile zrealizują Państwo wszystkie z przysługujących im Praw Poboru w ramach Emisji Praw Poboru oraz (ii) 97,1 proc., jeżeli nie zrealizują Państwo żadnych przysługujących im Praw Poboru w ramach Emisji Praw Poboru.

(11) Rozumiem, że w pewnym okresie trwa obrót Nieopłaconymi Prawami Poboru. Co to znaczy?

Jeżeli nie zamierzają Państwo nabyć Nowych Akcji Serii A oferowanych Państwu w ramach Emisji Praw Poboru, mogą Państwo w zamian za to sprzedać lub przenieść swoje Nieopłacone Prawa Poboru w celu objęcia tych Nowych Akcji Serii A oraz otrzymać w gotówce przychody netto z takiej sprzedaży lub przeniesienia. Jest to nazywane transakcją „nieopłaconą”. Oznacza to, że podczas okresu Emisji Praw Poboru, mogą Państwo dokonać transakcji w odniesieniu do Istniejących Akcji Serii A (które nie będą uprawniać do udziału w Emisji Praw Poboru) lub w odniesieniu do Nieopłaconych Praw Poboru.

(12) Dlaczego zwoływane jest Walne Zgromadzenie?

Walne Zgromadzenie jest zwoływane w celu rozważenia i, jeśli zostanie to uznane za właściwe, podjęcia Uchwały. Akcjonariusze są proszeni o głosowanie nad Uchwałą w celu udzielenia Dyrektorom NWR Plc niezbędnego upoważnienia i uprawnień wynikających z Ustawy o Spółkach do realizacji Restrukturyzacji Kapitałowej, Emisji Praw Poboru i Oferty. Aby możliwa była realizacja Restrukturyzacji Kapitałowej, Akcjonariusze muszą zatwierdzić Uchwałę, a ponadto muszą zostać spełnione warunki zawieszające dotyczące Restrukturyzacji Kapitałowej. W przeciwnym razie zostaną one zatrzymane i wydane dopiero w momencie zakończenia Restrukturyzacji Kapitałowej oraz innych czynności proceduralnych, jak wyszczególniono w punkcie zatytułowanym *“Istnieje ryzyko, że dokumenty związane z zadłużeniem i zabezpieczeniem, jakie mają zostać zawarte w związku z Restrukturyzacją nie wejdą w życie w dniu zakończenia Restrukturyzacji Kapitałowej oraz że w wyniku tego, Restrukturyzacja nie zakończy się w terminie zakończenia Emisji Praw Poboru oraz Oferty. Jeżeli Restrukturyzacja nie zakończy się,*

Akcjonariusze mogą stracić swoje środki zainwestowane w NWR Plc, a także wszelkie nowe środki wpłacone w wyniku realizacji ich Praw w ramach Emisji Praw Poboru (podobnie jak inni nabywcy Nowych Akcji Serii A w ramach Emisji Praw Poboru)”, który znajduje się w części zatytułowanej “Czynniki ryzyka” w niniejszym dokumencie. Jeżeli Uchwała nie zostanie zatwierdzona przez Akcjonariuszy, Restrukturyzacja Kapitałowa nie nastąpi. Jeżeli Restrukturyzacja Kapitałowa nie nastąpi, NWR Plc nie otrzyma przychodów z Emisji Praw Poboru, Oferty ani dodatkowego kapitału w ramach realizacji innych czynności przewidzianych w Restrukturyzacji Kapitałowej.

Równocześnie z realizacją Restrukturyzacji Kapitałowej, Grupa rozpoczęła proces sprzedaży Aktywów na wypadek, gdyby doszło do wdrożenia Alternatywnego Planu Restrukturyzacji. Taki proces sprzedaży stanowi część planowania alternatywnych rozwiązań przez Grupę mających zapewnić kontynuację działalności tych Aktywów, gdyby nie zostały uzyskane wymagane udziały większościowe ze strony Akcjonariuszy i wierzycieli (lub jeśli nastąpi zdarzenie powodujące rozwiązanie) odnośnie Restrukturyzacji Kapitałowej.

Jeżeli Grupa nie otrzyma przychodów z Emisji Praw Poboru oraz Oferty a także nie dojdzie do realizacji innych czynności w ramach Restrukturyzacji Kapitałowej, Grupa zamierza dokonać sprzedaży Aktywów zgodnie z procedurą sprzedaży opisaną szczegółowo powyżej. Grupa oczekuje, że sprzedaż Aktywów zostałaby dokonana w formie przewidzianego w prawie angielskim porozumienia z wierzycielami oraz administracji typu “pre-packaged”. NWR NV proponuje Wierzycielom Uczestniczącym w Porozumieniu (*Scheme Creditors*) przeprowadzenie takiej procedury w tym samym terminie co przeprowadzenie Restrukturyzacji Kapitałowej w celu umożliwienia potencjalnej sprzedaży Aktywów, gdyby nie doszło do Restrukturyzacji Kapitałowej. Taka procedura doprowadziłaby do upadłości NWR NV i niedługo potem upadłości NWR Plc.

Z tego względu, jeśli nie dojdzie do Restrukturyzacji Kapitałowej, Dyrektorzy NWR Plc są zdania, że spółka NWR Plc zaprzestałaby prowadzenia działalności handlowej, natomiast spółki zależne NWR Plc oraz NWR NV zostałyby objęte odpowiednią procedurą ogłoszenia upadłości, w związku czym wartość rezydualna Aktywów przypadająca do podziału między Akcjonariuszy byłaby zerowa.

Zawiadomienie o zwołaniu Walnego Zgromadzenia w siedzibie NWR Plc przy Jachthavenweg 109h, 1081 KM Amsterdam, Holandia na godzinę 10.00 (czasu środkowoeuropejskiego) dnia 20 sierpnia 2014 roku jest dołączone na końcu Prospektu.

(13) Jakie czynności powinienem podjąć odnośnie Walnego Zgromadzenia?

Akcjonariusz NWR Plc uprawniony do udziału w Zgromadzeniu i głosowania na nim może powołać inną(e) osobę(y), (która(e) nie musi(szą) być akcjonariuszem (ami) NWR Plc) w celu wykonania dowolnych lub wszystkich spośród praw do udziału, przemawiania i głosowania na Zgromadzeniu, które to prawa są związane z akcjami znajdującymi się w posiadaniu reprezentowanego przez pełnomocnika akcjonariusza („pełnomocnik”).

Formularz Pełnomocnictwa do udziału w Walnym Zgromadzeniu jest załączony do niniejszego dokumentu. Formularz Pełnomocnictwa musi zostać sporządzony przez lub w imieniu Akcjonariusza powołującego pełnomocnika. Spółka może sporządzić Formularz Pełnomocnictwa opatrując go urzędową pieczęcią spółki lub podpisem należycie umocowanego członka władz spółki bądź innej osoby należycie umocowanej w tym celu. Akcjonariusz może powołać więcej niż jednego pełnomocnika do udziału w jednym i tym samym zgromadzeniu, z zastrzeżeniem, że każdy pełnomocnik zostanie powołany do celów wykonania praw związanych z różnymi posiadanymi przez niego akcjami. W celu powołania więcej niż jednego pełnomocnika, prosimy o podpisanie i opatrzenie datą Formularza Pełnomocnictwa oraz załączenie wykazu nazwisk oraz adresów (zapisanych drukowanymi literami) wszystkich pełnomocników, liczby akcji, odnośnie których dany pełnomocnik został powołany (która łącznie nie może przekroczyć liczby akcji posiadanych przez Akcjonariusza) wraz z podaniem sposobu, w jaki każdy pełnomocnik powinien głosować lub wstrzymać się od głosu. Nie można powołać więcej niż jednego pełnomocnika w celu wykonania praw związanych z jedną akcją. W celu powołania przewodniczącego jako jednego z wielokrotnych pełnomocników, proszę po prostu napisać „Przewodniczący Zgromadzenia”.

Niezależnie od tego, czy chcą Państwo uczestniczyć w Walnym Zgromadzeniu osobiście, powinni Państwo wypełnić, podpisać i odesłać Formularz Pełnomocnictwa zgodnie z wydrukowaną na nim instrukcją. Wypełnienie oraz odesłanie Formularza Pełnomocnictwa lub zarejestrowanie

powołania pełnomocnika drogą elektroniczną nie wyklucza Państwa udziału w Walnym Zgromadzeniu ani głosowania osobiście, jeśli wyrażają Państwo taką wolę i są do tego uprawnieni.

Akcjonariusze widniejący w rejestrze członków, którzy zamierzają powołać pełnomocnika powinni wypełnić Formularz Pełnomocnictwa dołączony do Zawiadomienia o Zwołaniu Walnego Zgromadzenia i odesłać go do Rejestratorów Spółki, tj. Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol BS99 6AH, Wielka Brytania, tak aby otrzymali go oni tak szybko, jak będzie to możliwe, a w każdym przypadku nie później niż o godzinie 10.00 (czasu środkowoeuropejskiego) dnia 18 sierpnia 2014 r.

Formularz powołania pełnomocnika drogą elektroniczną za pośrednictwem strony www.investorcentre.co.uk/eproxy musi zostać otrzymany nie później niż o godzinie 10:00 (czasu środkowoeuropejskiego) dnia 18 sierpnia 2014 r. Akcjonariusz jest zobowiązany do wskazania w sporządzonym w formie papierowej Formularza Pełnomocnictwa numeru identyfikacyjnego akcjonariusza (SRN) oraz numeru PIN.

Uczestnicy Systemu CREST, którzy zamierzają powołać pełnomocnika lub pełnomocników korzystając z usługi elektronicznego powołania pełnomocnika w systemie CREST, mogą uczynić to dla potrzeb danego zgromadzenia (oraz dowolnego odroczonego zgromadzenia) postępując zgodnie z procedurą określoną w Podręczniku Systemu CREST. Uczestnicy Systemu CREST Występujący we Własnym Imieniu lub inni Uczestnicy Systemu CREST Reprezentowani przez Powiernika (a także Ci Uczestnicy Systemu CREST, którzy powołali pośrednika do wykonywania prawa głosu w ich imieniu) powinni zwrócić się do swojego powiernika w systemie CREST lub pośrednika do wykonywania prawa głosu w ich imieniu, który będzie mógł podjąć odpowiednie czynności w ich imieniu. Aby w ważny sposób ustanowić pełnomocnika lub udzielić ważnych instrukcji w systemie CREST, należy należycie potwierdzić odpowiedni komunikat w systemie CREST („Instrukcja dla Pełnomocnika CREST”) zgodnie ze specyfikacjami Euroclear i podać informacje wymagane dla udzielenia takich instrukcji, określone w Podręczniku Systemu CREST (dostępnym do pobrania z witryny www.euroclear.com/CREST). Aby zapewnić jego ważność, komunikat (bez względu na to, czy dotyczący ustanowienia pełnomocnika czy zmiany instrukcji udzielonych poprzednio ustanowionemu pełnomocnikowi) musi zostać przekazany tak, aby Computershare Investor Services Plc (ID 3RA50) otrzymała go najpóźniej w ostatnim możliwym terminie określonym dla odbioru pełnomocnictw, o którym mowa powyżej. W tym celu za godzinę odbioru uważa się godzinę (zgodnie ze znacznikiem czasu (*timestamp*) oznaczonym na komunikacie przez Hosta Aplikacji CREST (*CREST Applications Host*)), od której agent wydającego komunikat może pobrać ten komunikat z systemu CREST w sposób określony przez system CREST. Po tym czasie wszelkie zmiany instrukcji udzielonych pełnomocnikowi ustanowionemu za pomocą systemu CREST muszą być mu przekazane w inny sposób. Uczestnicy systemu CREST (oraz ewentualnie ich Powiernicy w systemie CREST lub pośrednicy wyznaczeni do wykonywania prawa głosu) powinni zwrócić uwagę na fakt, że Euroclear nie udostępnia procedur szczególnych w systemie CREST dla przekazywania poszczególnych wiadomości. W związku z tym, do przekazania Instrukcji dla Pełnomocnika CREST będą miały zastosowanie standardowe terminy i ograniczenia stosowane w systemie. Dany uczestnik systemu CREST jest zobowiązany podjąć (lub, jeżeli uczestnik systemu CREST jest uczestnikiem występującym we własnym imieniu, reprezentowanym przez powiernika lub wyznaczył pośrednika do wykonywania prawa głosu w jego imieniu, musi zapewnić, aby takie czynności zostały podjęte przez jego powiernika lub pośrednika wyznaczonego do wykonywania prawa głosu) wszelkie czynności konieczne dla zapewnienia, że komunikat został przekazany za pośrednictwem systemu CREST w określonym terminie. W związku z powyższym, uczestnicy systemu CREST (oraz ewentualnie ich Powiernicy w systemie CREST lub pośrednicy wyznaczeni do wykonywania prawa głosu) muszą zapoznać się, w szczególności, z odpowiednimi częściami Podręcznika Systemu CREST, które odnoszą się do praktycznych ograniczeń systemu CREST oraz właściwych terminów. NWR Plc może uznać Instrukcję dla Pełnomocnika CREST za nieważną w okolicznościach określonych w Regule 35(5)(a) Regulaminu Zdematerializowanych Papierów Wartościowych z 2001 roku.

Uczestnicy systemu CREST oraz ewentualnie ich powiernicy w systemie CREST lub pośrednicy wyznaczeni do wykonywania prawa głosu powinni zwrócić uwagę na fakt, że Euroclear UK & Ireland nie udostępnia procedur szczególnych w systemie CREST dla przekazywania poszczególnych wiadomości. W związku z tym, do przekazania Instrukcji dla Pełnomocnika CREST będą miały zastosowanie standardowe terminy i ograniczenia stosowane w systemie.

Dany uczestnik systemu CREST jest zobowiązany podjąć (lub, jeżeli uczestnik systemu CREST jest uczestnikiem występującym we własnym imieniu, reprezentowanym przez powiernika lub wyznaczyć pośrednika do wykonywania prawa głosu w jego imieniu, musi zapewnić, aby takie czynności zostały podjęte przez jego powiernika lub pośrednika wyznaczonego do wykonywania prawa głosu wszelkie czynności konieczne dla zapewnienia, że komunikat został przekazany za pośrednictwem systemu CREST w określonym terminie. W związku z powyższym, uczestnicy systemu CREST oraz ewentualnie ich powiernicy w systemie CREST lub pośrednicy wyznaczeni do wykonywania prawa głosu muszą zapoznać się, w szczególności, z odpowiednimi częściami Podręcznika Systemu CREST, które odnoszą się do praktycznych ograniczeń systemu CREST oraz właściwych terminów.

(14) Skąd będę znać cenę Nieopłaconych Praw Poboru i jaką kwotę faktycznie otrzymam, jeśli podejmę decyzję o sprzedaży moich Nieopłaconych Praw Poboru?

Cena, jaką Państwo otrzymają za Nieopłacone Prawa Poboru, będzie uzależniona od warunków rynkowych. Należy zwrócić uwagę na fakt, że cena rynkowa za Nieopłacone Prawa Poboru różni się od Ceny Emisyjnej Nowych Akcji Serii A.

Wartość Nieopłaconych Praw Poboru odzwierciedla różnicę pomiędzy ceną rynkową Istniejących Akcji Serii A bez praw poboru (*ex-rights*) a Ceną Emisyjną Nowych Akcji Serii A (uwzględniając wszelkie obowiązujące prowizje maklerskie i kwoty płatne z tytułu podatku VAT). Istnieje możliwość, że otrzymają Państwo niewielkie przychody lub nie otrzymają Państwo wcale przychodów ze sprzedaży części lub wszystkich należących do Państwa Nieopłaconych Praw Poboru, jeżeli cena rynkowa Istniejących Akcji Serii A spadnie, zmniejszając w ten sposób wartość dyskonta, z jakim emitowane są Nowe Akcje Serii A. Ponadto może istnieć konieczność pokrycia kosztów transakcyjnych odnośnie sprzedaży Nieopłaconych Praw Poboru.

(15) Jeśli nabędę Akcje Serii A po Dniu Rejestracji, czy będę uprawniony do uczestnictwa w Emisji Praw Poboru?

Jeśli są Państwo Uprawnionym Akcjonariuszem i nabyli Państwo Akcje Serii A po Dniu Rejestracji, ale przed odpowiednim Dniem po Przyznaniu Praw Poboru, mogą być Państwo uprawnieni do uczestnictwa w Emisji Praw Poboru. Jeżeli mają Państwo wątpliwości, prosimy o kontakt z Państwa maklerem, bankiem lub innym odpowiednim doradcą finansowym lub inną osobą, która organizowała nabycie przez Państwa akcji, w celu zapewnienia możliwości dochodzenia przez Państwa swoich uprawnień.

(16) Czy będę musiał/-a zapłacić podatek, jeżeli obejmę moje Prawa Poboru lub sprzedam moje Prawa Poboru bądź zostaną one sprzedane w moim imieniu?

Jeżeli są Państwo rezydentem Wielkiej Brytanii, Republiki Czeskiej lub Polski do celów podatkowych, nie powinni być Państwo zobowiązani do zapłaty podatku w przypadku realizacji swoich Praw Poboru, chociaż Emisja Praw Poboru wpłynie na wysokość podatku, jaki mogą być Państwo zobowiązani zapłacić w przypadku późniejszej sprzedaży Państwa Akcji Serii A.

Jednakże, w Wielkiej Brytanii, zakładając, że posiadają Państwo Akcje Serii A w charakterze inwestycji, a nie dla celów prowadzenia obrotu nimi, mogą Państwo (z zastrzeżeniem dostępnego zwolnienia lub ulgi) podlegać obowiązkowi zapłaty podatku od zysków kapitałowych z przychodów, jakie otrzymają Państwo ze sprzedaży Państwa Praw Poboru (chyba że, ogólnie, przychody nie przekroczą kwoty 3.000 £, lub, jeśli będą kwotą wyższą, 5 procent wartości rynkowej Państwa Akcji Serii A w dniu sprzedaży, chociaż w takim przypadku może to mieć wpływ na wysokość podatku w Wielkiej Brytanii, jaki może zostać na Państwa nałożony w razie późniejszej sprzedaży wszystkich lub którychkolwiek spośród Państwa Akcji). Osoby, które nie posiadają Istniejących Akcji Serii A w charakterze inwestycji, powinny skontaktować się z zawodowym doradcą podatkowym.

Dalsze informacje przeznaczone dla Uprawnionych Akcjonariuszy, którzy są rezydentami Wielkiej Brytanii, Republiki Czeskiej lub Polski dla celów podatkowych zawarte są w Części VI (*Opodatkowanie*) Prospektu. Informacje te mają charakter ogólnych wytycznych odnośnie aktualnej sytuacji podatkowej w Wielkiej Brytanii, Republice Czeskiej i Polsce i Uprawnieni Akcjonariusze powinni skonsultować się ze swoimi doradcami podatkowymi w kwestii opodatkowania Emisji Praw Poboru w świetle dotyczących ich okoliczności. **Uprawnieni Akcjonariusze, którzy mają jakiegokolwiek wątpliwości w zakresie swojej sytuacji podatkowej, lub**

którzy podlegają opodatkowaniu w innej jurysdykcji, powinni jak najszybciej skonsultować z odpowiednim zawodowym doradcą. Proszę mieć na uwadze fakt, że infolinie dla akcjonariuszy nie są w stanie udzielić Państwu porad odnośnie kwestii podatkowych.

(17) Czy mogę zmienić decyzję w sprawie realizacji moich Praw Poboru?

Po odesłaniu swojego Wstępnego Dokumentu Przydziału do Rejestratora, nie mogą już Państwo wycofać swojego wniosku ani zmienić liczby Nowych Akcji Serii A, o które Państwo wnioskowali.

(18) A co nastąpi w przypadku, gdy przysługują mi opcje i nagrody w ramach pracowniczych planów akcyjnych?

Odnosnie przyznanych nagród (w tym opcji) przyznawanych w ramach Planu Odroczonej Premii i Planu Opcji na Akcje (łącznie „**Plany Akcyjne**”, a każdy osobno „**Plan Akcyjny**”) mogą zostać dokonane stosowne korekty zgodnie z regulaminem danego Planu Akcyjnego, aby zrekompensować posiadaczom takich przyznanych nagród obniżenie wartości ich nagród wynikające z Emisji Praw Poboru.

Takie korekty:

- zostaną dokonane po Emisji Praw Poboru przez Komitet Wynagrodzeń;
- mogą obejmować korektę liczby akcji przyznawanych w ramach nagród, a w przypadku opcji, ceny ich wykonania; oraz
- nie będą wymagały zatwierdzenia przez akcjonariusza.

W ramach alternatywnego lub dodatkowego rozwiązania w stosunku do takich korekt, Komitet Wynagrodzeń może podjąć decyzję o zaoferowaniu osobie, która otrzymała nagrodę, możliwość unieważnienia nagrody w zamian za wypłatę w gotówce kwoty stanowiącej równowartość nagrody.

Posiadacze przyznanych nagród w ramach Planów Akcyjnych otrzymają dalsze informacje na temat sposobu, w jaki Emisja Praw Poboru i Oferta wywrą wpływ na ich nagrody.

Dalsze szczegółowe informacje na temat Planów Motywacyjnych znajdują się w paragrafie zatytułowanym „*Plany motywacyjne*” w Części IX (*Dodatkowe informacje*) Prospektu.

(19) Moje Istniejące Akcje Serii A mają formę fizyczną. Co się stanie, jeśli nie otrzymam Wstępnego Dokumentu Przydziału?

Jeżeli Akcjonariusze zatwierdzą Uchwałę na Walnym Zgromadzeniu, które ma być zwołane na 20 sierpnia 2014 r. i jeżeli nie otrzymają Państwo Wstępnego Dokumentu Przydziału, ale posiadają Państwo Istniejące Akcje Serii A w formie fizycznej, oznacza to prawdopodobnie, że nie będą Państwo mogli objąć Nowych Akcji Serii A w ramach Emisji Praw Poboru. Niektórzy Uprawnieni Akcjonariusze Niebędący Uczestnikami Systemu CREST, którzy posiadają Istniejące Akcje Serii A w formie zdematerializowanej, nie otrzymają Wstępnego Dokumentu Przydziału, ale nadal mogą być uprawnieni do nabycia Nowych Akcji Serii A w ramach Emisji Praw Poboru, a mianowicie:

- Uprawnieni Akcjonariusze Będący Uczestnikami Systemu CREST, którzy posiadają swoje Istniejące Akcje Serii A w formie zdematerializowanej w dniu 17 września 2014 r. i którzy dokonali ich zamiany na akcje w formie fizycznej;
- Akcjonariusze, którzy nabyli Istniejące Akcje Serii A przed danym Dniem Rejestracji i posiadają takie akcje w formie fizycznej, ale nie zostali zarejestrowani jako posiadacze takich Istniejących Akcji Serii A na zakończenie godzin roboczych w danym Dniu Rejestracji; oraz
- niektórzy Akcjonariusze Zagraniczni.

Jeżeli nie otrzymali Państwo Wstępnego Dokumentu Przydziału, ale sądzą Państwo, że powinni taki otrzymać, prosimy o kontakt z infolinią dla akcjonariuszy. Dane kontaktowe infolinii dla akcjonariuszy są następujące: 0870 707 4034 (lub +44 870 707 4034 dla osób spoza Wielkiej Brytanii). Infolinie dla akcjonariuszy będą mogły jedynie przekazać informacje zawarte w niniejszym dokumencie (a także informacje dotyczące rejestru członków NWR Plc), natomiast nie będą w stanie doradzić Państwu w kwestiach merytorycznych dotyczących Emisji Praw Poboru ani udzielić porady prawnej, finansowej, podatkowej lub inwestycyjnej.

(20) Moje Istniejące Akcje Serii A mają formę fizyczną. Jeżeli kupię dodatkowe Akcje Serii A po Dniu Rejestracji, to czy będę uprawniony do udziału w Emisji Praw Poboru?

Jeśli nabyli Państwo Akcje Serii A po Dniu Rejestracji, ale przed odpowiednim Dniem po Przyznaniu Praw Poboru, mogą być Państwo uprawnieni do uczestnictwa w Emisji Praw Poboru.

Jeżeli mają Państwo wątpliwości, prosimy o kontakt z Państwa maklerem, bankiem lub innym odpowiednim doradcą finansowym lub inną osobą, która organizowała nabycie przez Państwa akcji, w celu zapewnienia możliwości dochodzenia przez Państwa swoich uprawnień.

Jeśli nabyli Państwo Akcje Serii A w lub po Dniu po Przyznaniu Praw Poboru, nie są Państwo uprawnieni do uczestnictwa w Emisji Praw Poboru odnośnie takich Akcji.

(21) Moje Istniejące Akcje Serii A mają formę fizyczną. Co się stanie, gdy sprzedam Nowe Akcje Serii A, za które zapłaciłem?

Z zastrzeżeniem, że Nowe Akcje Serii A zostały opłacone i zażądali Państwo zwrotu pokwitowanego Wstępnego Dokumentu Przydziału, mogą Państwo zbyć Całkowicie Opłacone Prawa Poboru poprzez wypełnienie Formularza X (wzór odstąpienia) na pokwitowanym Wstępnym Dokumencie Przydziału i przekazanie go do Państwa maklera giełdowego, dyrektora banku, odpowiedniego doradcy finansowego lub nabywcy (pod warunkiem, że nie przebywa on na terenie USA lub którejkolwiek z Wykluczonych Jurysdykcji). Po tym czasie będą Państwo mogli sprzedać swoje Nowe Akcje Serii A zgodnie z normalną procedurą. Ostateczny dokument akcji dotyczący Państwa Nowych Akcji Serii A powinien zostać wysłany do Państwa nie później niż 8 października 2014 r. W trakcie wysyłki ostatecznego dokumentu akcji instrumenty zbycia zostaną poświadczone przez Rejestratora w rejestrze.

Dalsze szczegółowe informacje są przedstawione w Części VIII (*Warunki Emisji Praw Poboru*) Prospektu.

(22) Co powinienem zrobić, jeżeli nie mieszkam w Wielkiej Brytanii, Republice Czeskiej lub Polsce?

Podczas gdy przysługuje Państwu prawo do udziału w Emisji Praw Poboru, na Państwa możliwość realizacji praw w celu dokonania zapisu na Nowe Akcje Serii A mogą mieć wpływ przepisy prawa państwa, w którym Państwo przebywają, w związku z czym powinni Państwo zasięgnąć profesjonalnej porady odnośnie tego, czy potrzebują Państwo jakichkolwiek zgód wydanych przez władze rządowe lub innych lub czy muszą Państwo spełnić jakiejkolwiek wymogi formalne, aby móc zrealizować swoje Prawa Poboru. Akcjonariusze mający miejsce zamieszkania lub siedzibę w którejkolwiek z Wykluczonych Jurysdykcji lub USA nie mogą nabyć Nowych Akcji Serii A tymczasowo przydzielonych im w ramach Emisji Praw Poboru. Zwracamy Państwa uwagę na szczegółowe informacje przedstawione w paragrafie zatytułowanym "*Akcjonariusze Zagraniczni*" w Części VIII (*Warunki Emisji Praw Poboru*) Prospektu.

(23) Co powinienem zrobić, jeżeli uważam, że posiadam Akcje Serii A w sposób nieprawidłowy lub chciałbym otrzymać więcej informacji na temat Emisji Praw Poboru?

Jeżeli nabyli Państwo lub sprzedali Akcje Serii A krótko przed odpowiednim Dniem Rejestracji, Państwa transakcja może nie zostać wpisana do rejestru członków w takim terminie, aby była widoczna w rejestrze w odpowiednim Dniu Rejestracji. Jeżeli niepokoi Państwa liczba podana w Wstępnym Dokumencie Przydziału lub są Państwo z innych powodów zaniepokojeni, że posiadanie przez Państwa Akcji Serii A jest nieprawidłowe, prosimy o kontakt z infolinią dla akcjonariuszy. Dane kontaktowe takich infolinii są podane powyżej. Infolinie dla akcjonariuszy będą mogły jedynie przekazać informacje zawarte w niniejszym dokumencie (a także informacje dotyczące rejestru członków NWR Plc), natomiast nie będą w stanie doradzić Państwu w kwestiach merytorycznych dotyczących Emisji Praw Poboru ani udzielić porady prawnej, finansowej, podatkowej lub inwestycyjnej.

(24) Czy istnieje ryzyko, że Emisja Praw Poboru nastąpi, ale nie dojdzie do Restrukturyzacji?

Tak, w przypadku gdyby CERCL Mining i/lub którykolwiek z Gwarantów nie wykonałby lub wykonałby nienależycie swoje zobowiązania umowne, nie doszłoby do zakończenia Restrukturyzacji Kapitałowej i Akcjonariusze utraciliby swoje inwestycje, a także wszelkie nowe środki wpłacone w wyniku realizacji ich Praw w ramach Emisji Praw Poboru (podobnie jak inni nabywcy Nowych Akcji Serii A w ramach Emisji Praw Poboru). Ponadto, istnieje ryzyko, że

dokumenty związane z zadłużeniem i zabezpieczeniem, jakie mają zostać zawarte w związku z Restrukturyzacją, nie wejdą w życie w dniu zakończenia Restrukturyzacji Kapitałowej, ponieważ wydanie dokumentacji związanej z zadłużeniem i zabezpieczeniem dotyczącej Restrukturyzacji Kapitałowej będzie uzależnione od sporządzenia i wydania zwyczajowych opinii prawnych odnośnie tych dokumentów, które mają zostać wydane w dniu zakończenia Restrukturyzacji Kapitałowej oraz pewnych innych czynności proceduralnych. Mimo iż, NWR Plc jest zdania, że takie ryzyko jest niewielkie, jeżeli wymagane opinie prawne nie zostaną wydane (lub nie zostaną dostarczone alternatywne opinie prawne) w dniu zakończenia Restrukturyzacji Kapitałowej (lub nie zostaną podjęte odpowiednie czynności proceduralne), Restrukturyzacja nie zakończy się w momencie, gdy Emisja Praw Poboru i Oferta już dobiegną końca. W przypadku gdy Restrukturyzacja nie zostanie zakończona, Akcjonariusze utraciliby swoje inwestycje, a także wszelkie nowe środki wpłacone w wyniku realizacji ich Praw w ramach Emisji Praw Poboru (podobnie jak inni nabywcy Nowych Akcji Serii A w ramach Emisji Praw Poboru).

Dział B—Pytania i odpowiedzi dla Uprawnionych Akcjonariuszy (inni niż Uprawnieni Akcjonariusze posiadających Istniejące Akcje Serii A za pośrednictwem CSD w Republice Czeskiej i/lub KDPW w Polsce)

(1) Moje Istniejące Akcje Serii A mają formę zdematerializowaną. Co powinienem zrobić w związku z Emisją Praw Poboru?

Jeśli posiadają Państwo Istniejące Akcje Serii A w formie zdematerializowanej, wówczas na Państwa rachunku w systemie CREST zostaną zapisane Nieopłacone Prawa Poboru. Jeżeli są Państwo Uczestnikiem Systemu CREST reprezentowanym przez Powiernika, powinni Państwo zgłosić się do swojego Powiernika w systemie CREST, ponieważ tylko on będzie mógł podjąć niezbędne czynności określone poniżej w celu realizacji uprawnień lub podjęcia innych czynności względem Państwa Nieopłaconych Praw Poboru. Jeżeli nie są Państwo Uczestnikiem Systemu CREST reprezentowanym przez Powiernika, powinni Państwo przeczytać treść paragrafu zatytułowanego „*Procedura akceptacji i zapłaty*” w Części VIII (*Warunki Emisji Praw Poboru*) niniejszego Prospektu oraz sięgnąć do Podręcznika systemu CREST w celu uzyskania instrukcji na temat sposobu udziału w Emisji Praw Poboru.

(2) Moje Istniejące Akcje Serii A mają formę fizyczną. Skąd będę wiedzieć, czy mogę objąć Nowe Akcje Serii A w ramach Emisji Praw Poboru?

Jeśli otrzymają Państwo Wstępny Dokument Przydziału i, z zastrzeżeniem pewnych wyjątków, nie posiadają Państwo siedziby w którejkolwiek z Wykluczonych Jurysdykcji lub w USA, powinni Państwo być uprawnieni do objęcia Nowych Akcji Serii A w ramach Emisji Praw Poboru (o ile nie sprzedali Państwo wszystkich swoich Istniejących Akcji Serii A przed odpowiednim Dniem po Przyznaniu Prawa Poboru).

(3) Moje Istniejące Akcje Serii A mają formę fizyczną. Co powinienem zrobić w związku z Emisją Praw Poboru?

Pod warunkiem zatwierdzenia przez Akcjonariuszy Uchwały na Walnym Zgromadzeniu, które ma zostać zwołane na 20 sierpnia 2014 r., jeżeli posiadają Państwo Istniejące Akcje Serii A w formie fizycznej i, z zastrzeżeniem pewnych wyjątków, nie posiadają Państwo siedziby w USA lub którejkolwiek z Wykluczonych Jurysdykcji, zostanie do Państwa wysłany Wstępny Dokument Przydziału określający:

- ile Istniejących Akcji Serii A posiadali Państwo na zakończenie godzin roboczych w danym Dniu Rejestracji Emisji Praw Poboru;
- jaką liczbę Nowych Akcji Serii A są Państwo uprawnieni objąć; oraz
- ile muszą Państwo zapłacić, jeśli chcą Państwo zrealizować swoje Prawa Poboru dla potrzeb zapisu na wszystkie Nowe Akcje Serii A, które zostały Państwu tymczasowo przydzielone.

Jeżeli nie są Państwo Uprawnionym Akcjonariuszem lub, z zastrzeżeniem pewnych wyjątków, posiadają Państwo siedzibę w którejkolwiek z Wykluczonych Jurysdykcji lub w USA, nie otrzymają Państwo Wstępnego Dokumentu Przydziału.

- (4) Moje Istniejące Akcje Serii A mają formę fizyczną. Jeśli zrealizuję swoje Prawa Poboru, to kiedy otrzymam dokument reprezentujący moje Nowe Akcje Serii A?**

Jeśli zrealizują Państwo swoje Prawa Poboru w ramach Emisji Praw Poboru, ostateczne dokumenty akcji dotyczące Nowych Akcji Serii A powinny zostać wysłane nie później niż 8 października 2014 r.

- (5) Moje Istniejące Akcje Serii A mają formę fizyczną. Jakie mam możliwości wyboru i co powinienem zrobić z Wstępnym Dokumentem Przydziału?**

- (a) Jeżeli chcą Państwo zrealizować wszystkie swoje Prawa Poboru**

Jeżeli chcą Państwo zrealizować wszystkie swoje Prawa Poboru odnośnie Nowych Akcji Serii A, do których są Państwo uprawnieni, wszystko, co muszą Państwo zrobić, to przesłanie Wstępnego Dokumentu Przydziału wraz z Państwa czekiem lub czekiem bankierskim w euro wystawionym na pełną kwotę płatną w momencie akceptacji, płatnym na rzecz „Computershare Investor Services PLC odnośnie: „Emisji Praw Poboru New World Resources Plc” z dopisanymi między liniami słowami “wyłącznie na rachunek beneficjenta (*“A/C payee only”*)”, pocztą do Agenta Otrzymującego na adres Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, Wielka Brytania, do godziny 11 (czasu londyńskiego) dnia 23 września 2014 r.

Jeżeli płatność zostanie dokonana czekiem towarzystwa budowlanego lub czekiem bankierskim, towarzystwo budowlane lub bank musi potwierdzić na czeku imię i nazwisko wnioskodawcy (które powinno być takie samo jak wskazano w Wstępnym Dokumencie Przydziału) poprzez opatrzenie pieczęcią lub indosowanie w tym celu czeku towarzystwa budowlanego lub czeku bankierskiego).

NWR Plc może, według własnego uznania podjąć decyzję o akceptacji płatności w drodze elektronicznego przelewu środków. Jeżeli podejmie ona decyzję o akceptacji płatności w taki sposób, dalsze szczegółowe informacje zostaną zawarte w Wstępnym Dokumencie Przydziału.

Ostateczny dokument akcji zostanie następnie przesłany do Państwa odnośnie Nowych Akcji Serii A, które Państwo obejmą. Państwa ostateczny dokument akcji dotyczący Nowych Akcji Serii A powinien zostać wysłany do Państwa nie później niż 8 października 2014 r.

- (b) Jeżeli nie chcą Państwo zrealizować żadnych swoich Praw Poboru**

Jeżeli nie chcą Państwo zrealizować swoich Praw Poboru, nie muszą Państwo podejmować żadnych czynności. W przypadku gdy Uprawnieni Akcjonariusze Niebędący Uczestnikami Systemu CREST nie odeślą Wstępnego Dokumentu Przydziału do godz. 11:00 (czasu londyńskiego) dnia 23 września 2014 r., zgodnie z ustaleniami, które NWR Plc poczyniła z Prowadzącym Księgę Popytu, spróbuje on znaleźć inwestorów, którzy objęliby takie prawa Akcjonariuszy. Jeżeli znajdzie on inwestorów i będzie w stanie uzyskać nadwyżkę ze sprzedaży akcji względem Ceny Emisyjnej oraz powiązanych z tym kosztów pozyskania takich inwestorów (włączając w to wszelkie obowiązujące prowizje maklerskie oraz kwoty z tytułu podatku od towarów i usług (VAT), które nie podlegają odzyskaniu), Uprawnieni Akcjonariusze Niebędący Uczestnikami Systemu CREST, którym będzie przysługiwać takie uprawnienie, otrzymają czek na kwotę równą łącznej nadwyżce ponad Cenę Emisyjną pomniejszoną o powiązane z tym koszty inwestorów (włączając w to wszelkie obowiązujące prowizje maklerskie oraz kwoty z tytułu podatku VAT, które nie podlegają odzyskaniu), o ile rzeczona kwota będzie wynosić przynajmniej €5.

- (c) Jeżeli chcą Państwo zrealizować tylko część swoich Praw Poboru**

Posiadacze Wstępnych Dokumentów Przydziału, którzy chcą zrealizować część, ale nie całość swoich Nieopłaconych Praw Poboru i nie zamierzają lub transfer sprzedać część lub wszystkie takie prawa, których nie chcą obejmować, powinni złożyć wniosek o wydanie podzielonych Wstępnych Dokumentów Przydziału poprzez wypełnienie Formularza X Wstępnego Dokumentu Przydziału i jego zwrot wraz z czekiem lub czekiem bankierskim wystawionym w euro na taką liczbę praw poboru, płatnym na rzecz „Computershare Investor Services PLC odnośnie: Emisji Praw Poboru New World Resources Plc” z dopisanymi między liniami słowami “wyłącznie na rachunek beneficjenta”, a także listem przewodnim określającym liczbę wymaganych podzielonych Wstępnych Dokumentów Przydziału oraz liczbę Nieopłaconych Praw Poboru lub Całkowicie Opłaconych Praw Poboru (jeżeli ma to zastosowanie), jakie ma obejmować każdy podzielony Wstępny Dokument Przydziału (włączając w to dokumenty, które podlegają

akceptacji), pocztą do Agenta Otrzymującego na adres Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, Wielka Brytania, do godziny 11:00 (czasu londyńskiego) dnia 19 września 2014 r., co stanowi najpóźniejszą możliwą godzinę i datę podziału Wstępnego Dokumentu Przydziału, bez opłaty. Wstępny Dokument Przydziału zostanie następnie unieważniony i wymieniony na wymagane podzielone Wstępne Dokumenty Przydziału, a prawa zostaną zrealizowane. Dalsze podzielone Wstępne Dokumenty Przydziału (reprezentujące Nowe Akcje Serii A, których Akcjonariusz nie zamierza objąć) będą wymagane dla potrzeb sprzedaży tych praw, które nie zostaną zrealizowane.

Ewentualnie, posiadacze Wstępnych Dokumentów Przydziału, którzy chcą zrealizować część swoich praw poboru, bez sprzedaży lub przenoszenia pozostałych praw, powinni wypełnić Formularz X oryginalnego Wstępnego Dokumentu Przydziału i odesłać go pocztą do Agenta Otrzymującego na adres Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, Wielka Brytania, wraz z listem przewodnim określającym liczbę praw podlegających realizacji oraz czekiem lub chekiem bankierskim wystawionym w euro w celu zapłaty za taką liczbę Nowych Akcji Serii A, płatnym na rzecz „Computershare Investor Services PLC odnośnie: „Emisji Praw Poboru New World Resources Plc” z dopisanymi między liniami słowami “wyłącznie na rachunek beneficjenta”. W takim przypadku Wstępny Dokument Przydziału oraz płatność musi zostać otrzymana przez Agenta Otrzymującego do godziny 11:00 (czasu londyńskiego) dnia 23 września 2014 r., który to termin jest ostateczną godziną i datą podziału Wstępnych Dokumentów Przydziału.

(d) Jeżeli chcą Państwo sprzedać wszystkie swoje Prawa Poboru

Jeżeli chcą Państwo sprzedać wszystkie swoje Prawa Poboru, powinni Państwo wypełnić i podpisać Formularz Y umieszczony na Wstępnym Dokumencie Przydziału (o ile nie został wcześniej oznaczony słowami “Oryginał Podlegający Należystemu Zrzeczeniu”) i przesłać cały dokument do Państwa maklera, dyrektora banku lub innego odpowiedniego doradcy finansowego bądź nabywcy (o ile nie znajdują się on w USA lub którejkolwiek z Wykluczonych Jurysdykcji). Państwa Wstępny Dokument Przydziału będzie musiał zostać Państwu zwrócony, jeżeli zamierzają Państwo zbyć swoje Całkowicie Opłacone Prawa Poboru. Państwa Wstępny Dokument Przydziału nie zostanie Państwu zwrócony, chyba że zaznaczą Państwo odpowiednie okienko na Wstępnym Dokumencie Przydziału.

Ostateczną godziną i datą sprzedaży wszystkich Państwa Praw Poboru jest godzina 11:00 (czasu londyńskiego) dnia 23 września 2014 r. Prosimy zapewnić jednak, że udostępnią Państwo wystarczającą ilość czasu tak, aby umożliwić osobie nabywającej Państwa Prawa Poboru podjęcie wszystkich niezbędnych czynności w związku z realizacją praw przed godziną 11:00 (czasu londyńskiego) dnia 23 września 2014 r.

Dział C—Pytania i odpowiedzi dla Uprawnionych Akcjonariuszy posiadających Istniejące Akcje Serii A za pośrednictwem CSD w Republice Czeskiej

(1) Co powinienem zrobić w związku z Emisją Praw Poboru i jakie mam możliwości wyboru?

Jeżeli posiadają Państwo Istniejące Akcje Serii A na odpowiedni Dzień Rejestracji, (i, z zastrzeżeniem pewnych wyjątków, nie są Państwo Akcjonariuszem posiadającym miejsce zamieszkania lub siedzibę w Wykluczonych Jurysdykcjach lub w USA), będą Państwo uprawnieni do objęcia Nowych Akcji Serii A w ramach Emisji Praw Poboru.

Mogą Państwo zrealizować swoje uprawnienia odnośnie części lub całości Państwa Nieopłaconych Praw Poboru oraz wykonać pewne powiązane prawa wyłącznie poprzez pośrednika finansowego posiadającego rachunek papierów wartościowych w systemie CSD, na którym są zapisane takie Nieopłacone Prawa Poboru (każdy zwany będzie „**Pośrednikiem CSD**”, a łącznie „**Pośrednikami CSD**”). CSD może z kolei przetwarzać realizację takich uprawnień oraz wykonanie takich praw wyłącznie w drodze przekazywania odpowiednich instrukcji i dokonywania odpowiednich płatności korzystając z usług dalszych pośredników systemu CREST. Każdy z pośredników w tym łańcuchu (włączając w to między innymi Pośredników CSD, CSD oraz CREST) potrzebuje wystarczającą ilość czasu do zgromadzenia i przetworzenia odpowiednich instrukcji oraz płatności. Z tego względu, podczas gdy odpowiednie terminy ostateczne realizacji uprawnień związanych z Nieopłaconymi Prawami Poboru oraz wykonania powiązanych praw, w systemie CREST, są formalnie takie same dla wszystkich Uprawnionych

Akcjonariuszy Będących Uczestnikami Systemu CREST, muszą Państwo przekazać odpowiednie instrukcje oraz dokumenty swojemu Pośrednikowi CSD i dokonać odpowiednich płatności z odpowiednim wyprzedzeniem w stosunku do ostatecznych terminów CREST.

W ZWIĄZKU Z TYM, JEŻELI ZAMIERZAJĄ PAŃSTWO ZREALIZOWAĆ UPRAWNIENIA ZWIĄZANE Z CZĘŚCIĄ LUB CAŁOŚCIĄ PAŃSTWA NIEOPŁACONYCH PRAW POBORU POSIADANYCH ZA POŚREDNICTWEM CSD, POWINNI PAŃSTWO (I) SKONTAKTOWAĆ SIĘ JAK NAJSZYBCIEJ Z PAŃSTWA ODPOWIEDNIM POŚREDNIKIEM CSD W CELU POTWIERDZENIA I UZGODNIENIA JAKICH INSTRUKCJI, DOKUMENTACJI I PŁATNOŚCI TAKI POŚREDNIK CSD WYMAGA I W JAKIM WYMAGA ICH TERMINIE, ABY MÓC PRZETWORZYĆ REALIZACJĘ TAKICH UPRAWNIENI I/LUB WYKONANIE JAKICHKOLWIEK POWIĄZANYCH PRAW ORAZ (II) WE WŁAŚCIWYM TERMINIE DOSTARCZYĆ JE TAKIEMU POŚREDNIKOWI CSD.

Poniższy tekst zawiera krótkie odpowiedzi wyjaśniające, co powinni Państwo zrobić, jeżeli zamierzają Państwo zrealizować część lub całość swoich Nieopłaconych Praw Poboru, jeśli nie chcą Państwo zrealizować części lub całości swoich Nieopłaconych Praw Poboru i jeśli chcą Państwo sprzedać część lub całość swoich Nieopłaconych Praw Poboru. W celu uzyskania dalszych szczegółowych informacji powinni Państwo zapoznać się z treścią paragrafu zatytułowanego „Dodatkowa informacja dla Uprawnionych Akcjonariuszy Będących Uczestnikami Systemu CREST, którzy posiadają Istniejące Akcje Serii A za pośrednictwem CSD” w Części VIII (Warunki Emisji Praw Poboru oraz Oferty) niniejszego Prospektu.

(a) Jeżeli chcą Państwo zrealizować część lub całość swoich Nieopłaconych Praw Poboru

Jeżeli zamierzają Państwo zrealizować część lub całość uprawnień związanych z Państwa Nieopłaconymi Prawami Poboru, powinni Państwo ustalić wcześniej ze swoim odpowiednim Pośrednikiem CSD, że nie później niż w wyznaczonym przez CSD terminie ostatecznym, który zostanie ujawniony uczestnikom rynku w Republice Czeskiej przez CSD w biuletynie CSD (lub w takim późniejszym terminie, jaki CSD i NWR Plc mogą ustalić), taki Pośrednik CSD (i) przekaze CSD instrukcje niezbędne do realizacji takich uprawnień i (ii) zapłaci Cenę Emisyjną za odpowiednie Nowe Akcje Serii A w euro w Państwa imieniu za pośrednictwem CSD. CSD nie może przetwarzać żadnych zleceń odnośnie realizacji uprawnień związanych z Państwa Nieopłaconymi Prawami Poboru i/lub powiązanymi płatnościami otrzymanych po tym terminie. Nie można wykluczyć, że oprócz konieczności zapłaty Pośrednikowi CSD Ceny Emisyjnej za odpowiednie Nowe Akcje Serii A, Pośrednik CSD nałoży również określone opłaty i/lub prowizje.

Po akceptacji wstępnego przydziału oraz zapłacie pełnej kwoty Ceny Emisyjnej za odpowiednie Nowe Akcje Serii A, CSD zablokuje odpowiednie Nieopłacone Prawa Poboru tak, aby zapobiec ich dalszemu przenoszeniu. Takie zablokowane Nieopłacone Prawa Poboru powinny zostać automatycznie zamienione na Nowe Akcje Serii A dnia 23 września 2014 r. Oczekuje się, że CSD oraz, tam gdzie ma to uzasadnienie, Pośrednicy CSD zapiszą Nowe Akcje Serii A na Państwa rachunku(ach) papierów wartościowych, na którym są zablokowane Nieopłacone Prawa Poboru, dnia 24 września 2014 r. lub w zbliżonym terminie.

(b) Jeśli nie chcą Państwo realizować żadnych swoich Nieopłaconych Praw Poboru

Jeżeli nie chcą Państwo realizować żadnych swoich Nieopłaconych Praw Poboru, nie muszą Państwo podejmować żadnych czynności. Nieopłacone Prawa Poboru wygasną dnia 23 września 2014 r.

(c) Jeżeli chcą Państwo sprzedać część lub całość swoich Nieopłaconych Praw Poboru

Prawa Poboru mogą być ogólnie przenoszone w CSD w ten sam sposób co inne papiery wartościowe dopuszczone w systemie CSD. Jednakże, po akceptacji wstępnego przydziału oraz zapłacie pełnej kwoty za Nieopłacone Prawa Poboru, CSD zablokuje takie Nieopłacone Prawa Poboru tak, aby zapobiec ich dalszemu przenoszeniu. W celu uzyskania dalszych szczegółowych informacji powinni Państwo zapoznać się z treścią punktu „Jeżeli chcą Państwo wykorzystać część lub całość swoich Nieopłaconych Praw Poboru” zawartego w niniejszym Dziale C (Pytania i odpowiedzi dla Uprawnionych Akcjonariuszy posiadających Istniejące Akcje Serii A za pośrednictwem CSD w Republice Czeskiej).

Dział D—Pytania i odpowiedzi dla Uprawnionych Akcjonariuszy posiadających Istniejące Akcje Serii A za pośrednictwem KDPW w Polsce

(1) Co powinienem zrobić w związku z Emisją Praw Poboru i jakie mam możliwości wyboru?

Jeśli posiadają Państwo Istniejące Akcje Serii A w formie zdematerializowanej za pośrednictwem KDPW (oraz, z zastrzeżeniem pewnych wyjątków, nie są Państwo Akcjonariuszami mającymi miejsce zamieszkania lub siedzibę na obszarze Wykluczonych Jurysdykcji lub w USA), Nieopłacone Prawa Poboru zostaną zapisane na Państwa odpowiednim rachunku papierów wartościowych.

Mogą Państwo zrealizować swoje uprawnienia odnośnie części lub całości Państwa Nieopłaconych Praw Poboru oraz wykonać pewne powiązane prawa wyłącznie poprzez pośrednika finansowego posiadającego rachunek papierów wartościowych w systemie KDPW, na którym są zapisane takie Nieopłacone Prawa Poboru (każdy zwany będzie „**Pośrednikiem KDPW**”, a łącznie „**Pośrednikami KDPW**”). KDPW może z kolei przetwarzać realizację takich uprawnień oraz wykonanie takich praw wyłącznie w drodze przekazywania odpowiednich instrukcji i dokonywania odpowiednich płatności kierowanych do systemu CREST korzystając z usług określonych dalszych pośredników. Każdy z pośredników w tym łańcuchu (włączając w to między innymi Pośredników KDPW, KDPW oraz CREST) potrzebuje wystarczającej ilości czasu na zgromadzenie i przetworzenie odpowiednich instrukcji oraz płatności. Z tego względu, podczas gdy odpowiednie terminy ostateczne realizacji uprawnień związanych z Nieopłaconymi Prawami Poboru oraz wykonania powiązanych praw, w systemie CREST, są formalnie takie same dla wszystkich Uprawnionych Akcjonariuszy Będących Uczestnikami Systemu CREST, muszą Państwo przekazać odpowiednie instrukcje oraz dokumenty swojemu Pośrednikowi KDPW i dokonać odpowiednich płatności z odpowiednim wyprzedzeniem w stosunku do ostatecznych terminów w systemie CREST.

W ZWIĄZKU Z TYM, JEŻELI ZAMIERZAJĄ PAŃSTWO ZREALIZOWAĆ UPRAWNIENIA ZWIĄZANE Z CZĘŚCIĄ LUB CAŁOŚCIĄ PAŃSTWA NIEOPŁACONYCH PRAW POBORU POSIADANYCH ZA POŚREDNICTWEM KDPW, POWINNI PAŃSTWO (I) SKONTAKTOWAĆ SIĘ JAK NAJSZYBCIEJ Z PAŃSTWA ODPOWIEDNIM POŚREDNIKIEM KDPW W CELU POTWIERDZENIA I UZGODNIENIA JAKICH INSTRUKCJI, DOKUMENTACJI I PŁATNOŚCI I W JAKIM TERMINIE TAKI POŚREDNIK KDPW ICH WYMAGA, ABY MÓC PRZETWORZYĆ REALIZACJĘ TAKICH UPRAWNIEŃ I/LUB WYKONANIE JAKICHKOLWIEK POWIĄZANYCH PRAW ORAZ (II) WE WŁAŚCIWYM TERMINIE DOSTARCZYĆ JE TAKIEMU POŚREDNIKOWI KDPW.

Poniższy ustęp zawiera krótkie odpowiedzi wyjaśniające, co powinni Państwo zrobić, jeżeli zamierzają Państwo zrealizować część lub całość swoich Nieopłaconych Praw Poboru, jeśli nie chcą Państwo realizować części lub całości swoich Nieopłaconych Praw Poboru i jeśli chcą Państwo sprzedać część lub wszystkie swoje Nieopłacone Prawa Poboru. W celu uzyskania dalszych szczegółowych informacji powinni Państwo zapoznać się z treścią paragrafu zatytułowanego „*Dodatkowe informacje dla Uprawnionych Akcjonariuszy Będących Uczestnikami Systemu CREST, którzy posiadają Istniejące Akcje Serii A za pośrednictwem KDPW*” w Części VIII (*Warunki Emisji Praw Poboru oraz Oferty*) niniejszego Prospektu.

(a) Jeżeli chcą Państwo zrealizować część lub całość swoich Nieopłaconych Praw Poboru

Jeżeli zamierzają Państwo zrealizować część lub całość uprawnień związanych z Państwa Nieopłaconymi Prawami Poboru, powinni Państwo ustalić wcześniej ze swoim odpowiednim Pośrednikiem KDPW, że nie później niż w wyznaczonym przez KDPW terminie ostatecznym, który zostanie ujawniony wyłącznie Pośrednikom KDPW przez KDPW w komunikacie KDPW (lub w takim późniejszym terminie, jaki KDPW i NWR Plc mogą ustalić), taki Pośrednik KDPW (i) przekaże KDPW instrukcje niezbędne do realizacji takich uprawnień i (ii) zapłaci Cenę Emisyjną za odpowiednie Nowe Akcje Serii A w euro w Państwa imieniu za pośrednictwem KDPW. KDPW nie może przetwarzać żadnych zleceń odnośnie realizacji uprawnień związanych z Państwa Nieopłaconymi Prawami Poboru i/lub powiązanymi płatnościami otrzymanych po tym terminie. Nie można wykluczyć, że oprócz konieczności zapłaty Pośrednikowi KDPW Ceny Emisyjnej za odpowiednie Nowe Akcje Serii A, Pośrednik KDPW nałoży również określone opłaty i/lub prowizje.

Po zapłacie pełnej kwoty Ceny Emisyjnej za odpowiednie Nowe Akcje Serii A, KDPW zablokuje odpowiednie Nieopłacone Prawa Poboru tak, aby zapobiec ich dalszemu przenoszeniu. Takie zablokowane Nieopłacone Prawa Poboru powinny zostać zamienione na Nowe Akcje Serii A

dnia 23 września 2014 r. Oczekuje się, że dnia 24 września 2014 r. KDPW zapisze Nowe Akcje Serii A na odpowiednich rachunkach inwestycyjnych Pośredników KDPW, a Pośrednicy KDPW zapiszą Nowe Akcje Serii A na odpowiednich rachunkach należących do inwestorów, na których są zablokowane Nieopłacone Prawa Poboru.

(b) Jeśli nie chcą Państwo realizować żadnych swoich Nieopłaconych Praw Poboru

Jeżeli nie chcą Państwo realizować żadnych swoich Nieopłaconych Praw Poboru, nie muszą Państwo podejmować żadnych czynności. Nieopłacone Prawa Poboru wygasną dnia 23 września 2014 r.

(c) Jeżeli chcą Państwo sprzedać część lub całość swoich Nieopłaconych Praw Poboru

Oczekuje się, że Nieopłacone Prawa Poboru będą przedmiotem obrotu na Giełdzie Papierów Wartościowych w Warszawie. Mimo iż Cena Emisyjna ma zostać zapłacona w euro, oczekuje się, że walutą, w jakiej będzie prowadzony obrót Nieopłaconymi Prawami Poboru na Giełdzie Papierów Wartościowych w Warszawie będą polskie złote. Nieopłacone Prawa Poboru mogą być ogólnie przenoszone w KDPW w ten sam sposób co inne papiery wartościowe dopuszczone w systemie KDPW. Jednakże, po zapłacie pełnej kwoty za Nieopłacone Prawa Poboru, KDPW zablokuje takie Nieopłacone Prawa Poboru tak, aby zapobiec ich dalszemu przenoszeniu. Dalsze informacje zawarte są w punkcie zatytułowanym „*Jeżeli chcą Państwo zrealizować część lub całość swoich Nieopłaconych Praw Poboru*” w niniejszym Dziale C (*Pytania i odpowiedzi dla Uprawnionych Akcjonariuszy posiadających Istniejące Akcje Serii A za pośrednictwem KDPW w Polsce*).

PART VIII

TERMS AND CONDITIONS OF THE RIGHTS ISSUE

1. SUMMARY OF THE RIGHTS ISSUE

NWR Plc is proposing to raise approximately €118 million (before expenses), by way of the Rights Issue of 5,030,100,717 New A Shares. The Issue Price of 2.3457891¢ per New A Share, which is payable in full on acceptance by not later than 11:00 a.m. (London time) on 23 September 2014, represents a 82.93 per cent. discount to the Closing Price of 10.875 pence per Existing A Share on 29 July 2014 (being the last Business Day prior to the announcement of the Rights Issue) and a 19.54 per cent. discount to the theoretical ex-rights price of 2.92¢ per Existing A Share calculated by reference to the Closing Price on the same day. The Closing Price is denominated in sterling while the Issue Price is denominated in Euro, therefore a conversion rate of 0.7914:1.00 EUR as at 29 July 2014 has been applied.

The Rights Issue is being underwritten (save in respect of those New A Shares which CERCL Mining has irrevocably committed to take up) by the Participating Existing Noteholders. Each Backstop Provider has committed to take up its Backstop Provider's Commitment to the extent that there are any New A Shares not taken up by Shareholders or others in the Rights Issue and for which subscribers have not been procured by the Bookrunner and which are not subscribed for by Other Existing Noteholders. A summary of the material terms of the Underwriting Agreement is set out in the section entitled "*Underwriting Agreement*" in Part IX (*Additional information*) of this document. J.P. Morgan is acting as sponsor in relation to the Rights Issue.

The total number of A Shares in issue immediately prior to the Rights Issue and the Placing will represent approximately 4.0 per cent. of the total number of A Shares in issue immediately following completion of the Rights Issue and the Placing. The new equity being injected will therefore be represented by approximately 96 per cent. of the total number of A Shares in issue immediately following completion of the Rights Issue and the Placing.

As a result of the Placing, the Qualifying Shareholder's interest in NWR Plc will be diluted, and the dilution suffered would be 20.5 per cent. once the Placing has been completed, as New A Shares are being issued for the purposes of the Placing. If the Qualifying Shareholder decides to sell or not take up some or all of his Rights (or, because the Qualifying Shareholder is an Overseas Shareholder or otherwise, the Qualifying Shareholder is not able to take up some or all of his Rights), the proportion of NWR Plc it will own will be significantly smaller once the Rights Issue and the Placing have been completed, as New A Shares are being issued for the purposes of the Rights Issue as well as for the purposes of the Placing. In these circumstances the Qualifying Shareholder's interest in NWR Plc will be diluted further and the maximum dilution the Qualifying Shareholder would suffer immediately following completion of the Rights Issue and the Placing in the event that the Qualifying Shareholder does not take up any of his Rights would be approximately 96.0 per cent.

In addition to the Rights Issue and the Placing, the Capital Restructuring involves the issue of the New Convertible Notes, which (unless previously converted, redeemed or purchased and cancelled by NWR NV in the limited circumstances where that is permitted) will be converted into NVA Shares and such NVA Shares will be immediately purchased by NWR Plc with the consideration for such purchase being the issue of, or transfer and delivery of, A Shares in NWR Plc. If all the New Convertible Notes are converted and no other shares are issued by NWR Plc, the maximum dilution as a result of the Rights Issue, the Placing and the conversion of the New Convertible Notes would be (i) 44.3 per cent. if the Qualifying Shareholder takes up all of his Rights in the Rights Issue and (ii) 97.1 per cent. if the Qualifying Shareholder does not take up any of his Rights in the Rights Issue.

2. TERMS AND CONDITIONS OF THE RIGHTS ISSUE

Subject to the satisfaction or waiver of the conditions of the Underwriting Agreement and it not being terminated in accordance with its terms, New A Shares will be offered for subscription to Qualifying Shareholders (other than, subject to certain exceptions, Qualifying Shareholders with registered addresses in, or who are resident or located in or citizens or nationals of, the United States or any of the Excluded Territories) at 2.3457891¢ per New A Share, payable in full on acceptance by Qualifying Shareholders, on the basis of:

19 Rights, each carrying an entitlement to one New A Share, for every one Existing A Share

held by and registered in the names of Qualifying Shareholders on the Rights Issue Record Date (and so in proportion for any other number of Existing A Shares then held by and registered in the name of each Qualifying Shareholder) and otherwise on the terms and conditions as set out in this Part VIII (*Terms and conditions of the Rights Issue*) and, in the case of Qualifying Non-CREST Shareholders, the Provisional Allotment Letters.

A Nil Paid Right (also described as a New A Share, nil paid) is an entitlement to subscribe for one New A Share subject to payment of the Issue Price. A Fully Paid Right is an entitlement to receive one New A Share for which subscription and payment has already been made.

Qualifying Shareholders' holdings of Existing A Shares held on the Rights Issue Record Date in certificated form and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

Fractional entitlements to New A Shares will not be allotted and, where necessary, entitlements will be rounded down to the nearest whole number of New A Shares (nil paid).

The attention of Overseas Shareholders and any person who is resident or located in or a citizen or national of any country outside the United Kingdom, the Czech Republic and Poland and any person (including, without limitation, a custodian, nominee or trustee) who holds Existing A Shares for the account or benefit of any Overseas Shareholder or any such person or who has a contractual or other legal obligation to forward this document or a Provisional Allotment Letter if and when received, or any other document relevant to the Rights Issue or the Placing, to a jurisdiction outside the United Kingdom, the Czech Republic and Poland is drawn to the section entitled “Overseas Shareholders” of Part VIII (*Terms and conditions of the Rights Issue*). Subject to certain exceptions, the offer of New A Shares under the Rights Issue will not be made into the United States or any of the Excluded Territories. Subject to the provisions of the section entitled “Overseas Shareholders” of Part VIII (*Terms and conditions of the Rights Issue*), Shareholders with a registered address in the United States or any of the Excluded Territories are not being sent this document, will not be sent Provisional Allotment Letters and will not have their CREST accounts and/or other securities accounts credited with Nil Paid Rights.

The New A Shares will be issued pursuant to an authority to be granted to the NWR Plc Directors under the Resolution to be proposed at the General Meeting. The New A Shares will, when issued and paid, rank *pari passu* in all respects with the A Shares resulting from the Subdivision of the Existing A Shares, including the right to receive in full all dividends and other distributions declared, made or paid by reference to a record date after the date of issue. The rights attaching to the New A Shares are governed by the Articles of Association, a summary of which is set out in the section entitled “*Articles of Association*” in Part IX (*Additional Information*) of this document.

Applications will be made to (i) the UKLA for the New A Shares and the Nil Paid Rights to be admitted to the premium segment of the Official List, (ii) the London Stock Exchange for the New A Shares and the Nil Paid Rights to be admitted to trading on the London Stock Exchange's main market for listed securities, (iii) the Prague Stock Exchange for the New A Shares to be admitted to trading on the Prime Market and (iv) the Warsaw Stock Exchange for the New A Shares and the Nil Paid Rights to be admitted to trading on the main market.

It is expected that Admission will become effective and that dealings in the New A Shares (fully paid and for normal settlement) will commence on the London Stock Exchange at 8.00 a.m. (London time) on 24 September 2014 and subsequently (on or about the same date) on the Warsaw Stock Exchange and Prague Stock Exchange. It is expected that Admission (nil paid) will become effective and that dealings in the Nil Paid Rights will commence on the London Stock Exchange at 8.00 a.m. (London time) on 4 September 2014 and subsequently (on or about the same date) on the Warsaw Stock Exchange.

The New A Shares and the Existing A Shares are in registered form and can be held in uncertificated form via CREST and, in the case of some of the New A Shares and the Existing A Shares, the CSD or the NDS, or in certificated form.

The Existing A Shares are already admitted to CREST and, in the case of some of the Existing A Shares, also to the NDS or the CSD. Accordingly, no further application for admission to CREST or the CSD is required for the New A Shares and all such shares, when issued and fully paid, may be held and transferred by means of CREST and the CSD. The application for

admission to the NDS is required for the New A Shares and all such shares, when issued and fully paid, may be held and transferred by means of the NDS. Applications will be made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST, and the Nil Paid Rights to be admitted to the NDS, in each case as separate securities. Euroclear requires NWR Plc to confirm to it that certain conditions (imposed by the CREST Manual) are satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied on Admission (nil paid). As soon as practicable after Admission, NWR Plc will confirm this to Euroclear.

None of the New A Shares are being made available to the public other than to Qualifying Shareholders or any purchaser of the Rights pursuant to the Rights Issue on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, any relevant Provisional Allotment Letter.

The majority shareholder of NWR Plc, CERCL Mining, has irrevocably committed to take up in full its Rights. The remainder of the Rights Issue is being underwritten (on a several basis) by the Participating Existing Noteholders pursuant to and subject to the terms and conditions of the Underwriting Agreement.

The Rights Issue is conditional, *inter alia*, upon:

- (a) the passing of the Resolution (without amendment) at the General Meeting;
- (b) the Subscription Agreement not having been terminated in accordance with its terms prior to Admission (nil paid);
- (c) the Underwriting Agreement having become unconditional in all respects (save for the condition in relation to Admission (nil paid) and not having been terminated in accordance with its terms prior to Admission (nil paid);
- (d) CERCL Mining irrevocably undertaking to NWR Plc to take up its entire entitlement to subscribe for New A Shares under the Rights Issue and not having exercised any of its termination rights in such irrevocable undertaking prior to Admission (nil paid);
- (e) an order of the High Court of England and Wales sanctioning the Scheme having been delivered to the Registrar of Companies of England and Wales;
- (f) the Chapter 15 Order being obtained; and
- (g) Admission (nil paid) occurring not later than 8.00 a.m. on 4 September 2014 (or such later time or date as NWR Plc and all of the Backstop Providers may agree).

The Underwriting Agreement is conditional upon certain matters being satisfied or not occurring prior to Admission and may be terminated by the Backstop Providers prior to Admission (nil paid) upon the occurrence of certain specified events or if it is not declared or does not become unconditional in all respects by 4 September 2014, in which case the Rights Issue will not proceed. The Underwriting Agreement is not capable of termination following Admission (nil paid). The section entitled “*Underwriting Agreement*” in Part IX (*Additional information*) of this document sets out a summary of the principal terms of the Underwriting Agreement.

Subject, among other things, to the conditions referred to above being satisfied (other than the condition relating to Admission) and save as provided in the section entitled “*Overseas Shareholders*” of Part VIII (*Terms and conditions of the Rights Issue*), it is intended that:

- (a) Provisional Allotment Letters in respect of Nil Paid Rights will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Qualifying Non-CREST Shareholders with a registered address in the United States or any of the Excluded Territories) at their own risk on 4 September 2014;
- (b) the Registrar will instruct Euroclear to credit the appropriate CREST stock accounts of Qualifying CREST Shareholders (other than, subject to certain exceptions, Qualifying CREST Shareholders with a registered address in the United States or any of the Excluded Territories) at their own risk with such Shareholders’ entitlements to Nil Paid Rights with effect from 8:00 a.m. (London time) on 4 September 2014 and subsequently, on or about the same date, the Nil Paid Rights will be credited to the relevant securities accounts in the NDS and the CSD;

- (c) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement in CREST by Euroclear on 4 September 2014, as soon as practicable after NWR Plc has confirmed to Euroclear that all the conditions for admission of such rights to CREST have been satisfied. It is expected that, subsequently on or about the same date, the Nil Paid Rights will be enabled for settlement in the NDSS and the CSD;
- (d) New A Shares will be credited, to the appropriate stock accounts of relevant Qualifying Shareholders (or their transferees or renounees) who validly take up their rights, by 8:00 a.m. (London time) on 24 September 2014. It is expected that, subsequently on or about the same date, the New A Shares will be credited to the relevant securities accounts in the NDS and the CSD; and
- (e) share certificates for New A Shares will be despatched, to Qualifying Non-CREST Shareholders (or their transferees or renounees) who validly take up their rights, by no later than 8 October 2014.

The offer will be made to Qualifying Non-CREST Shareholders by way of the Provisional Allotment Letters (as described in sub-paragraph (a) above) and to Qualifying CREST Shareholders by way of the enablement of the Nil Paid Rights and the Fully Paid Rights (as described in sub-paragraph (c) above), such offer being made on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, any relevant Provisional Allotment Letters) and based on the information contained in this document.

The offer of New A Shares under the Rights Issue is not being, and will not be, made by means of this document into the United States or any of the Excluded Territories or any other jurisdiction outside the United Kingdom, the Czech Republic and Poland in which it would be illegal to make an offer.

Any person who accepts and/or renounces a Provisional Allotment Letter, or who requests registration of the New A Shares comprised therein, or who makes a valid acceptance in accordance with the procedures set out in this Part VIII (*Terms and conditions of the Rights Issue*) will be deemed by doing so to have given the representations and warranties set out in the section entitled “*Additional representations and warranties*” of this Part VIII (*Terms and conditions of the Rights Issue*), unless the requirement is waived by NWR Plc. Shareholders taking up their rights by sending a MTM instruction to Euroclear will also be deemed to have given the representations and warranties set out in the section entitled “*Representations, warranties and undertakings of CREST Members*” of this Part VIII (*Terms and conditions of the Rights Issue*), unless the requirement is waived by NWR Plc.

If the Rights Issue is delayed so that Provisional Allotment Letters cannot be despatched on 4 September 2014, the expected timetable as set out at the front of this document, may be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters and announced through a Regulatory Information Service, ESPI and the Central Storage of Regulated Information. All references to dates and times in this Part VIII (*Terms and conditions of the Rights Issue*) should be read as being subject to any such adjustment.

The ISIN for the New A Shares will be the same as that of the Existing A Shares, being GB00B42CTW68. The ISIN for the Nil Paid Rights is GB00BPBFX987 and for the Fully Paid Rights is GB00BPBFX870.

All documents including Provisional Allotment Letters (which constitute temporary documents of title) and cheques and share certificates posted to, by or from Qualifying Shareholders and/or their transferees or renounees (or their agents, as appropriate) will be posted at their own risk.

Expected timetable

Information on the proposed calendar of the Rights Issue is set forth below.

Limits included	Calendar
Between 4 September 2014 and 23 September 2014	Rights Issue Subscription Period in the United Kingdom
Between 24 September 2014 and 25 September 2014	Potential Rights Issue Rump Placing
24 September 2014	Listing of the New A Shares on the London Stock Exchange
24 September 2014 or shortly thereafter	Listing of the New A Shares on the Prague Stock Exchange
24 September 2014 or shortly thereafter	Listing of the New A Shares on the Warsaw Stock Exchange

3. ACTION TO BE TAKEN

The action to be taken in respect of the New A Shares depends on whether, at the relevant time, the Nil Paid Rights or the Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying Shareholder and you have any queries about the Rights Issue or the procedure for acceptance and payment, you should call the shareholder helpline on 0870 707 4034 (+44 870 707 4034, if you are calling from outside the United Kingdom) between 9:00 a.m. and 5:00 p.m. (London time) Monday to Friday (except bank holidays). Calls to the shareholder helpline cost 10 pence per minute from a BT landline, including VAT. Other network providers' costs may vary. Calls to the shareholder helpline from outside the UK will be charged at applicable international rates.

Please note that calls to the shareholder helpline may be monitored or recorded and that different charges may apply to calls made from mobile telephones. For legal reasons, the shareholder helpline will not be able to provide advice on the merits of the Rights Issue or to provide legal, financial, tax or investment advice.

If you are a Qualifying Non-CREST Shareholder, have received a Provisional Allotment Letter and, subject to certain exceptions are not resident or located in (or a citizen or national of) and do not have a registered address in the United States or any of the Excluded Territories, please refer to the sections entitled "*Action to be taken by Qualifying Non Crest Shareholders in relation to Nil Paid Rights represented by Provisional Allotment Letters*", "*Procedure in respect of Rights not taken up*", "*Taxation*", "*Overseas Shareholders*", "*Additional Representations and Warranties*", "*Times and dates*" and "*Dilution*" of this Part VIII (*Terms and conditions of the Rights Issue*).

If you are a Qualifying CREST Shareholder and, subject to certain exceptions are not resident or located in (or a citizen or national of) and do not have a registered address in the United States or any of the Excluded Territories, please refer to the sections entitled "*Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights and Fully Paid Rights in CREST and (where relevant) NDS or CSD*", "*Procedure in respect of Rights not taken up*", "*Taxation*", "*Overseas Shareholders*", "*Additional Representations and Warranties*", "*Times and dates*" and "*Dilution*" of this Part VIII (*Terms and conditions of the Rights Issue*) and to the CREST Manual for further information on the CREST procedures referred to below.

Additionally and without prejudice to the above, Qualifying CREST Shareholders holding Existing A Shares through the CSD are referred to the section entitled "*Additional note to Qualifying CREST Shareholders holding Existing A Shares through CSD*" of this Part VIII (*Terms and conditions of the Rights Issue*) and Qualifying CREST Shareholders holding Existing A Shares through the NDS are referred to the section entitled "*Additional note to Qualifying CREST Shareholders holding Existing A Shares through NDS*" of this Part VIII (*Terms and conditions of the Rights Issue*).

If you are a Qualifying Shareholder and have a registered address in and/or are resident or located in (and/or a citizen or national of) the United States or any of the Excluded Territories, please refer to the section entitled “*Overseas Shareholders*” of this Part VIII (*Terms and conditions of the Rights Issue*).

CREST Sponsored Members should refer to their CREST Sponsors, as only their CREST Sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

4. ACTION TO BE TAKEN BY QUALIFYING NON-CREST SHAREHOLDERS IN RELATION TO NIL PAID RIGHTS REPRESENTED BY PROVISIONAL ALLOTMENT LETTERS

All enquiries in relation to the Provisional Allotment Letters should be addressed to the shareholder helpline on 0870 707 4034 (+44 870 707 4034 if you are calling from outside the United Kingdom) between 9:00 a.m. and 5:00 p.m. (London time) Monday to Friday (except bank holidays). Calls to the shareholder helpline cost 10 pence per minute from a BT landline, including VAT. Other network providers’ costs may vary. Calls to the shareholder helpline from outside the UK will be charged at the applicable international rates. For legal reasons, the shareholder helpline will not be able to provide advice on the merits of the Rights Issue or to provide legal, financial, tax or investment advice.

4.1 General

Subject to the Resolution being passed at the General Meeting it is expected that Provisional Allotment Letters will be despatched to Qualifying Non-CREST Shareholders (other than as set out in the section entitled “*Overseas Shareholders*” in this Part VIII (*Terms and conditions of the Rights Issue*)) at their own risk on 4 September 2014. Each Provisional Allotment Letter will be subject to the Rights Issue becoming unconditional and will set out:

- (a) the holding of Existing A Shares in certificated form on which that Qualifying Non-CREST Shareholder’s entitlement to New A Shares has been based;
- (b) the aggregate number and cost of the New A Shares in certificated form which have been provisionally allotted to that Qualifying Non-CREST Shareholder;
- (c) the procedures to be followed if that Qualifying Non-CREST Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into uncertificated form; and
- (d) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

On the basis that Provisional Allotment Letters are posted on 3 September 2014 and that dealings commence on 4 September 2014, the latest time and date for acceptance and payment in full will be 11:00 a.m. (London time) on 23 September 2014.

4.2 Procedure for acceptance and payment

(a) Qualifying Non-CREST Shareholders who wish to accept in full

Holders of Provisional Allotment Letters who wish to take up all of their entitlements must complete and return the Provisional Allotment Letter, together with a cheque or banker’s draft in Euro, made payable to “Computershare Investor Services PLC Re: New World Resources Plc Rights Issue” and crossed “A/C payee only”, for the full amount payable on acceptance, in accordance with the instructions printed on the Provisional Allotment Letter, by post to the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom, so as to arrive as soon as possible and in any event so as to be received by not later than 11:00 a.m. (London time) on 23 September 2014 (being the latest time and date for acceptance and payment in full). A reply-paid envelope will be enclosed with the Provisional Allotment Letter for this purpose and for use in the United Kingdom only. If you post your Provisional Allotment Letter within the United Kingdom by first-class post, it is recommended that you allow at least four days for delivery. If you post your Provisional Allotment Letter from any place other than the United Kingdom, you should return the Provisional Allotment Letter at your own cost and it is recommended that you allow the reasonable time for delivery.

NWR Plc may, at its discretion, elect to accept payment by way of electronic funds transfer. If it elects to accept payment in such manner, further details will be included in the Provisional Allotment Letter.

(b) Qualifying Non-CREST Shareholders who do not wish to take up their rights at all

Holders of Provisional Allotment Letters who do not wish to take up their rights at all do not need to do anything. If Qualifying Non-CREST Shareholders do not return the Provisional Allotment Letter by 11:00 a.m. (London time) on 23 September 2014, NWR Plc has made arrangements under which the Bookrunner will try to find investors to take up such Shareholders' rights. If it does find investors and is able to achieve a premium over the Issue Price and the related expenses of procuring those investors (including any applicable brokerage and commissions and amounts in respect of value added tax which are not recoverable), Qualifying Non-CREST Shareholders so entitled will be sent a cheque for the amount of that aggregate premium above the Issue Price less related expenses (including any applicable brokerage and commissions and amounts in respect of value added tax which are not recoverable), so long as the amount in question is at least €5. Alternatively, holders of Provisional Allotment Letters who do not wish to take up their rights can sell or transfer their Nil Paid Rights (see the section entitled "*Dealings in Nil Paid Rights*" of this Part VIII (*Terms and Conditions of the Rights Issue*)).

(c) Qualifying Non-CREST Shareholders who wish to accept in part

Holders of Provisional Allotment Letters who wish to take up some but not all of their Nil Paid Rights should refer to the section entitled "*Renunciation and splitting of Provisional Allotment Letters*" of this Part VIII (*Terms and conditions of the Rights Issue*)).

(d) NWR Plc's discretion as to validity of acceptances

If payment is not received in full by 11:00 a.m. (London time) on 23 September 2014, the latest date and time for acceptance, the provisional allotment will (unless NWR Plc has exercised its right to treat an acceptance as valid as set out in the following paragraph) be deemed to have been declined and will lapse.

NWR Plc may elect, but shall not be obliged, to treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney (where required).

NWR Plc reserves the right to treat as invalid any acceptance or purported acceptance of the offer of New A Shares that appears to NWR Plc or its agents to have been executed in, despatched from or that provides an address for delivery of definitive share certificates for New A Shares in the United States or an Excluded Territory.

A Qualifying Non-CREST Shareholder who makes a valid acceptance and payment in accordance with this section entitled "*Procedure for acceptance and payment*" is deemed to request that the New A Shares to which they will become entitled be issued to them on the terms set out in this document and subject to the Articles of Association.

(e) Payments

All payments must be in Euro and made by cheque or banker's draft made payable to "Computershare Investor Services PLC Re: New World Resources Plc Rights Issue" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or a direct member of the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of those companies and must bear the appropriate sort code in the top right-hand corner. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) may not be accepted. Payments via CHAPS Clearing Company Limited, BACS or electronic transfer will not be accepted, unless NWR Plc elects to accept payment by way of electronic funds transfer and further details are included in the Provisional Allotment Letter.

Cheques or banker's drafts will be presented for payment upon receipt and it is a term of the Rights Issue that remittances shall be honoured on first presentation. NWR Plc may elect, in its absolute discretion, to treat as invalid acceptances in respect of which cheques or banker's drafts are not so honoured. NWR Plc reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow NWR Plc to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due and any interest on such payments ultimately will accrue for the benefit of NWR Plc. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

If New A Shares have already been allotted to a Qualifying Non-CREST Shareholder prior to any payment not being so honoured upon first presentation or such acceptances being treated as invalid, NWR Plc may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such New A Shares on behalf of such Qualifying Non-CREST Shareholders and hold the proceeds of sale (net of NWR Plc's reasonable estimate of any loss it has suffered as a result of the same and of the expenses of the sale, including, without limitation, any stamp duty or SDRT payable on the transfer of such New A Shares, and of all amounts payable by such Qualifying Non-CREST Shareholders pursuant to the provisions of this Part VIII (*Terms and conditions of the Rights Issue*) in respect of the subscription of such New A Shares) on behalf of such Qualifying Non-CREST Shareholders. Neither NWR Plc, nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders as a result.

4.3 Money Laundering Regulations

It is a term of the Rights Issue that, to ensure compliance with the Money Laundering Regulations, the Receiving Agent, may require, in its absolute discretion, verification of the identity of the person by whom a Provisional Allotment Letter is lodged and, where relevant, its beneficial owner or ultimate controller and/or any person on whose behalf a Provisional Allotment Letter is lodged with payment and, where relevant, its beneficial owner or ultimate controller (which requirements are referred to below as the “**verification of identity requirements**”). If the Provisional Allotment Letter is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Provisional Allotment Letter. The person lodging the Provisional Allotment Letter with payment (the “**acceptor**”), including any person who appears to the Receiving Agent to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements and to agree to the Receiving Agent making a search using a credit reference agency for the purpose of confirming such identity where deemed necessary by the Receiving Agent. A record of each search will be retained.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or an acceptance of an allotment and the verification of identity requirements have not been satisfied (which the Receiving Agent shall in its absolute discretion determine) by 11:00 a.m. (London time) on 23 September 2014, NWR Plc may, in its absolute discretion, and without prejudice to any other rights of NWR Plc, treat the acceptance as invalid or may confirm the allotment of the relevant shares to the acceptor but (notwithstanding any other term of the Rights Issue) such New A Shares will not be issued to him or registered in his name until the verification of identity requirements have been satisfied (which the Receiving Agent shall in its absolute discretion determine). If the acceptance is not treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the acceptor, as NWR Plc may in its absolute discretion allow, NWR Plc will be entitled (in its absolute discretion as to manner, timing and terms) to make arrangements to sell the relevant New A Shares (and for that purpose NWR Plc will be expressly authorised to act as agent of the acceptor). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchaser(s) or an amount equivalent to the original payment, whichever is the lower, will be held by NWR Plc on trust for the acceptor, subject to the requirements of the Money Laundering Regulations.

The Receiving Agent is entitled in its absolute discretion to determine whether the verification of identity requirements apply to any acceptor or acceptance of an allotment and whether such requirements have been satisfied. Neither NWR Plc nor the Receiving Agent will be liable to any person for any loss or damage suffered or incurred (or alleged) as a result of the exercise of any such discretion (including as a result of any acceptance being treated as invalid or any sale of relevant shares). Return of a Provisional Allotment Letter with the appropriate remittance will constitute a warranty from the acceptor that the Money Laundering Regulations will not be breached by acceptance of such remittance. **If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in your acceptance being treated as invalid or in delays in the despatch of a receipted fully paid Provisional Allotment Letter or a share certificate.**

The verification of identity requirements will not usually apply:

- (a) if the acceptor is an organisation required to comply with Directive 2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; or
- (b) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (c) if the acceptor (not being an acceptor who delivers his acceptance in person) makes payment by way of a cheque drawn on an account in the name of such acceptor with a credit institution which is subject to Directive 2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing or with a credit institution situated in a non-EEA state which imposes requirements equivalent to those laid down in that directive; or
- (d) if the aggregate subscription price for the relevant New A Shares is less than EUR 15,000.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (e) payment must be made by cheque or banker's draft in Euro drawn on a branch in the United Kingdom of a bank or building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or a direct member of the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through facilities provided by either of those companies and bear a UK bank or building society sort code number in the top right-hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Computershare Investor Services PLC Re: New World Resources Plc Rights Issue" and crossed "A/C payee only". 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 confirmed the name of the account holder by stamping or endorsing the building society cheque or banker's draft to such effect. The account name should be the same as that shown on the Provisional Allotment Letter;
- (f) if the Provisional Allotment Letter is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (a) 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, China, Hong Kong, Iceland, India, Japan, Korea, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United States and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation with the Provisional Allotment Letter that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent and/or any relevant authority. If the agent is not such an organisation it should contact the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom; or

- (g) if a Provisional Allotment Letter is lodged by hand by the acceptor 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.

In order to confirm the acceptability of any written assurance referred to in sub-paragraph (b) above or in any other case, the acceptor should contact the Receiving Agent. The telephone number of the Receiving Agent is 0870 707 4034 (or +44 870 707 4034 from outside the United Kingdom). Calls to the Receiving Agent cost 10 pence per minute from a BT landline, including VAT. Different charges may apply to calls made from mobile telephones and calls to the Receiving Agent from outside the United Kingdom will be charged at applicable international rates.

4.4 Dealings in Nil Paid Rights

Assuming the Rights Issue becomes unconditional, dealings on the London Stock Exchange in the Nil Paid Rights are expected to commence at 8:00 a.m. (London time) on 4 September 2014 and subsequently on or about the same date on the Warsaw Stock Exchange. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter (including one or more split Provisional Allotment Letters) in accordance with the instructions printed on it and delivery of the renounced Provisional Allotment Letter to the transferee up to the latest time and date for acceptance and payment in full stated in the Provisional Allotment Letter, which is 11:00 a.m. (London time) on 23 September 2014.

4.5 Dealings in Fully Paid Rights

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant fully paid Provisional Allotment Letter and delivering it, by post or by hand (during normal office hours only) to the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom, by not later than 11:00 a.m. (London time) on 23 September 2014. To do this, Qualifying Non-CREST Shareholders will need to have their fully paid Provisional Allotment Letters returned to them after acceptance has been effected by the Receiving Agent. However, fully paid Provisional Allotment Letters will not be returned to Shareholders unless their return is requested by completing the appropriate box on the Provisional Allotment Letter.

After 24 September 2014, the New A Shares will be in registered form and transferable in the usual way (see the section entitled “*Issue of New A Shares in definitive form*” of this Part VIII (*Terms and conditions of the Rights Issue*)).

4.6 Renunciation and splitting of Provisional Allotment Letters

The Provisional Allotment letters are fully renounceable (save as required by the laws of certain jurisdictions) and may be split up to 3:00 p.m. (London time) on 19 September 2014.

Qualifying Non-CREST Shareholders, who are also holders of Provisional Allotment Letters and who wish to sell or transfer all of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X of the Provisional Allotment Letter (if it is not already marked “**Original Duly Renounced**”) and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been so renounced, the letter will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in the Provisional Allotment Letter may be transferred by delivery of the Provisional Allotment Letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters, fully paid, is 11:00 a.m. (London time) on 23 September 2014.

If a holder of a Provisional Allotment Letter wishes to have only some of the New A Shares registered in his name and to sell or transfer the remainder, or wishes to sell or transfer all the Nil Paid Rights or (if appropriate) Fully Paid Rights but to different persons, he may have the Provisional Allotment Letter split, for which purpose he or his agent must complete and sign Form X of the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by post or by hand (during normal office hours only) to the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH,

United Kingdom, by not later than 11:00 a.m. (London time) on 19 September 2014, to be cancelled and exchanged for the split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or Fully Paid Rights to be comprised in each split letter should be stated in a covering letter. Form X of split Provisional Allotment Letters will be marked “**Original Duly Renounced**” before issue. The Provisional Allotment Letter will then be cancelled and exchanged for split Provisional Allotment Letters. The holder of the split Provisional Allotment Letters should then follow the instructions in the section entitled “*Qualifying Non-CREST Shareholders who wish to accept in full*” of this Part VIII (Terms and conditions of the Rights Issue) in relation to the Nil Paid Rights he wishes to take up and the instructions in the preceding paragraph in relation to transferring the Nil Paid Rights or (if appropriate) Fully Paid Rights comprised in the Provisional Allotment Letters. The Provisional Allotment Letters (representing the Nil Paid Rights or (if appropriate) Fully Paid Rights which are not to be taken up will be required in order to sell or transfer those rights.

Alternatively, Qualifying Non-CREST Shareholders who wish to take up some of their Nil Paid Rights, without selling or transferring the remainder, should complete Form X of the original Provisional Allotment Letter and return it by post or by hand (during normal office hours only) to the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom. In this case, the Provisional Allotment Letter and payment must be received by the Receiving Agent by 11:00 a.m. (London time) on 23 September 2014, together with a covering letter confirming the number of rights to be taken up and a cheque or banker’s draft in Euro to pay for this number of New A Shares.

NWR Plc reserves the right to refuse to register any renunciation in favour of any person in respect of which the NWR Plc Board believes such renunciation may violate applicable legal or regulatory requirements, including (without limitation) any renunciation in the name of any person with an address outside the United Kingdom, the Czech Republic and Poland.

4.7 Registration in names of Qualifying Shareholders

A Qualifying Shareholder who wishes to have all the New A Shares to which he is entitled registered in his name must accept and make payment for such allotment in accordance with the provisions set out in this document and (in the case of Qualifying Non-CREST Shareholders) the Provisional Allotment Letter.

4.8 Registration in names of persons other than Qualifying Shareholders originally entitled

In order to register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Shareholders(s) originally entitled, the transferee or renounee or his agent(s) must complete Form Y of the Provisional Allotment Letter (unless the transferee or renounee is a CREST Member who wishes to hold such New A Shares in uncertificated form, in which case Form X and the CREST Deposit Form must be completed (see the section entitled “*Deposit of Nil Paid Rights or Fully Paid Rights into CREST*” of this Part VIII (*Terms and conditions of the Rights Issue*))) and deliver the entire Provisional Allotment Letter, when fully paid, by post or by hand (during normal office hours only) to the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom by not later than 11:00 a.m. (London time) on 23 September 2014. Registration cannot be effected unless and until the New A Shares comprised in a Provisional Allotment Letter are fully paid.

The New A Shares comprised in several renounced Provisional Allotment Letters may be registered in the name of one holder (or joint holders) if Form Y of the Provisional Allotment Letter is completed on one Provisional Allotment Letter (the “**Principal Letter**”) and all the Provisional Allotment Letters are delivered in one batch. Details of each Provisional Allotment Letter (including the Principal Letter) should be listed in the Consolidated Listing Form adjacent to Forms X and Y of the Principal Letter and the allotment number of the Principal Letter should be entered in the space provided on each of the other Provisional Allotment Letters.

4.9 Deposit of Nil Paid Rights or Fully Paid Rights into CREST

The Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Subject as provided in the next following paragraph or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. Qualifying Shareholders are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address(es) appear(s) on the Provisional Allotment Letter or in the name(s) of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows: Form X and the CREST Deposit Form will need to be completed and the Provisional Allotment Letter deposited with the CREST Courier and Sorting Service (“CCSS”). In addition, the normal CREST Stock Deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST Transfer Form (prescribed under the Stock Transfer Act 1963) with the CCSS and (b) only the whole of the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. If you wish to deposit only some of the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter into CREST, you must first apply for split Provisional Allotment Letters by following the instructions in the section entitled “*Renunciation and splitting of Provisional Allotment Letters*” above. If the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited. A Consolidation Listing Form (as defined in the CREST Regulations) must **not** be used.

A holder of the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. (London time) on 23 September 2014. In particular, having regard to processing times in CREST and on the part of the Receiving Agent, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form of the Provisional Allotment Letter duly completed) with the CCSS in order to enable the person acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. (London time) on 23 September 2014 is 3:00 p.m. (London time) on 20 September 2014.

When Form X and the CREST Deposit Form have been completed, the title to the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter will cease to be renounceable or transferable by delivery, and for the avoidance of doubt any entries in Form X of the Provisional Allotment Letter will not subsequently be recognised or acted upon by the Receiving Agent. All renunciations or transfers of Nil Paid Rights or Fully Paid Rights must be effected through the CREST system once such Nil Paid Rights or Fully Paid Rights have been deposited into CREST.

CREST Sponsored Members should contact their CREST Sponsor as only their CREST Sponsor will be able to take the necessary action to take up the entitlement or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of the CREST Sponsored Member.

4.10 Issue of New A Shares in definitive form

Definitive share certificates in respect of the New A Shares to be held in certificated form are expected to be despatched by post by no later than 8 October 2014, at the risk of the person entitled thereto, to Qualifying Non-CREST Shareholders (or their transferees or renounees who hold Fully Paid Rights in certificated form), or in the case of joint holdings, to the first-named Shareholder on the register of members of NWR Plc, at their registered address (unless lodging

agent details have been completed on the Provisional Allotment Letter). After despatch of the definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New A Shares will be certified by the Registrar against the register of members of NWR Plc.

5. ACTION TO BE TAKEN BY QUALIFYING CREST SHAREHOLDERS IN RELATION TO RIGHTS IN CREST AND (WHERE RELEVANT) NDS OR CSD

5.1 General

Subject to the Resolution being passed at the General Meeting and subject as provided in the section entitled “*Overseas Shareholders*” of this Part VIII (*Terms and conditions of the Rights Issue*) it is expected that each Qualifying CREST Shareholder (other than as set out in the section entitled “*Overseas Shareholders*” of this Part VIII (*Terms and conditions of the Rights Issue*)) will receive a credit to its relevant stock or securities account of its entitlement to Nil Paid Rights on 4 September 2014 or shortly thereafter. It is expected that such rights will be enabled by 8:00 a.m. (London time) on 4 September 2014 on CREST accounts; subsequently on or about the same date the rights are expected to be credited on the relevant securities accounts in the NDS and the CSD. The CREST stock account to be credited will be an account under the Participant ID and member account ID that apply to the Existing A Shares in uncertificated form held on the Rights Issue Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted.

The maximum number of New A Shares that a Qualifying CREST Shareholder may take up are those which have been provisionally allotted to that Qualifying CREST Shareholder and for which he receives a credit of entitlement into his relevant stock or securities account. The minimum number of New A Shares a Qualifying CREST Shareholder may take up is one.

The Nil Paid Rights will constitute a separate security for the purposes of CREST, NDS and the CSD and can accordingly be transferred, in whole or in part, by means of CREST and (where relevant) the NDS or the CSD in the same manner as any other security that is admitted to CREST and (where relevant) the NDS or the CSD.

If, for any reason, it is impracticable to credit the stock or securities accounts of Qualifying CREST Shareholders, or to enable the Nil Paid Rights by 8:00 a.m. (London time) on 4 September 2014 or shortly thereafter, Provisional Allotment Letters shall, unless NWR Plc determines otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited or enabled and the expected timetable as set out in this document may be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. NWR Plc will make appropriate announcements through a Regulatory Information Service, ESPI and the Central Storage of Regulated Information, giving details of any revised dates but Qualifying CREST Shareholders may not receive any further written communication.

CREST Members who wish to take up their entitlements in respect of, or otherwise to transfer, Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST Sponsored Member, you should consult your CREST Sponsor if you wish to take up your entitlement as only your CREST Sponsor will be able to take the necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

5.2 CREST Procedure for acceptance and payment

(a) MTM instructions

CREST Members who wish to take up all or some of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) an MTM instruction to Euroclear that, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Registrar under the Participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;
- (ii) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank (as this term

is defined in the CREST Manual) of the Receiving Agent in Euro in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in sub-paragraph (i) above; and

- (iii) the crediting of a stock account of the accepting CREST Member (being an account under the same Participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST Member is entitled on taking up his Nil Paid Rights referred to in sub-paragraph (i) above.

(b) Contents of MTM instructions

The MTM 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:

- (i) the number of Nil Paid Rights to which the acceptance relates;
- (ii) the Participant ID of the accepting CREST Member;
- (iii) the member account ID of the accepting CREST Member from which the Nil Paid Rights are to be debited;
- (iv) the Participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 3RA17;
- (v) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is NWR001;
- (vi) the number of Fully Paid Rights that the CREST Member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;
- (vii) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights referred to in sub-paragraph (i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. (London time) on 23 September 2014;
- (ix) the Nil Paid Rights ISIN which is GB00BPBFX987;
- (x) the Fully Paid Rights ISIN which is GB00BPBFX870;
- (xi) the Corporate Action Number (as this term is defined in the CREST Manual) for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST; and
- (xii) a contact name and telephone number (in the free format shared notes field).

(c) Valid acceptance

An MTM instruction complying with each of the requirements as to authentication and contents set out in the section entitled "*MTM instructions*" above will constitute a valid acceptance where either:

- (i) the MTM instruction settles by not later than 11:00 a.m. (London time) on 23 September 2014; or
- (ii) at the discretion of NWR Plc:
 - (A) the MTM instruction is received by Euroclear by not later than 11:00 a.m. (London time) on 23 September 2014;
 - (B) a number of Nil Paid Rights at least equal to the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST Member specified in the MTM instruction at 11:00 a.m. (London time) on 23 September 2014; and
 - (C) the relevant MTM instruction settles by 2:00 p.m. (London time) on 23 September 2014 (or such later time and/or date as NWR Plc may determine).

An MTM instruction will be treated as having been received by Euroclear for these purposes at the time at which the instruction is processed by the Network Providers' Communications Host (as this term is defined in the CREST Manual) at Euroclear of the network provider used by the CREST Member (or by the CREST Sponsored Member's CREST Sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Providers' Communications Host.

(d) Representations, warranties and undertakings of CREST Members

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with this section "*CREST Procedure for acceptance and payment*" represents, warrants and undertakes to NWR Plc and the Bank that he has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him or by his CREST Sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11:00 a.m. (London time) on 23 September 2014 and remains capable of settlement at all times after that until 2:00 p.m. (London time) on 23 September 2014 (or until such later time and/or date as NWR Plc may determine). In particular, the CREST Member or CREST Sponsored Member represents, warrants and undertakes that, at 11:00 a.m. (London time) on 23 September 2014 and at all times thereafter until 2:00 p.m. (London time) on 23 September 2014 (or until such later time and/or date as NWR Plc may determine), there will be sufficient Headroom within the CAP (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST Sponsored Members should contact their CREST Sponsor if they are in any doubt.

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with this section entitled "*CREST Procedure for acceptance and payment*" also makes the representations and warranties set out in the section entitled "*Additional representations and warranties*" of this Part VIII (*Terms and conditions of the Rights Issue*), except in the circumstances described in that section.

If there is insufficient Headroom within the CAP in respect of the cash memorandum account of a CREST Member or CREST Sponsored Member for such amount to be debited or the CREST Member's or CREST Sponsored Member's acceptance is otherwise treated as invalid and New A Shares have already been allotted to such CREST Member or CREST Sponsored Member, NWR Plc may (in its absolute discretion as to the manner, timing and terms) make arrangements for the sale of such shares on behalf of that CREST Member or CREST Sponsored Member and hold the proceeds of sale (net of NWR Plc's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale, including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by the CREST Member or CREST Sponsored Member pursuant to the provisions of this Part VIII (*Terms and conditions of the Rights Issue*) in respect of the subscription of such shares) on behalf of such CREST Member or CREST Sponsored Member. Neither NWR Plc, the Bank nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such CREST Member or CREST Sponsored Member as a result.

(e) CREST procedures and timings

CREST Members and CREST Sponsors (on behalf of CREST Sponsored Members) 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 an MTM instruction and its settlement in connection with the Rights Issue. 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) the action necessary to ensure that a valid acceptance is received as stated above by 11:00 a.m. (London time) on 23 September 2014. In connection with this, CREST Members and (where applicable) CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(f) CREST Member's undertaking to pay

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures set out in this section "*CREST Procedure for acceptance and payment*":

- (i) undertakes to pay to NWR Plc, or procure the payment to NWR Plc of, the amount payable in Euro on acceptance in accordance with the above procedures or in such other manner as NWR Plc may require (it being acknowledged that, where payment is made by means of the RTGS payment mechanism (as defined in the CREST Manual), the creation of an RTGS settlement bank (as defined in the CREST Manual) payment obligation in Euro in favour of the Receiving Agent's RTGS settlement bank in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST Member (or CREST Sponsored Member) to pay to NWR Plc the amount payable on acceptance); and
- (ii) requests that the Fully Paid Rights and/or New A Shares to which they will become entitled be issued to them on the terms set out in this document and subject to the Articles of Association.

If the payment obligations of the relevant CREST Member or CREST Sponsored Member in relation to such New A Shares are not discharged in full and such New A Shares have already been allotted to the CREST Member or CREST Sponsored Member, NWR Plc may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such New A Shares on behalf of the CREST Member or CREST Sponsored Member and hold the proceeds of sale (net of NWR Plc's reasonable estimate of any loss it has suffered as a result of the same and of the expenses of the sale, including, without limitation, any stamp duty or SDRT payable on the transfer of such New A Shares, and of all amounts payable by such CREST Member or CREST Sponsored Member pursuant to the terms and conditions of the Rights Issue in respect of the acquisition of such New A Shares) or an amount equal to the original payment of the CREST Member or CREST Sponsored Member (whichever is lower) on trust for the CREST Member or CREST Sponsored Member. Neither NWR Plc, the Bank nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by the CREST Member or CREST Sponsored Member as a result.

(g) Discretion as to rejection and validity of acceptances

NWR Plc may (having consulted with the Backstop Providers and taken into account their reasonable comments) in its absolute discretion:

- (i) reject any acceptance constituted by an MTM instruction which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in this section entitled "*CREST Procedure for acceptance and payment*". Where an acceptance is made as described in this section entitled "*CREST Procedure for acceptance and payment*" which is otherwise valid, and the MTM instruction concerned fails to settle by 2:00 p.m. (London time) on 23 September 2014 (or by such later time and/or date as NWR Plc may determine), NWR Plc shall be entitled to assume, for the purposes of its right to reject an acceptance contained in this section entitled "*CREST Procedure for acceptance and payment*", that there has been a breach of the representations, warranties and undertakings set out or referred to in this section entitled "*CREST Procedure for acceptance and payment*";
- (ii) treat as valid (and binding on the CREST Member or CREST Sponsored Member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this section entitled "*CREST Procedure for acceptance and payment*";
- (iii) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as NWR Plc may determine;

- (iv) treat a properly authenticated dematerialised instruction (in this sub-paragraph (iv) the first instruction) as not constituting a valid acceptance if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction, either NWR Plc or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations 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
- (v) accept an alternative instruction or notification from a CREST Member or CREST Sponsored Member or (where applicable) CREST Sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification, if, 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 take up all or part of his Nil Paid Rights 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 of any part of CREST) or on the part of facilities and/or systems operated by the Receiving Agent in connection with CREST.

5.3 Money Laundering Regulations

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement 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), irrespective of the value of the application, the Receiving Agent is entitled to take reasonable measures to establish the identity of the person or persons (or the ultimate controller of such person or persons) on whose behalf you are making the application. Such Qualifying CREST Shareholders must therefore contact the Receiving Agent before sending any MTM instruction or other instruction so that appropriate measures may be taken. Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent any information the Receiving Agent may specify as being required for the purposes of the Money Laundering Regulations or FSMA. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may, having consulted with NWR Plc, take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If satisfactory evidence of identity has not been provided within a reasonable time, the Receiving Agent will not permit the MTM instruction concerned to proceed to settlement but without prejudice to the right of NWR Plc and/or any one or more of the Backstop Providers to take proceedings to recover any loss suffered by it or them as a result of failure by the applicant to provide satisfactory evidence.

If you hold your Nil Paid Rights through the CSD and/or the NDS and intend to take up all or some of your entitlements in respect of such Nil Paid Rights and you are not a regulated person (i.e. an EU credit or financial institution in the meaning of Directive 2005/60/EC or a credit or financial institution situated in a third country which imposes requirements equivalent to those laid down in this Directive and supervised for compliance with those requirements), irrespective of the value of the application, the relevant CSD Intermediary (as defined below in the section entitled “*Additional note to Qualifying CREST Shareholders holding Existing A Shares through NDS*”) and/or the relevant NDS Intermediary (as defined below in the section entitled “*Additional note to Qualifying CREST Shareholders holding Existing A Shares through CSD*”) (as applicable) is obliged to take reasonable measures to establish your identity (or, in case of legal entities, the identity of your ultimate controller) and, in some cases, the purpose or intended nature of the business relationship, or other information and/or documents required by the applicable money laundering regulations. Such Qualifying CREST Shareholders must therefore to provide promptly to the relevant CSD Intermediary and/or NDS Intermediary (as applicable) any information such CSD Intermediary and/or NDS Intermediary (as applicable) may specify as being required for the purposes of the applicable money laundering regulations. Pending the provision of evidence satisfactory to such CSD Intermediary and/or NDS Intermediary (as applicable) as to identity and other information and/or documents required by the applicable money laundering regulations, such CSD Intermediary and/or NDS Intermediary (as applicable)

may take, or omit to take, such action as it may determine to prevent or delay settlement of your instruction. If satisfactory evidence of identity and/or other evidence required by the applicable money laundering regulations has not been provided within a reasonable time, such CSD Intermediary and/or NDS Intermediary (as applicable) will not permit your instruction concerned to proceed to settlement but without prejudice to the right of NWR Plc and/or any one or more of the Backstop Providers to take proceedings to recover any loss suffered by it or them as a result of failure by the applicant to provide satisfactory evidence.

5.4 Dealings in Nil Paid Rights in CREST

Assuming the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the London Stock Exchange are expected to commence at 8:00 a.m. (London time) on 4 September 2014. A transfer (in whole or in part) of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 23 September 2014.

5.5 Dealings in Fully Paid Rights in CREST

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document, the Fully Paid Rights may be transferred (in whole or in part) by means of CREST in the same manner as any other security that is admitted to CREST. The last time for settlement of any transfer of Fully Paid Rights in CREST is expected to be 11:00 a.m. (London time) on 23 September 2014. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 23 September 2014.

After 24 September 2014, the New A Shares will be registered in the name(s) of the person(s) entitled to them in NWR Plc's register of members and will be transferable by means of CREST in the usual way.

5.6 Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights from CREST is 4:30 p.m. (London time) on 17 September 2014, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11:00 a.m. (London time) on 23 September 2014. You are recommended to refer to the CREST Manual for details of such procedures.

In order to be able to convert its Nil Paid Rights held through the NDS and/or the CSD (as applicable) into certificated form, any person holding such Nil Paid Rights through the NDS and/or the CSD (as applicable) must first arrange that such Nil Paid Rights are transferred from the NDS and/or the CSD (as applicable) into CREST. Only then can such Nil Paid Rights be converted into certificated form in accordance with the above procedure.

5.7 Issue of New A Shares in CREST

Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 23 September 2014 (being the latest date for settlement of transfers of Fully Paid Rights in CREST).

New A Shares will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at the close of business on the date on which the Fully Paid Rights are disabled. The Registrar will instruct Euroclear to credit the appropriate stock accounts of those persons (under the same Participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New A Shares with effect from the next Business Day (expected to be 24 September 2014).

It is expected that the New A Shares will be issued in uncertificated form to those persons registered as holding Nil Paid Rights in the NDS and/or the CSD, which have been blocked after the Issue Price has been paid in respect of the same, at the close of business on the date on which the Fully Paid Rights are disabled in CREST.

5.8 Right to allot/issue in certificated form

Despite any other provision of this document, NWR Plc reserves the right to allot and/or issue any Nil Paid Rights, Fully Paid Rights or New A Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST, the NDS or the CSD (or of any of their part), or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST, the NDS or the CSD.

5.9 Additional note to Qualifying CREST Shareholders holding Existing A Shares through CSD

In the case of the Qualifying CREST Shareholders holding their Existing A Shares through the CSD (other than, subject to certain exceptions, Qualifying CREST Shareholders with a registered address in the United States or any of the Excluded Territories), Nil Paid Rights will be credited to the relevant securities account(s) in the CSD where the Existing A Shares, in respect of which the Nil Paid Rights are provisionally allotted, are held in uncertificated form at 5:00 p.m. (London time) on the Rights Issue Record Date.

Each person holding its Nil Paid Rights through the CSD may take up the entitlements in respect of some or all of such Nil Paid Rights and exercise certain related rights only through the financial intermediary holding the securities account in the CSD where such Nil Paid Rights are held (each an “**CSD Intermediary**” and collectively the “**CSD Intermediaries**”). The CSD may in turn process the taking up of such entitlements and the exercise of such rights only by providing the relevant instructions and making the relevant payments through certain further intermediaries to CREST. Each of the intermediaries within this chain (including, among others, the CSD Intermediaries, the CSD and CREST) needs sufficient time to collect and process the relevant instructions and payments. Therefore, while the relevant deadlines for the taking up of the entitlements in respect of Nil Paid Rights, and exercise of the related rights, in CREST are formally the same for all Qualifying CREST Shareholders, Qualifying CREST Shareholders holding their Existing A Shares through the CSD or any other persons holding Nil Paid Rights through the CSD will need to provide the relevant instructions and documents, and make the relevant payments, to their relevant CSD Intermediaries well in advance of the CREST deadlines.

CONSEQUENTLY, EACH PERSON WHO INTENDS TO TAKE UP ENTITLEMENTS IN RESPECT OF SOME OR ALL OF ITS NIL PAID RIGHTS HELD THROUGH THE CSD SHOULD (I) LIAISE AS SOON AS POSSIBLE WITH ITS RELEVANT CSD INTERMEDIARY TO CONFIRM AND AGREE ON WHAT INSTRUCTIONS, DOCUMENTS AND PAYMENTS SUCH CSD INTERMEDIARY REQUIRES AND WHEN IN ORDER TO PROCESS THE TAKING UP OF SUCH ENTITLEMENTS AND/OR THE EXERCISE OF ANY RELATED RIGHTS, AND (II) TIMELY PROVIDE THE SAME TO SUCH CSD INTERMEDIARY.

Without prejudice to the generality of the above, each person holding its Nil Paid Rights through the CSD, who intends to take up all or some of its entitlements in respect of such Nil Paid Rights, should arrange well in advance with its relevant CSD Intermediary that, no later than on the CSD deadline, which will be disclosed to the market participants in the Czech Republic by the CSD in the CSD bulletin (or by such later time and/or date as the CSD and NWR Plc may determine), such CSD Intermediary (i) provides the CSD with instructions necessary for the taking up of such entitlements and (ii) pays the Issue Price for the relevant New A Shares in Euro on such person's behalf through the CSD. The purpose of this deadline is to allow the CSD to timely provide the relevant instructions and make the relevant payments through certain further intermediaries to CREST. The CSD may not process any instructions for the taking up of entitlements in respect of Nil Paid Rights and/or any related payment received after this deadline. It cannot be ruled out that, in addition to requiring that such person pays the CSD Intermediary the Issue Price for the relevant New A Shares, the relevant CSD Intermediary will also apply certain additional fees and/or charges.

Nil Paid Rights can generally be transferred in the CSD in the same manner as any other securities that are admitted to the CSD. However, after acceptance of the provisional allotment and payment in full for the Nil Paid Rights in accordance with this document, the CSD will block such Nil Paid Rights so that they cannot be further transferred. Such blocked Nil Paid Rights are expected to be converted into the New A Shares on 23 September 2014 or shortly

thereafter. It is expected that the CSD and, where relevant, the CSD Intermediaries will credit the relevant investors' securities accounts on which the Nil Paid Rights are blocked with the New A Shares on or about 24 September 2014 or shortly thereafter.

The above procedures and their timing are only indicative and may be subject to further changes, as a result of, among other things, events and/or circumstances outside NWR Plc's control. In case of any material changes to the timing described above, such changes will be notified to the public in accordance with the applicable regulations.

5.10 Additional note to Qualifying CREST Shareholders holding Existing A Shares through NDS

In the case of the Qualifying CREST Shareholders holding their Existing A Shares through the NDS (other than, subject to certain exceptions, Qualifying CREST Shareholders with a registered address in the United States or any of the Excluded Territories), Nil Paid Rights will be credited to the relevant securities account(s) in the NDS where the Existing A Shares, in respect of which the Nil Paid Rights are provisionally allotted, are held in uncertificated form at 5:00 p.m. (London time) on or about the Rights Issue Record Date.

Each person holding its Nil Paid Rights through the NDS may take up the entitlements in respect of some or all of such Nil Paid Rights and exercise certain related rights only through the financial intermediary holding the securities account in the NDS where such Nil Paid Rights are held (each an "NDS Intermediary" and collectively the "NDS Intermediaries"). The NDS may in turn process the taking up of such entitlements and the exercise of such rights only by providing the relevant instructions and making the relevant payments through certain further intermediaries to CREST. Each of the intermediaries within this chain (including, among others, the NDS Intermediaries, the NDS and CREST) needs sufficient time to collect and process the relevant instructions and payments. Therefore, while the relevant deadlines for the taking up of the entitlements in respect of Nil Paid Rights, and exercise of the related rights, in CREST are formally the same for all Qualifying CREST Shareholders, Qualifying CREST Shareholders holding their Existing A Shares through the NDS or any other persons holding Nil Paid Rights through the NDS will need to provide the relevant instructions and documents, and make the relevant payments, to their relevant NDS Intermediaries well in advance of the CREST deadlines.

CONSEQUENTLY, EACH PERSON WHO INTENDS TO TAKE UP ENTITLEMENTS IN RESPECT OF SOME OR ALL OF ITS NIL PAID RIGHTS HELD THROUGH THE NDS SHOULD (I) LIAISE AS SOON AS POSSIBLE WITH ITS RELEVANT NDS INTERMEDIARY TO CONFIRM AND AGREE ON WHAT INSTRUCTIONS, DOCUMENTS AND PAYMENTS SUCH NDS INTERMEDIARY REQUIRES AND WHEN IN ORDER TO PROCESS THE TAKING UP OF SUCH ENTITLEMENTS AND/OR THE EXERCISE OF ANY RELATED RIGHTS, AND (II) TIMELY PROVIDE THE SAME TO SUCH NDS INTERMEDIARY.

Without prejudice to the generality of the above, each person holding its Nil Paid Rights through the NDS, who intends to take up all or some of its entitlements in respect of such Nil Paid Rights, should arrange well in advance with its relevant NDS Intermediary that, no later than on the NDS deadline which will be disclosed only to the NDS Intermediaries by the NDS in the NDS communique (or by such later time and/or date as the NDS and NWR Plc may determine), such NDS Intermediary (i) provides the NDS with instructions necessary for the taking up of such entitlements and (ii) pays the Issue Price for the relevant New A Shares in Euro on such person's behalf through the NDS. The purpose of this deadline is to allow the NDS to timely provide the relevant instructions and make the relevant payments through certain further intermediaries to CREST. The NDS may not process any instructions for the taking up of entitlements in respect of Nil Paid Rights and/or any related payment received after this deadline. It cannot be ruled out that, in addition to requiring that such person pays the NDS Intermediary the Issue Price for the relevant New A Shares, the relevant NDS Intermediary will also apply certain additional fees and/or charges.

Assuming the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the Warsaw Stock Exchange are expected to commence on or about 4 September 2014. While the Issue Price is to be paid in Euro, the Nil Paid Rights are expected to be traded on the Warsaw Stock Exchange in Polish Zloty. Nil Paid Rights can generally be transferred in the NDS in the same manner as any other securities that are admitted to the NDS. However, after the payment in full for the Nil Paid Rights in accordance with this document, the NDS will block such Nil

Paid Rights so that they cannot be further transferred. Such blocked Nil Paid Rights are expected to be converted into the New A Shares on 23 September 2014 or shortly thereafter. It is expected that the NDS will credit the appropriate securities accounts of the NDS Intermediaries and the NDS Intermediaries will credit the relevant investors' securities accounts on which the Nil Paid Rights are blocked with the New A Shares on 24 September 2014 or shortly thereafter.

The above procedures and their timing are only indicative and may be subject to further changes, as a result of, among other things, events and/or circumstances outside NWR Plc's control. In case of any material changes to the timing described above, such changes will be notified to the public in accordance with the applicable regulations.

6. PROCEDURE IN RESPECT OF RIGHTS NOT TAKEN UP

6.1 Procedure in respect of Rights not taken up

If an entitlement to New A Shares (whether in whole or in part) is not validly taken up by 11:00 a.m. (London time) on 23 September 2014, in accordance with the procedure laid down for acceptance and payment, that provisional allotment (or that part of that provisional allotment not taken up, as the case may be) will be deemed to have been declined and will lapse. The Bookrunner will (as agent for NWR Plc) endeavour to procure, by no later than 5:00 p.m. on the second Business Day after 23 September 2014, subscribers for all (or, at NWR Plc's and the Bookrunner's discretion, for as many as can be so procured) of those New A Shares not taken up at a price per New A Share which is at least equal to the aggregate of the Issue Price and the expenses of procuring such subscribers (including any applicable brokerage and commissions and amounts in respect of any irrecoverable value added tax)). Please refer to the section entitled "*Rump Placing Agreement*" in Part IX (*Additional information*) of this document for further details.

Notwithstanding the above, the Bookrunner may at any time on or after 25 September 2014 cease to endeavour to procure any such subscribers if, in its opinion, it is unlikely that any such subscribers can be procured at such a price and by such a time. If, and to the extent that subscribers for New A Shares cannot be procured on the basis outlined above, the relevant New A Shares will be subscribed for by the Participating Existing Noteholders and/or the Backstop Providers at the Issue Price pursuant to the terms of the Underwriting Agreement.

Any premium over the aggregate of the Issue Price and the expenses of procuring subscribers (including any applicable brokerage and commissions and amounts in respect of any irrecoverable value added tax) shall be paid (subject as provided in this section entitled "*Procedure in respect of Rights not taken up*"):

- (a) where the Nil Paid Rights were, at the time they lapsed, represented by a Provisional Allotment Letter, to the person whose name and address appeared on the Provisional Allotment Letter;
- (b) where the Nil Paid Rights were, at the time they lapsed, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST and (where applicable) in the CSD and/or the NDS; and
- (c) to the extent not provided above, where an entitlement to New A Shares was not taken up by an Overseas Shareholder, to that Overseas Shareholder.

New A Shares for which subscribers are procured on this basis will be re-allotted to the subscribers and the aggregate of any premiums (being the amount paid by the subscribers after deducting the Issue Price and the expenses of procuring the subscribers, including any applicable brokerage and commissions and amounts in respect of any irrecoverable value added tax), if any, will be paid (without interest) to those persons entitled (as referred to above) *pro rata* to the relevant lapsed provisional allotments, save that amounts of less than €5 per holding will not be so paid but will be aggregated and retained for the benefit of NWR Plc.

Any transactions undertaken pursuant to this section entitled "*Procedure in respect of Rights not taken up*" or the section entitled "*Overseas Shareholders*" of this Part VIII (*Terms and conditions of the Rights Issue*) shall be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments or other entitlements and none of NWR Plc, the Bookrunner or any other person procuring subscribers shall be responsible for any loss or damage (whether actual or alleged) arising from the terms or timing of any such subscription,

any decision not to endeavour to procure subscribers or the failure to procure subscribers on the basis so described. The Bookrunner will be entitled to retain any brokerage fees, commissions or other benefits received in connection with these arrangements.

Cheques for the amounts due will be sent in Euro by post, at the risk of the person(s) entitled, to their registered addresses (the registered address(es) of the first-named in the case of joint holders), provided that, where any entitlement concerned was held in CREST and (where applicable) in the CSD and/or the NDS, the amount due will, unless NWR Plc (in its absolute discretion) otherwise determines, be satisfied by NWR Plc procuring the creation of an assured payment obligation in favour of the relevant CREST Member's (or CREST Sponsored Member's) RTGS settlement bank (as defined in the CREST Manual) in respect of the cash amount concerned in accordance with the RTGS payment mechanism (as defined in the CREST Manual).

6.2 Withdrawal rights

Shareholders in the United Kingdom

Qualifying Shareholders or their transferees or renounees who have the right to withdraw their acceptances under Section 87Q(4) of FSMA after a supplementary prospectus (if any) has been published by NWR Plc and who wish to exercise such right of withdrawal must deposit a written notice of withdrawal, which must include the full name and address of the person wishing to exercise such statutory withdrawal rights and, if such person is a CREST Member, the Participant ID and the member account ID of such CREST Member, with the Receiving Agent by post or by hand (during normal office hours only) to the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH, United Kingdom or by facsimile to Computershare Investor Services PLC (to obtain details for any facsimile transmission in these circumstances, shareholders should contact Computershare Investor Services PLC by telephoning the Shareholder helpline) so as to be received no later than two Business Days after the date on which the supplementary prospectus was published.

Withdrawal is effective as of the time of receipt of the written notice of withdrawal by Computershare Investor Services PLC. Notice of withdrawal of acceptance given by any other means or which is sent to or deposited with or received by facsimile by the Receiving Agent after the expiry of such period will not constitute a valid withdrawal and will be invalid. Furthermore, the exercise of withdrawal rights will not be permitted after payment by the relevant person of its subscription in full and the allotment of the New A Shares to such Shareholder becoming unconditional, save as required by statute. In such circumstances, Shareholders are advised to consult their professional advisers.

Provisional allotments of entitlements to New A Shares which are the subject of a valid withdrawal notice will be deemed to be declined. Such entitlements to New A Shares will be subject to the provisions of the section entitled "*Procedure in respect of Rights not taken up*" of this Part VIII (*Terms and conditions of the Rights Issue*) as if the entitlement had not been validly taken up.

Shareholders in the Czech Republic

Qualifying Shareholders who have the right to withdraw their acceptances under the applicable law after a supplementary prospectus (if any) has been published by NWR Plc and who wish to exercise such right of withdrawal have a right to withdraw their acceptance in writing within two Business Days from its publication by submitting a written notice through one of the CSD Intermediaries.

Shareholders in Poland

Qualifying Shareholders who have the right to withdraw their acceptances under art. 51a of the Public Offering Act after a supplementary prospectus (if any) has been published by NWR Plc and who wish to exercise such right of withdrawal have a right to withdraw their acceptances within two Business Days from its publication by submitting a written notice through one of the NDS Intermediaries.

7. TAXATION

Information on UK, Czech Polish and Dutch taxation with regards to the Rights Issue set out in Part VI (*Taxation*) of this document is intended only as a general guide to the current tax position in the United Kingdom, the Czech Republic, Poland and the Netherlands and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Rights Issue in light of their own circumstances.

Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

8. OVERSEAS SHAREHOLDERS

This document has been approved by the FCA, being the competent authority in the United Kingdom and notified to the competent authority in the Czech Republic and Poland. It is expected that Qualifying Shareholders in each member state of the European Economic Area will be able to participate in the Rights Issue.

The making of the proposed offer of New A Shares to persons located or resident in, or who are citizens or nationals of, or who have a registered address in countries other than the United Kingdom, may be affected by the law or regulatory requirements of the relevant jurisdiction. Any person who is in any doubt as to their position should consult an appropriate professional adviser without delay.

8.1 General

Whilst Overseas Shareholders are entitled to participate in the Rights Issue, the ability of such Qualifying Shareholders to take up their rights or acquire New A Shares may be affected by the laws of the relevant jurisdiction(s). Such persons 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 take up their rights or acquire New A Shares.

This section entitled “*General*” sets out the restrictions applicable to Qualifying Shareholders who have registered addresses outside the United Kingdom, the Czech Republic and Poland, or who are residents or located in or citizens or nationals of countries other than the United Kingdom, the Czech Republic and Poland, to persons who hold Existing A Shares for the account or benefit of any such person, and to persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document or any Provisional Allotment Letter, if and when received, or any other document relevant to the Rights Issue or the Placing, to a jurisdiction outside the United Kingdom, the Czech Republic and Poland. The restrictions set out in this section entitled “*General*” will also apply to any investors who acquire New A Shares in connection with the placement of New A Shares not subscribed for in the Rights Issue.

New A Shares will be provisionally allotted (nil paid) to all Qualifying Shareholders, including all Qualifying Shareholders with registered addresses in the United States or any of the Excluded Territories.

However, Provisional Allotment Letters will not be sent to, and Nil Paid Rights will not be credited to CREST stock accounts and/or other securities accounts of, Shareholders with registered addresses in the United States or an Excluded Territory or their agent or intermediary, except where NWR Plc is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Receipt of this document and/or a Provisional Allotment Letter or the crediting of Nil Paid Rights to a CREST stock account and/or other securities account will not constitute an offer in or into the United States or an Excluded Territory and, in those circumstances, this document and/or a Provisional Allotment Letter must be treated as sent for information only and should not be copied or redistributed.

No person (including, without limitation, custodians, nominees and trustees) receiving a copy of this document and/or a Provisional Allotment Letter and/or receiving a credit of Nil Paid Rights or Fully Paid Rights to a stock account and/or other securities account in any territory other than the United Kingdom, the Czech Republic and Poland may treat the same as constituting an invitation or offer to him nor should he in any event use the Provisional Allotment Letter or deal with Nil Paid Rights or Fully Paid Rights in CREST and/or (where applicable) the CSD and/or NDS unless, in the relevant territory, such an invitation or offer could lawfully be made

to him or the Provisional Allotment Letter could lawfully be used or dealt with without contravention of any registration or other legal requirements. Unless that is the case, this document and the Provisional Allotment Letter are to be treated as sent for information only and should not be copied or redistributed.

Subject to the section entitled “*Overseas Shareholders*”, (in particular sub-sections 8.2, 8.3, 8.4 and 8.5) of this Part VIII (*Terms and conditions of the Rights Issue*), any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom, the Czech Republic and Poland wishing to take up their rights under the Rights Issue must satisfy himself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The comments set out in this section entitled “*General*” are intended as a general guide only and any person who is in any doubt as to their position should consult their professional advisers without delay.

Receipt of this document and/or the Provisional Allotment Letter or the crediting of Nil Paid Rights to a CREST stock account and/or other securities account will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document and/or a Provisional Allotment Letter must be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this document and/or a Provisional Allotment Letter or whose stock account and/or other securities account is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the same or transfer Nil Paid Rights or Fully Paid Rights in or into any jurisdiction where to do so would or might contravene local security laws or regulations. If a Provisional Allotment Letter or a credit of Nil Paid Rights or Fully Paid Rights is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights or Fully Paid Rights unless NWR Plc determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or a Provisional Allotment Letter or transfer Nil Paid Rights or Fully Paid Rights into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient’s attention to the contents of this section entitled “*Overseas Shareholders*”.

NWR Plc reserves the right to treat as invalid any acceptance or purported acceptance of the offer of Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New A Shares and will not be bound to allot or issue any New A Shares in respect of any acceptance or purported acceptance of the offer of Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New A Shares which:

- (a) appears to NWR Plc or its agents to have been executed, effected or despatched in or from the United States or any of the Excluded Territories unless NWR Plc is satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirement; or
- (b) in the case of a Provisional Allotment Letter, provides an address for delivery of the share certificates in or, in the case of a credit of New A Shares in CREST, to a CREST Member or CREST Sponsored Member whose registered address is in the United States or any of the Excluded Territories or any other jurisdiction outside the United Kingdom, the Czech Republic and Poland in which it would be unlawful to deliver such share certificates or make such a credit unless NWR Plc is satisfied that such action would not result in the contravention of any registration or other legal or regulatory requirement; or
- (c) appears to NWR Plc or its agents to have been executed, effected or despatched in a manner which may involve a breach of laws or regulations of any jurisdiction, if NWR Plc believes that the same may violate applicable legal or regulatory requirements.

The provisions set out in the section entitled “*Procedure in respect of Rights not taken up*” of this Part VIII (*Terms and conditions of the Rights Issue*) will apply to Overseas Shareholders and any other Qualifying Shareholders who do not take up their New A Shares provisionally allotted to them or are unable to take up New A Shares provisionally allotted to them because such action would result in contravention of applicable legal or regulatory requirements. Such

Shareholders will be treated as Shareholders that have not taken up their entitlement for the purposes of the section entitled “*Procedure in respect of Rights not taken up*” above and the entitlement will lapse.

Despite any other provisions of this document or the Provisional Allotment Letter, NWR Plc reserves the right to permit any Qualifying Shareholder to take up his rights if NWR Plc in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restriction in question.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in the sections entitled “*Qualifying Non-CREST Shareholders*” and “*Qualifying CREST Shareholders*” of this Part VIII (*Terms and conditions of the Rights Issue*).

Overseas Shareholders should note that all subscription monies must be in Euro and paid by cheque or banker’s draft and should be drawn on a bank or building society in the United Kingdom or Channel Islands, made payable to “Computershare Investor Services PLC Re: New World Resources Plc Rights Issue” and crossed “A/C payee only”. For more information regarding payment details see the sections entitled “*Payments*” and “*Discretion as to rejection and validity of acceptances*” of this Part VIII (*Terms and conditions of the Rights Issue*).

8.2 Member states of the European Economic Area (other than the United Kingdom, the Czech Republic and Poland)

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**relevant member state**”) (except the United Kingdom, the Czech Republic and Poland), no Nil Paid Rights, Fully Paid Rights or New A Shares have been offered or will be offered pursuant to the Rights Issue or the Placing to the public in that relevant member state prior to the publication of a prospectus in relation to the Nil Paid Rights, the Fully Paid Rights and the New A Shares, which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state all in accordance with the Prospectus Directive, except that offers of Nil Paid Rights, Fully Paid Rights and New A Shares may be made to the public in that relevant member state at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), in that relevant member state; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Nil Paid Rights Fully Paid Rights or New A Shares shall result in a requirement for the publication by NWR Plc or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive (or any measure implementing the Prospectus Directive in that relevant member state).

For this purpose reference to any “offer” of any Nil Paid Rights, Fully Paid Rights or New A Shares to the “public” in relation to any Nil Paid Rights, Fully Paid Rights or New A Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and/or the Placing and any Nil Paid Rights, Fully Paid Rights and/or New A Shares to be offered so as to enable an investor to decide to acquire any Nil Paid Rights Fully Paid Rights and/or New A Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that relevant member state. The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state), and includes any relevant implementing measure in the relevant member state, and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

In the case of any Nil Paid Rights, Fully Paid Rights or New A Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that (i) it is a qualified investor within the meaning of Article 2(1)(c) of the Prospective Directive and (ii) the

Nil Paid Rights, the Fully Paid Rights and/or the New A Shares acquired by it in the Rights Issue and/or the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Nil Paid Rights, Fully Paid Rights or New A Shares to the public other than their offer or resale in a relevant member state to qualified investors within the meaning of Article 2(1)(c) of the Prospective Directive or in circumstances in which the prior consent of NWR Plc has been obtained to each such proposed offer or resale. Each of NWR Plc and its Affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor within the meaning of Article 2(1)(c) of the Prospective Directive and who has notified NWR Plc in writing of such fact may, with the prior written consent of NWR Plc, be permitted to acquire or purchase Nil Paid Rights, Fully Paid Rights and/or New A Shares in the Rights Issue and/or the Placing.

8.3 United States

Subject to certain exceptions, this document and the Provisional Allotment Letters are intended for use only in connection with offers and sales of New A Shares outside the United States and are not to be sent or given to any person within the United States. The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters and the New A Shares have not been and will not be registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from 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. The Nil Paid Rights, Fully Paid Rights and the New A Shares being offered outside the United States are being offered in reliance on Regulation S.

Accordingly, subject to certain exceptions, NWR Plc is not extending the Rights Issue into the United States and neither this document nor the Provisional Allotment Letter constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Nil Paid Rights, Fully Paid Rights or New A Shares by any person in the United States. Provisional Allotment Letters have not been, and will not be, sent to, and Nil Paid Rights have not been, and will not be, credited to, a CREST stock account and/or other securities account of any Shareholder with a registered address in the United States (subject to certain exceptions).

Subject to certain exceptions, Provisional Allotment Letters or renunciations thereof sent from or post-marked in the United States or otherwise despatched from the United States will be deemed to be invalid and all persons acquiring New A Shares and wishing to hold such New A Shares in registered form must provide an address for registration of the New A Shares issued upon exercise thereof outside the United States.

NWR Plc reserves the right to treat as invalid any Provisional Allotment Letter (or renunciation thereof) that appears to NWR Plc or its agents to have been executed in or despatched from the United States, or that provides an address in the United States for the acceptance or renunciation of the Rights Issue, or which does not make the warranty set out in the Provisional Allotment Letter to the effect that the person accepting and/or renouncing the Provisional Allotment letter does not have a registered address and is not otherwise located in the United States and is not acquiring the Nil Paid Rights, the Fully Paid Rights or the New A Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Nil Paid Rights, Fully Paid Rights or New A Shares in the United States or where the NWR Plc Board believes acceptance of such Provisional Allotment Letter may infringe applicable legal or regulatory requirements.

NWR Plc will not be bound to allot (on a non-provisional basis) or issue any New A Shares, Nil Paid Rights, or Fully Paid Rights to any person with a registered address in, or who is otherwise resident or located in, the United States in whose favour a Provisional Allotment Letter or any Nil Paid Rights, Fully Paid Rights or New A Shares may be transferred or renounced. In addition, NWR Plc reserves the right to reject any MTM instruction sent by or on behalf of any CREST Member with a registered address in the United States in respect of the Nil Paid Rights.

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the New A Shares, the Nil Paid Rights, the Fully Paid Rights or the Provisional Allotment Letters within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

Subject to certain exceptions, each person who acquires New A Shares, Nil Paid Rights or Fully Paid Rights will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Provisional Allotment Letter, taking up their entitlement or accepting delivery of the New A Shares, the Nil Paid Rights or the Fully Paid Rights, that:

- (a) it is, and the person, if any, for whose account or benefit it is acting is, outside the United States (within the meaning of Regulation S) at the time the buy order for such securities is originated and will continue to be located outside the United States, and the person, if any, for whose account or benefit it is acting reasonably believes that the relevant person is outside the United States, and neither the subscriber nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States;
- (b) it understands that the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New A Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;
- (c) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New A Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act;
- (d) it has carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New A Shares to any persons within the United States, nor will it do any of the foregoing;
- (e) NWR Plc and the Bank and their affiliates, and others, will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and will not recognise any offer, sale, pledge or other transfer of the securities made other than in compliance with the above stated restrictions; and
- (f) if any of the representations or agreements made by it are no longer accurate or have not been complied with, it will immediately notify NWR Plc and the Bank, and, if it is acquiring any Nil Paid Rights, Fully Paid Rights, Provisional Allotment Letters or New A Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make such foregoing representations and agreements on behalf of each such account.

The provisions of the section entitled “*Procedure in respect of New A Shares not taken up*” above will apply to any rights not taken up. Accordingly, subject to certain exceptions, Shareholders with a registered address in the United States will be treated as non-exercising holders and the Bookrunner will exercise reasonable endeavours to procure on behalf of such unexercising holders subscribers for the New A Shares.

8.4 Excluded Territories—The Commonwealth of Australia, its territories and possessions, Canada, Japan, New Zealand and the Republic of South Africa

Due to restrictions under the securities laws of Australia, Canada, Japan, New Zealand and the Republic of South Africa, subject to certain limited exceptions, no copies of this document and no Provisional Allotment Letters will be sent to, and no Nil Paid Rights will be credited to a CREST stock account and/or other securities account of, Qualifying Shareholders with registered addresses in, and the Nil Paid Rights, the Fully Paid Rights and the New A Shares may not be transferred or sold to or renounced or delivered in, any of those countries. Accordingly, no offer of Nil Paid Rights, Fully Paid Rights or New A Shares is being made by way of this document or any Provisional Allotment Letter to Shareholders with registered addresses in, or who are resident or located in, or citizens of, Australia, Canada, Japan, New Zealand or South Africa.

8.5 Overseas territories other than the Commonwealth of Australia, its territories and possessions, Canada, Japan, New Zealand and the Republic of South Africa or the United States

Provisional Allotment Letters will be posted to Qualifying Non-CREST Shareholders other than those Qualifying Non-CREST Shareholders who have registered addresses in Australia, Canada, Japan, New Zealand, the Republic of South Africa or the United States, and Nil Paid Rights will be credited to the CREST stock accounts and/or other securities accounts of Qualifying CREST Shareholders other than those Qualifying Shareholders who have registered addresses in Australia, Canada, Japan, New Zealand, South Africa or the United States. Such Qualifying Shareholders may, subject to the laws of their relevant jurisdiction, accept their rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter.

However, Qualifying Shareholders with registered addresses in, or who are resident or located in, or citizens of, all countries other than the United Kingdom, the Czech Republic and Poland 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 take up their Nil Paid Rights.

If you are in any doubt as to your eligibility to accept the offer of New A Shares or to deal with Nil Paid Rights or Fully Paid Rights, you should contact your financial adviser immediately.

9. ADDITIONAL REPRESENTATIONS AND WARRANTIES

9.1 Qualifying Non-CREST Shareholders

Any person accepting and/or renouncing a Provisional Allotment Letter or requesting registration of the New A Shares comprised therein represents and warrants to NWR Plc and the Bank that, except where proof has been provided to NWR Plc's and the Bank's satisfaction that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction:

- (a) such person is not located or resident in (or a citizen or national of), and is not accepting and/or renouncing the Provisional Allotment Letter or requesting registration of the relevant New A Shares from within the United States or any of the Excluded Territories;
- (b) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for New A Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it;
- (c) such person is not acting on a non-discretionary basis for a person located or resident in (or a citizen or national of) , at the time the instruction to accept, renounce or request was given, (i) the United States, unless (x) the instruction was received from someone outside the United States and (y) the person giving such instruction has confirmed that it (A) has the authority to give such instruction and (B) either has investment discretion over such investment or is an investment manager or investment company that is acquiring the New A Shares in an "offshore transaction" within the meaning of Regulation S or (ii) any Excluded Territory or any jurisdiction referred to in sub-paragraph (b) above; and
- (d) such person is not acquiring New A Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New A Shares into the United States or any Excluded Territory or any jurisdiction referred to in sub-paragraph (b) above.

NWR Plc may treat as invalid any acceptance or purported acceptance of the allotment of New A Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it:

- (a) appears to NWR Plc to have been executed in or despatched from the United States or any of the Excluded Territories (subject to certain exceptions) or otherwise in a manner which may involve a breach of the laws or regulations of any jurisdiction if it believes the same may violate any applicable legal or regulatory requirement;
- (b) provides an address in the United States or any of the Excluded Territories for delivery of definitive share certificates for New A Shares (or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates); or

- (c) purports to exclude any of the representations and warranties required by this section entitled “*Qualifying Non-CREST Shareholders*”.

For the purposes of this section entitled “*Qualifying Non-CREST Shareholders*”, any natural person having his place of domicile or residence in Japan, or any corporation or other entity organised under the laws of Japan or having its main office in Japan, would be resident in Japan.

9.2 Qualifying CREST Shareholders

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures set out in this Part VIII (*Terms and conditions of the Rights Issue*) represents and warrants to NWR Plc and the Bank that, except where proof has been provided to NWR Plc’s and the Bank’s satisfaction that such person’s acceptance will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction:

- (a) it is not located or resident in (or a citizen or national of) the United States or any of the Excluded Territories;
- (b) it is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for New A Shares;
- (c) it is not acting on a non-discretionary basis for a person located or resident in (or a citizen or national of), at the time the instruction to accept was given, (i) the United States, unless (x) the instruction to accept was received from someone outside the United States and (y) the person giving such instruction has confirmed that it (A) has the authority to give such instruction and (B) either has investment discretion over such investment or is an investment manager or investment company that is acquiring the New A Shares in an “offshore transaction” within the meaning of Regulation S or (ii) any other Excluded Territory or any jurisdiction referred to in sub-paragraph (b) above; and
- (d) it is not acquiring New A Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New A Shares into the United States or any Excluded Territory or any jurisdiction referred to in sub-paragraph (b) above.

NWR Plc may treat as invalid any MTM instruction if it:

- (a) appears to NWR Plc to have been despatched from the United States or any of the Excluded Territories (subject to certain exceptions) or otherwise in a manner which may involve a breach of the laws or regulations of any jurisdiction, if it believes the same may violate any applicable legal or regulatory requirement; or
- (b) purports to exclude any of the representations and warranties required by this section entitled “*Qualifying CREST Shareholders*”.

For the purposes of this section entitled “*Qualifying CREST Shareholders*”, any natural person having his place of domicile or residence in Japan, or any corporation or other entity organised under the laws of Japan or having its main office in Japan, would be resident in Japan.

9.3 Waiver

The provisions of the sections entitled “*Overseas Shareholders*” and “*Additional Representations and Warranties*” of this Part VIII (*Terms and conditions of the Rights Issue*) and of any other terms of the Rights Issue relating to Qualifying Shareholders who have registered addresses outside the United Kingdom, the Czech Republic and Poland, or who are residents or located in or citizens or nationals of countries other than the United Kingdom, the Czech Republic and Poland may be waived, varied or modified as regards specific Shareholders(s) or on a general basis by NWR Plc in its absolute discretion.

In particular, but without limiting the generality of the previous sentence, and notwithstanding any other provision of this document or the Provisional Allotment Letter, NWR Plc reserves the right to permit any Qualifying Shareholder to take up its rights, if NWR Plc in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. If NWR Plc is so satisfied, NWR Plc will arrange for the relevant Qualifying Shareholder to be sent a Provisional Allotment Letter if it is a Qualifying Non-CREST Shareholder or, if he is a Qualifying CREST Shareholder, arrange for Nil Paid Rights to be credited to the relevant CREST stock account and/or other securities account.

Subject to the first sentence of the previous paragraph references in the sections entitled “*Overseas Shareholders*” and “*Additional Representations and Warranties*” of this Part VIII (*Terms and conditions of the Rights Issue*) to Shareholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than one person executing a Provisional Allotment Letter, the provisions of this section entitled “*Waiver*” shall apply to them jointly and to each of them.

10. TIMES AND DATES

NWR Plc shall, at its discretion and with the agreement of the Bank and the Backstop Providers be entitled to amend the dates that Provisional Allotment Letters are despatched or dealings in Nil Paid Rights commence or amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document and in such circumstances shall notify the UK Listing Authority, and make the required announcements through a Regulatory Information Service, ESPI and the Central Storage of Regulated Information and, if appropriate, may also notify Shareholders, but Qualifying Shareholders may not receive any further written communication.

If a supplementary prospectus is issued by NWR Plc two or fewer Business Days prior to the latest date for acceptance and payment in full under the Rights Issue specified in this document (or such later date as may be agreed between NWR Plc, the Bank and the Backstop Providers), the latest date for acceptance under the Rights Issue shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

11. DILUTION

The total number of A Shares in issue immediately prior to the Rights Issue and the Placing will represent approximately 4.0 per cent. of the total number of A Shares in issue immediately following completion of the Rights Issue and the Placing. The new equity being injected will therefore be represented by approximately 96 per cent. of the total number of A Shares in issue immediately following completion of the Rights Issue and the Placing.

As a result of the Placing, the Qualifying Shareholder’s interest in NWR Plc will be diluted, and the dilution suffered would be 20.5 per cent. once the Placing has been completed, as New A Shares are being issued for the purposes of the Placing. If the Qualifying Shareholder decides to sell or not take up some or all of his Rights (or, because the Qualifying Shareholder is an Overseas Shareholder or otherwise, the Qualifying Shareholder is not able to take up some or all of his Rights), the proportion of NWR Plc it will own will be significantly smaller once the Rights Issue and the Placing have been completed, as New A Shares are being issued for the purposes of the Rights Issue as well as for the purposes of the Placing. In these circumstances the Qualifying Shareholder’s interest in NWR Plc will be diluted further and the maximum dilution the Qualifying Shareholder would suffer immediately following completion of the Rights Issue and the Placing in the event that the Qualifying Shareholder does not take up any of his Rights would be approximately 96.0 per cent.

In addition, the Restructuring involves the issue of the New Convertible Notes, which (unless previously converted, redeemed or purchased and cancelled by NWR NV in the limited circumstances where that is permitted) shall be converted into NVA Shares and such NVA Shares will be immediately purchased by NWR Plc with the consideration for such purchase being the issue of, or transfer and delivery of, A Shares in NWR Plc. If all the New Convertible Notes are converted and no other shares are issued by NWR Plc, the maximum dilution as a result of the Rights Issue, the Placing and the conversion of the New Convertible Notes would be (i) 44.3 per cent. if the Qualifying Shareholder takes up all of his Rights in the Rights Issue and (ii) 97.1 per cent. if the Qualifying Shareholder does not take up any of his Rights in the Rights Issue.

12. GOVERNING LAW

The terms and conditions of the Rights Issue as set out in this document and the Provisional Allotment Letter shall be governed by, and construed in accordance with, English law.

13. JURISDICTION

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 Rights Issue, this document or the Provisional Allotment Letter (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter). By accepting rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales 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.

PART IX

ADDITIONAL INFORMATION

1. Responsibility

NWR Plc and the NWR Plc Directors, whose names are set out in the section entitled “*NWR Plc Directors*” in this Part IX (*Additional information*), accept responsibility for the information contained in this document. To the best of the knowledge and belief of NWR Plc and the NWR Plc Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and Registered Office

- 2.1 New World Resources Plc is a public company limited by shares with its registered office at c/o Hackwood Secretaries Limited, One Silk Street, London EC2Y 8HQ, United Kingdom.
- 2.2 NWR Plc was incorporated in England and Wales under the Companies Act on 30 March 2011 with company number 7584218, and is also registered with the Trade Register in the Netherlands under number 55931758.
- 2.3 NWR Plc’s corporate office is at Jachthavenweg 109h, 1081 KM Amsterdam, the Netherlands with telephone number + 31 (0) 20 570 2200.
- 2.4 The principal laws and legislation under which NWR Plc operates are the laws of England and Wales, including the Companies Act and regulations made thereunder.
- 2.5 NWR Plc’s auditors are KPMG LLP, whose address is at 15 Canada Square, London E14 5GL, United Kingdom (previously KPMG Audit Plc of the same address). KPMG LLP and KPMG Audit Plc are regulated by the Institute of Chartered Accountants in England and Wales.

3. Share Capital

- 3.1 As at the date of this document, issued, called up and fully paid share capital of NWR Plc was as follows:

As at 29 July 2014 (being the latest practicable date prior to the publication of this document), the issued share capital of NWR Plc consisted of 264,742,143 Existing A Shares of EUR 0.40 each and 10,000 B Ordinary Shares of EUR 0.40 each.

- 3.2 The issued, called up and fully paid share capital of NWR Plc immediately following completion of the Rights Issue and the Placing is expected to be 6,659,178,995 A Shares:
- 3.3 The number of shares in issue at the beginning and end of the last financial year is as follows:

Balance at	Existing A Shares	B Shares	Total Number of Shares
1 January 2013	264,648,002	10,000	264,658,002
31 December 2013	264,648,002	10,000	264,658,002

- 3.4 As at 30 March 2011, the date of incorporation of NWR Plc and the first day of the period covered by the historical financial information in this document, the share capital of NWR Plc was 105,883,486 divided into 264,698,715 Existing A Shares of EUR 0.40 each and 10,000 B Shares of EUR 0.40 each. NWR Plc’s share capital is divided into A Shares and B Shares in order to reflect the existence of two divisions which act as separate accounting and reporting units: the Mining Division and the Real Estate Division. The Existing A Shares are designed to track the performance, and represent the economic value, of the Mining Division and the B Shares are designed to track the performance, and represent the economic value, of the Real Estate Division. Holders of the Existing A Shares are not entitled to receive any dividends, liquidation proceeds or other distributions which relate to the Real Estate Division and holders of B Shares are not entitled to dividends, liquidation proceeds or other distributions which relate to the Mining Division.

- 3.5 Save as disclosed, since 30 March 2011, the date of incorporation of NWR Plc and the first day of the period covered by the historical financial information in this document, there have been no issues of share capital by NWR Plc for cash or other consideration other than (i) the exercise of EUR 105,000 share options, (ii) reclassification of EUR 1,691,650,000 shares in respect of the reorganisation, (iii) reduction of share capital of EUR 1,694,817,000 shares and (iv) acquisition of a non-controlling interest settled by ordinary shares issued of EUR 2,935,000. Accordingly, as at 31 December 2011, NWR Plc had a share capital of EUR 105,756,393 divided into 264,380,983 Existing A Shares and 10,000 B Shares.
- 3.6 During the period from 1 January 2012 to 31 December 2012, 267,019 share options were exercised, increasing the number of Existing A Shares to 264,648,002. There were no changes to B Shares. The share capital was EUR 105,863,201.
- 3.7 There were no changes to the NWR Plc's share capital in 2013. Accordingly, as at 31 December 2013, NWR Plc had 264,648,002 Existing A Shares and 10,000 B Shares and a share capital of EUR 105,863,201.
- 3.8 During the period from 1 January 2014 to the date of this document, there have been no changes to NWR Plc's share capital other than the issue of 94,141 A Shares on 3 March 2014, which were issued as consideration for awards vesting under the Deferred Bonus Plan.
- 3.9 Details of the number of Existing A Shares over which options have been granted and remain outstanding are set out the tables below and include those options held by the NWR Plc Directors named in the section entitled "*NWR Plc Directors*" in Part V (*Directors, senior management and corporate governance*) of this document.
- 3.10 The ordinary share capital of NWR Plc in issue on the final day of each of the previous three financial years was as follows:

Balance at	Share Capital in EUR
31 December 2013.....	105,863,201
31 December 2012.....	105,863,201
31 December 2011.....	105,756,393

- 3.11 Save in respect of the Rights Issue and the Placing, NWR Plc does not intend to issue any A Shares between the date of this document and Admission.

4. Articles of Association

The following is a summary of the Articles of Association, which were adopted by special resolution passed on 8 April 2011 and contain (amongst others) provisions as set out below. The Articles of Association are available for inspection at the registered office of NWR Plc, as set out in the section entitled "*Incorporation and registered office*" of this Part IX (*Additional information*).

4.1 Limited Liability

The liability of the members is limited to the amount, if any, unpaid on the shares in NWR Plc respectively held by them.

4.2 Rights attaching to the A Shares and B Shares

(a) Voting rights of members

Subject to any special rights or restrictions as to voting for the time being attached to any shares, on a poll, every member who is present in person or by proxy has one vote for every share of which he is a holder. A proxy is not entitled to vote where the member appointing the proxy would not have been entitled to vote on the resolution had he been present in person. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

(b) Dividends

- (i) **Declaration of dividends** – NWR Plc may, by ordinary resolution, declare dividends, but no dividend shall exceed the amount recommended by the NWR Plc Directors. The holders of A Shares shall be entitled to any dividend declared or paid out of the dividend reserve A, and the holders of B Shares shall be entitled to any dividend declared or paid out of the dividend reserve B. Any resolution to declare or pay a dividend on the B Shares may only be adopted following a resolution of a meeting of holders of B Shares, or by a notice in writing signed by the majority of holders of all of the B Shares.
- (ii) **Fixed and interim dividends** – subject to the opinion of the NWR Plc Directors that the profits of NWR Plc justify such payments, the NWR Plc Directors may pay such interim dividends as they think fit and may also pay fixed dividends on fixed dates on the dates prescribed for the payment of such dividends.
- (iii) **Calculation of dividends** – subject to the rights attached to any shares or the terms of issue of those shares provide otherwise, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of the date on which such payment is due shall be treated as paid on the share and (ii) all 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, but if any share is issued on terms providing that it shall rank for dividend as if paid up in full or in part from a particular date, such share shall rank for dividend accordingly.
- (iv) **Dividends not to bear interest** – no dividend or other moneys payable by NWR Plc on or in respect of any share shall bear interest as against NWR Plc unless otherwise provided by the terms of issue of that share or the provisions of any agreement between NWR Plc and the holder of that share.
- (v) **Retention of dividends** – the NWR Plc Directors may retain all or part of any dividend or other sum payable on or in respect of a share on which NWR Plc has a lien in respect of which the NWR Plc Directors are entitled to issue an enforcement notice.
- (vi) **Dividends in specie** – with the authority of an ordinary resolution of NWR Plc, payment of any dividend may be satisfied wholly or in part by the transfer of specific assets of equivalent value (including paid-up shares or debentures of any other company).
- (vii) **Scrip dividends** – the NWR Plc Board may, with the authority of an ordinary resolution of NWR Plc, offer to ordinary shareholders the right to elect to receive an allotment of new ordinary shares credited as fully paid in lieu of the whole or part of a dividend.
- (viii) **Unclaimed dividends** – any dividend unclaimed for a period of 12 years from the date on which it was declared or became due for payment shall be forfeited and shall revert to NWR Plc.

(c) Return of Capital

The A Shares shall rank in priority to other classes of shares upon a return of capital or other distribution arising in respect of the A Reserves (as defined in the Articles of Association). The B Shares shall rank in priority to other classes of shares on a return of capital or other distribution arising in respect of the B Reserves (as defined in the Articles of Association).

(d) Capitalisation of profits

The NWR Plc Board may, with the authority of an ordinary resolution of NWR Plc (i) resolve to capitalise any sum standing to the credit of any reserve account of NWR Plc (including share premium account, capital redemption reserve or other undistributable reserve) or any sum standing to the credit of the profit and loss account that is not required for payment of any preferential dividend; and (ii) appropriate that sum to be capitalised to the holders of ordinary shares in proportion to the number of ordinary shares held by them on the date that the ordinary resolution is passed or such other date

as set out in or calculated in accordance with such resolution, or in such other proportions as stated, or fixed as stated, in the resolution, provided that amounts in the A Reserves (as defined in the Articles of Association) shall only be applied in the case of A Shares and amounts in the B Reserves (as defined in the Articles of Association) shall only be applied in the case of B Shares; and apply that sum on their behalf in or towards paying up in full new ordinary shares (or, subject to any special rights previously conferred on any shares or class of shares, new shares of any other class) to be allotted credited as fully paid up to such holders. To the extent a capitalised sum is appropriated from profits available for distribution, it may also be applied in or towards paying up any amounts unpaid on existing shares held by the entitled members, or in paying up new debentures of NWR Plc which are then allotted credited as fully paid to the entitled members or as they may direct, or a combination of the two.

4.3 Transfers of shares

- (a) NWR Plc Shares in certificated form may be transferred by an instrument of transfer in writing in any usual or common form, or in such other form as the NWR Plc Board may accept. The instrument of transfer shall be signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, also be signed by or on behalf of the transferee). The NWR Plc Board may decline to register the transfer of any share in certificated form which is not fully paid. The NWR Plc Board may decline to register an allotment or transfer of a share, whether fully-paid or not, in favour of more than four persons jointly.
- (b) The NWR Plc Board may also refuse to register the transfer of a certificated share unless the instrument of transfer (i) is lodged (duly stamped if required) at the relevant transfer office, accompanied by the relevant share certificate(s) or such other evidence as the NWR Plc Directors may reasonably require to show the right of the transferor to make the transfer or, if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so; and (ii) is in respect of only one class of shares.
- (c) No fee shall be charged by NWR Plc on the registration of any transfer or other document relating to or affecting the title to any shares or otherwise for making any entry in the register affecting the title to any shares.

4.4 Variation of class rights

If at any time the share capital of NWR Plc is divided into different classes of shares, the special rights attached to any class may, whether or not NWR Plc is being wound up, be abrogated or varied with the consent in writing of the holders of at least three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The necessary quorum at any such meeting, other than an adjourned meeting, shall be two persons present holding at least one-third in nominal value of the issued shares of the class in question and at an adjourned meeting one person present holding shares of the class in question.

4.5 Disclosure of interests in shares

If any member, or other person appearing to be interested in NWR Plc's shares, has been duly served with a notice under section 793 of the Companies Act and is in default for the period of 14 days from the date of service of the notice in supplying to NWR Plc the information thereby required, the NWR Plc Board may impose restrictions upon the relevant shares.

The restrictions available are the suspension of the entitlement to attend and vote (in person or by proxy) at any general meeting or to exercise any other right conferred by membership in relation to general meetings. In the case where the relevant shares represent at least 0.25 per cent. of their class of shares, additional restrictions include the withholding of payment on dividends or other money which would otherwise be payable in respect of the relevant shares, and in certain cases the restriction of transfers of, the relevant shares.

The restrictions shall cease to apply not more than a week after the NWR Plc Directors are satisfied that the default in respect of which the restrictions were imposed no longer continues. In relation to the transfer of the relevant shares, the restrictions shall cease to apply if the (i) the relevant member is not in default as regards supplying information required and the transfer

is of part only of the member's holding and, when presented for registration, is accompanied by a certificate by the member in a form satisfactory to the NWR Plc Directors to the effect that after due and careful enquiry the member is satisfied that none of the shares which are the subject of the transfer are the relevant shares or (ii) is an approved transfer.

4.6 Uncertified Shares

Subject to the rules relevant to holding shares in uncertificated form, the NWR Plc Directors may implement any arrangements they think fit in relation to the evidencing of title to and the transfer of an uncertificated share. The provisions in the Articles of Association shall not apply to the extent that they are inconsistent with the holding of shares in uncertificated form.

NWR Plc may, by notice to the holder of an uncertificated share, require the holder to change the form of that share to certificated form. Unless the NWR Plc Directors determine otherwise, shares held by a person in uncertificated form and in certificated form shall be treated as separate holdings. A class of share shall not be treated as two classes by virtue only of that class comprising both certificated shares and uncertificated shares.

Subject to the rules relevant to holding shares in uncertificated form, conversion of a certificated share into an uncertificated share, and vice versa, may be made in such manner as the NWR Plc Directors think fit. NWR Plc shall be entitled to require the conversion of an uncertificated share into certificated form to enable it to deal with that share in accordance with the Articles of Association.

4.7 Forfeiture and lien

The NWR Plc Directors may serve notice on the members in respect of any amounts unpaid on their shares. The member shall be given not less than seven days' notice to pay the unpaid amount, together with any interest and all expenses incurred by NWR Plc by reason of the non-payment. In the event of non-compliance, a share in respect of which the notice is given may be forfeited by resolution of the NWR Plc Directors. Such forfeiture shall include all dividends declared but not yet paid in respect of the forfeited shares. Forfeited shares shall become the property of NWR Plc. Notwithstanding the forfeiture, amounts owing in respect of forfeited shares (together with all interest and expenses) at the time of forfeiture will continue to be payable, together with interest thereon (at a rate of 15 per cent. *per annum*), by the person ceasing to be a member of NWR Plc.

NWR Plc has a lien on every share (not being a fully-paid share) for all monies in respect of the share's nominal value, or any premium at which it was issued, that have not been paid to NWR Plc and are payable immediately or at a fixed time in the future, whether or not a call has been made on such sums. The NWR Plc Directors may at any time waive any lien which has arisen and may declare any share to be wholly or in part exempt from the lien. NWR Plc may enforce a lien by selling the shares after the giving of written notice to the defaulting member in accordance with the Articles of Association.

4.8 Directors

(a) Number of directors

The NWR Plc Directors shall not, unless otherwise determined by an ordinary resolution of NWR Plc, be less than two or more than 20 in number.

(b) Appointment

NWR Plc may from time to time by ordinary resolution elect, and the NWR Plc Directors shall have power at any time to appoint, any person to be a director either to fill casual vacancies or as additional directors. In addition, the NWR Plc Directors may appoint any person to be a director of NWR Plc, either to fill a casual vacancy or as an additional director, but so that the total number of directors shall not at any time exceed the maximum number. Any director so appointed by NWR Plc Board shall hold office only until the next following annual general meeting, and shall then be eligible for reappointment. If not reappointed at such meeting, he shall vacate office at the conclusion thereof.

(c) Retirement at annual general meetings

Each director shall retire at the annual general meeting held in the fourth calendar year following the year in which he was elected or last re-elected by NWR Plc, or at such earlier annual general meeting as the NWR Plc Directors may resolve. Each director (other than the chairman and any director holding an executive office) shall retire at each annual general meeting following the ninth anniversary of the date on which he was elected by NWR Plc. A director who retires at any annual general meeting shall be eligible for election or re-election unless the NWR Plc Directors resolve otherwise not later than the date of the notice of such annual general meeting.

(d) Removal by ordinary resolution

NWR Plc may in accordance with the applicable statutory provisions, remove any director from office by ordinary resolution of which special notice has been given and elect another person in place of a director so removed from office.

(e) Executive directors

The NWR Plc Directors may appoint one or more directors to hold any executive office (including the office of chairman or vice chairman) for such period and on such terms (subject to the applicable statutory provisions) as they think fit. The NWR Plc Directors may revoke such an appointment, subject to the terms of any service contract and without prejudice to any claim for damages such director may have for breach of any such service contract.

(f) Alternate directors

Each director shall have the power at any time to appoint any person (including another director) to be his alternate director and, at any time, to terminate such appointment.

(g) Remuneration

The ordinary remuneration of the NWR Plc Directors shall from time to time be determined by the NWR Plc Directors, except that such remuneration shall not exceed €2,000,000 *per annum* in aggregate or such higher amount as may from time to time be determined by ordinary resolution. This remuneration shall be divided among the NWR Plc Directors as they shall agree, or failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to remuneration in proportion to the period during which he has held office.

Any director who holds any additional office (including the office of chairman or vice chairman, whether or not such office is held in an executive capacity), or who serves on any committee, or who otherwise performs services which in the opinion of the NWR Plc Directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the NWR Plc Directors may determine.

The NWR Plc Directors may also be paid all reasonable expenses as they may incur in attending and returning from meetings of the NWR Plc Directors or of any committee of the NWR Plc Directors or general meetings or separate meetings of any class of members or debentures or otherwise in connection with the business of NWR Plc.

The NWR Plc Directors shall have power to pay and agree to pay a director's remuneration. A director's remuneration may include the payment of gratuities, allowances, pensions or other retirement, superannuation, death, sickness or disability benefits to, or to any person in respect of, that director.

(h) Directors' indemnity, insurance and defence

As far as the applicable statutory provisions allow, NWR Plc may:

- (i) indemnify any past or present director or other officer of NWR Plc or any associated company against any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to NWR Plc or any associated company of NWR Plc, other than (a) any liability to NWR Plc or

any associated company, and (b) any liability of the kind referred to in section 234(3) of the Companies Act, and any other liability incurred by or attaching to him in relation to or in connection with his duties, powers or office, including in connection with the activities of NWR Plc or an associated company in its capacity as a trustee of an occupational pension scheme;

- (ii) purchase and maintain insurance against any liability for any person who is or was at any time a director or secretary of any relevant company (as defined in the Articles of Association) or any person who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any relevant company are interested; and
- (iii) provide any director referred to in (i) or (ii) above with funds to meet expenditure incurred or to be incurred by him in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure).

(i) Directors' interests

A director may be authorised by NWR Plc, in accordance with section 175 of the Companies Act, to be in a situation or become involved in a matter, transaction or arrangement where his interests, directly or indirectly, conflict or may possibly conflict with the interests of NWR Plc (a "*Conflict*"). A director who has, or may have, a Conflict shall inform the NWR Plc Directors of that Conflict in accordance with proceedings of the NWR Plc Directors and the Articles of Association. The NWR Plc Directors may impose such limits or conditions when giving an authorisation, or subsequently to qualify an authorisation previously given and may terminate the authorisation at any time. No authorisation shall be required under the Articles of Association where the conflict of interest, or possible conflict of interest, is a permitted interest under the Articles of Association.

If a director, otherwise than by virtue of his position as director, receives information in respect of which he owes a duty of confidentiality to a person other than NWR Plc, he shall not be required to disclose such information to NWR Plc or to the directors, or to any director, officer or employee of NWR Plc, or otherwise use or apply such confidential information for the purpose of or in connection with the performance of his duties as a director. Where such duty of confidentiality arises out of a situation in which the director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of NWR Plc, he shall not be required to disclose such information only if the conflict arises out of a matter which has been authorised or falls within a permitted interest under the Articles of Association.

NWR Plc may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provision relating to a director's interest in the Articles of Association.

(j) Voting and quorum requirements

The NWR Plc Directors may determine the quorum necessary for the transaction of business. Until otherwise determined half the number of directors eligible to vote at the meeting plus one director shall constitute a quorum. Unless otherwise provided by the Articles of Association, a director shall not vote on or be counted in any quorum in respect of any contract, arrangement or transaction whatsoever in which he has an interest.

Notwithstanding the above and subject to the provisions of applicable legislation, a director shall (in the absence of some other interest than is set out below) be entitled to vote, and be counted in the quorum, in respect of any resolution concerning any contract, transaction or arrangement, or any other proposal:

- (i) in which he has an interest of which he is not aware;
- (ii) in which he has an interest which cannot reasonably be regarded as likely to give rise to a Conflict;
- (iii) in which he has an interest only by virtue of interests in shares, debentures or other securities of NWR Plc, or by reason of any other interest in or through NWR Plc;

- (iv) which involves the giving of any security, guarantee or indemnity to the NWR Plc Director or any other person in respect of (a) money lent or obligations incurred by him or by any other person at the request of or for the benefit of NWR Plc or any of its subsidiary undertakings or (b) a debt or other obligation of NWR Plc or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (v) concerning an offer of shares or debentures or other securities of or by NWR Plc or any of its subsidiary undertakings (a) in which offer he is or may be entitled to participate as a holder of securities or (b) in the underwriting or sub-underwriting of which he is to participate;
- (vi) concerning any other body corporate in which he is interested, directly or indirectly and whether as an officer, shareholder, creditor, employee or otherwise, provided that he (together with persons connected with him) is not the holder of, or beneficially interested in, one per cent. or more of the issued equity share capital of any class of such body corporate or of the voting rights available to members of the relevant body corporate;
- (vii) relating to an arrangement for the benefit of the employees or former employees of NWR Plc or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees or former employees to whom such arrangement relates;
- (viii) concerning the purchase or maintenance by NWR Plc of insurance for any liability for the benefit of directors or for the benefit of persons who include directors;
- (ix) concerning the giving of indemnities in favour of directors;
- (x) concerning the funding of expenditure by any director or directors on (a) defending criminal, civil or regulatory proceedings or action against him or them, (b) in connection with an application to the court for relief, or (c) defending him or them in any regulatory investigations;
- (xi) concerning the doing of anything to enable any director or directors to avoid incurring expenditure as described in the Articles of Association; and
- (xii) in respect of which his interest, or the interest of directors generally, has been authorised by ordinary resolution.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more directors to offices or employments with NWR Plc (or any body corporate in which NWR Plc is interested), such proposals may be divided and considered in relation to each director separately. In such cases, each of the NWR Plc Directors concerned (if not debarred from voting under the Articles of Association) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

4.9 General meetings

An annual general meeting shall be held in each period of six months beginning with the day following NWR Plc's accounting reference date, at such place or places as may be determined by the NWR Plc Directors. Other general meetings shall be held whenever the NWR Plc Directors think fit or on the requisition of shareholders in accordance with the applicable statutory provisions. All general meetings shall be held in the Netherlands.

The notice of meeting shall be given to all members (other than any who, under the provisions of the Articles of Association are not entitled to receive notice). The notice shall specify a time (which shall not be more than 48 hours before the time fixed for the meeting) by which a person must be entered on the register in order to have the right to attend or vote at the meeting. The NWR Plc Directors may at their discretion resolve that, in calculating such period, no account shall be taken of any part of any day that is not a working day.

The requisite quorum for general meetings of NWR Plc shall be two members present in person or by corporate representative or by proxy.

A member may appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at a general meeting. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to different shares held by the member. A proxy need not also be a member.

4.10 Communications by NWR Plc

NWR Plc may, subject to and in accordance with the applicable legislation and the Articles of Association, send or supply all types of notices, documents or information to members by electronic means and/or by making such notices, documents or information available on a website.

Any notice, document or information (including a share certificate) which is sent or supplied by NWR Plc in hard copy form, or in electronic form but to be delivered other than by electronic means, and which is sent by pre-paid post and properly addressed shall be deemed to have been received by the intended recipient at the expiration of 24 hours (or, where first class mail is not employed, 48 hours) after the time it was posted, and in proving such receipt, it shall be sufficient to show that such notice, document or information was properly addressed, pre-paid and posted.

Any notice, document or information which is sent or supplied by NWR Plc by electronic means shall be deemed to have been received by the intended recipient 24 hours after it was transmitted, and in proving such receipt it shall be sufficient to show that such notice, document or information was properly addressed.

Any notice, document or information which is sent or supplied by NWR Plc by means of a website shall be deemed to have been received when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

The accidental failure to send, or the non-receipt by any person entitled to, any notice of or other document or information relating to any meeting or other proceeding shall not invalidate the relevant meeting or proceeding.

5. NWR Plc Directors

Name	Current or Prospective
Gareth Penny.....	Current
Marek Jelínek.....	Current
Zdeněk Bakala ⁽¹⁾	Current
Peter Kadas ⁽¹⁾	Current
Bessel Kok.....	Current
Paul Everard.....	Current
Barry Rourke.....	Current
Hans-Jörg Rudloff.....	Current
Steven Schuit.....	Current
Alyson Warhurst.....	Current

6. NWR Plc Directors' service contracts/letters of appointment

6.1 NWR Plc Directors' service contracts

(a) Executive Directors

Details of the service contracts of the Executive Directors are set out on page 102 of the 2013 Annual Report and are incorporated herein by reference. Save as disclosed in this section entitled "*Executive Directors*", there have been no changes to the terms and conditions of the service contracts of the Executive Directors since the publication of the 2013 Annual Report.

(b) Non-Executive Directors

The Non-Executive Directors have each entered into a letter of appointment with NWR Plc, details of which can be found on page 103 of the 2013 Annual Report and are incorporated herein by reference.

6.2 NWR Plc Directors' loans and guarantees

There are no outstanding loans granted by NWR Plc of any member of the Group to any of the NWR Plc Directors, nor has any guarantee been provided by NWR Plc or any member of the Group for their benefit.

7. Major interests in shares

The controlling shareholder of NWR Plc, CERCL Mining, owns approximately 63.56 per cent. of the Existing A Shares and, as a result, has effective control of NWR Plc. CERCL Mining is a subsidiary of CERCL Holdings, the parent company of the CERCL Group.

In view of the recent changes to the Listing Rules relating to controlling shareholders of listed companies, CERCL Mining has amended its existing relationship agreement with NWR Plc in compliance with the new rules. Please refer to section (*Material contracts*) in this Part IX (*Additional information*).

The CERCL Group is a joint venture between the BXR Group and its former shareholders comprising Mr. Bakala, a Non-Executive Director of NWR Plc, (through companies controlled by him) and a trust related to his family. The BXR Group is an international investment group with a diverse range of global interests. While it remains a substantial investor in Central Europe through its interest in the CERCL Group, it has in recent years diversified its investment activities to include investments in Western Europe, the Americas, Africa, Asia and Australasia. The BXR Group typically takes large or controlling stakes in companies and is active in the management of its investments. In addition to its investment in NWR Plc, the BXR Group currently has investments in real estate, green energy, financial services, agriculture and other industries. During 2014, Mr. Bakala and the aforementioned family trust ceased to be shareholders of the BXR Group but acquired direct ownership of, collectively, 50 per cent. of the outstanding voting capital of CERCL Holdings, Mr. Bakala and the family trust, through Asental Property B.V., own 100 per cent. of the B Shares.

Mr. Bakala holds no direct interest in the Existing A Shares or the B Shares but he is considered to be an "interested party" in the Existing A Shares and the B Shares as a result of a trust and affiliated companies relating to him and his family owning, collectively, 50 per cent. of the outstanding voting capital of CERCL Holdings and 100 per cent. of the outstanding voting capital of Asental Property B.V., and those companies' indirect (in the case of CERCL Holdings) and direct (in the case of Asental Property B.V.) ownership interests in NWR Plc.

Mr. Kadas, a Non-Executive Director of NWR Plc, owns no direct interest in the Existing A Shares but he is considered to be an "interested party" in the Existing A Shares because of his associated family trust having an ownership interest in the BXR Group and its indirect ownership interest in NWR Plc. Mr. Kadas has no direct or indirect interest in the B Shares.

None of the major shareholders of NWR Plc has different voting rights from any other holder of A Shares in respect of any A Share held by them.

8. Subsidiaries

8.1 NWR Plc's subsidiaries as at 31 December 2013 are:

Consolidated subsidiaries	Abbreviation	% voting shares	Nature of Activity
Entity directly owned by NWR Plc:			
New World Resources N.V	NWR NV	100%	Holding Company; Management services
New World Resources Services Ltd.....	NWR Services	100%	Management services
Entities directly owned by NWR NV:			
OKD, a.s.....	OKD	100%	Coal mining
NWR KARBONIA S.A	NWR	100%	Coal mining
	KARBONIA		
NWR Communications, s.r.o	NWR C	99%	Public relations
Entity directly owned by OKD:			
OKD, HBZS, a.s.....	HBZS	100%	Emergency services and waste processing

9. Employees

As at 31 March 2014 the Group had 11,615 full-time employees and utilised the services of 3,035 contractors.

The tables below provide a breakdown of the average number of persons employed by the Group, broken down by geographic location for the financial years ended 31 December 2011, 2012 and 2013.

Number of employees by geographical location:

Year ended	Czech Republic	Poland	The Netherlands	Other	Total
31 December 2011	13,461	20	25	—	13,506
31 December 2012	13,051	34	22	1	13,108
31 December 2013	12,606	28	21	2	12,658

10. Incentive plans

10.1 Outstanding awards

Employees of the Group hold outstanding awards under various share-based incentive plans:

(a) Share options granted to Executive Chairman

On 3 September 2012, NWR Plc granted Mr. Penny, Executive Chairman, 250,000 share options for the Existing A Shares, in 3 equal tranches (representing an aggregate of 750,000 Existing A Shares) with an exercise price of EUR 0.01 per share. Subject to Mr. Penny remaining in employment with NWR Plc, each tranche vests equally over three years representing one third of the options, annually on the relevant anniversary of the grant date, such that:

- the first tranche vests on each of the first, second and third anniversary of the grant date;
- the second tranche vests on each of the second, third and fourth anniversary of the grant date; and
- the third tranche vests on each of the third, fourth and fifth anniversary of the grant date.

Once vested, each option will be exercisable from the date on which it vests until the 7th anniversary of the first vesting date of that option, when it will lapse.

(b) Stock Option Plan

Several eligible employees and directors of the Group were granted options over the Existing A Shares of NWR Plc in accordance with its Stock Option Plan for Executive Directors, senior management and key employees. The terms and conditions related to the grants of the share option are as follows:

Grant date	Number of options at grant date	Vesting conditions	Contractual life of option
9 May 2008	619,878	Same for each grant: 3 years' service from the grant date and various performance conditions depending on participant	8 years
24 June 2009	3,325,762		8 years
17 March 2010	1,742,631		8 years
Total share options granted	5,688,271		

Due to the implementation of the Deferred Bonus Plan (which was subsequently replaced by the LTIP), the grant of options was discontinued as of 31 December 2010 and the Stock Option Plan continues only in relation to options granted prior to that date.

(c) **LTIP**

In previous years, any annual bonuses would be paid partly in cash and partly in the form of an award of D Shares (the “**Deferred Bonus Award**”), which vest three years after the grant under the NWR Plc’s Deferred Bonus Plan adopted in 2011. The Remuneration Committee felt it important to enhance the NWR Plc Board’s ability to retain and incentivise key employees and, therefore, amended the Deferred Bonus Plan.

The name of the amended Deferred Bonus Plan was changed to the Long Term Incentive Plan or LTIP. The LTIP was approved by the annual general meeting of shareholders held on 26 April 2013. Please see below for a summary of the LTIP:

- *Awards:* Awards can take the form of a grant of conditional rights to shares or share options and can be granted to any Executive Director and Senior Manager of the Group who is entitled to a bonus in the relevant year.
- *Timing of awards:* Awards will normally be granted within 42 days of the announcement of the Group’s results for any period but may be granted at other times (e.g. on recruitment).
- *Vesting:* Awards will vest three years after the grant date, unless the Remuneration Committee sets another period on grant. When granting an award, the Remuneration Committee may attach vesting conditions to it, which may be linked to the performance of NWR Plc, the participant, or any other factors.
- *Put option:* For a period of three years after vesting, a participant has the right to sell shares acquired on vesting and receive at least the market value of a share at the time of vesting. This right lapses earlier if the participant leaves the Group or otherwise sells his shares.
- *No dividend and no transfer:* Participants are not entitled to vote, to receive dividends or to have any other shareholder rights in respect of shares subject to an award until they are issued or transferred to them. Similarly, they may not, except on death, transfer, assign or dispose of an award, otherwise the award will immediately lapse.
- *Adjustment:* If there is a variation in NWR Plc’s capital (including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital), a demerger, a special dividend or distribution or any other corporate event which might affect the current or future value of any award, the Remuneration Committee may adjust the number or class of shares subject to the award.
- *Clawback:* If the NWR Plc Board considers that extraordinary circumstances have occurred during or after the period over which the predetermined performance criteria have been or should have been achieved, which lead to an unfair result with respect to the grant or vesting of an award, the NWR Plc Board may reduce the values or delay the vesting date as appropriate. If any variable remuneration, be it in the form of cash or A shares, has been paid or awarded or has vested on the basis of incorrect financial or other data, the NWR Plc Board is entitled to recover such remuneration from the participant. This right of recovery exists irrespective of whether the participant was responsible for the incorrect financial or other data or was aware or should have been aware of the incorrectness.
- *Termination:* If the participant leaves employment from the Group due to death, illness or disability, retirement at normal retirement age or early retirement with the agreement of his employer, the participant’s employing company ceasing to be under control of any member of the Group, change of control or authorised leave of absence (‘good leaver’), his award will not lapse and will continue in effect. Alternatively, the NWR Plc Board may decide that it will vest in full on the date he leaves employment. If the participant leaves in other circumstances, his award will lapse. The NWR Plc Board may, at its discretion, decide to treat a participant who leaves employment for any other reason as if he were a good leaver, and vice versa. The NWR Plc Board will not normally exercise this discretion if it would be inappropriate given overall performance of the Group or the participant or for other reasons the NWR Plc Board may determine.

- *Takeovers:* Unless exchanged for a new award, the awards will vest on the date of a takeover. The number of shares in respect of which it vests will be reduced by reference to the period up to the normal vesting date which has elapsed before the date of the takeover and it will lapse as to the balance. A takeover typically occurs where a general offer to acquire shares becomes wholly unconditional or a person obtains control of NWR Plc. Instead of vesting, the awards may be exchanged for a new award to the extent it is accepted by the participant and with the consent of the acquiring company or the NWR Plc Board pays the participant an amount equal to the market value of the shares subject to his award.
- *Amendments:* The NWR Plc Board may at any time change the LTIP in any way including the terms of any award already granted or any bonus condition or vesting condition. Shareholder approval is required for amendments to the advantage of participants which relate to, amongst other things, the people who can be granted awards under the LTIP, the limits in the LTIP, the adjustment of awards if there is a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital. Amendments to performance criteria and certain other minor amendments may be made without shareholder approval.

Details of outstanding awards under the LTIP are as follows:

Grant date	Number of shares at grant date	Vesting conditions	Contractual life of put option
3 March 2011	101,136	3 years' service from the grant date	3 years from vesting date
16 May 2012.....	610,676	3 years' service from the grant date	3 years from vesting date
12 April 2013.....	844,518	3 years' service from the grant date	(c) years from vesting date

10.2 New management incentive arrangements

New incentive arrangements have been introduced for the reward and retention of the senior management teams of NWR Plc and OKD following the Capital Restructuring, such arrangements comprising Restructuring Bonus Awards, Annual Bonus Awards and Special LTIP Awards, details of each of which are as follows:

(a) Restructuring Bonus Awards

Participants: Gareth Penny, Marek Jelinek, Boudewijn Wentink and Dale Ekmark.

Awards: Awards take the form of a right to receive a cash payment through the payroll in January 2015, conditional upon (i) completion of the Capital Restructuring; and (ii) the participant remaining employed in the Group and not being under notice of termination of employment at the date of payment.

Amount: The amount of bonus payable is in each case determined by the Remuneration Committee, but will be between 100 per cent. and 150 per cent. of the relevant participant's annual base salary at the time of the Capital Restructuring.

Clawback: NWR Plc shall have the right to demand repayment of the full amount of any payment in the event that the participant resigns from his employment in the Group within the 12 month period following the date of payment, unless the participant is a good leaver.

(b) Annual Bonus Awards

The existing annual bonus plan will remain in place for 2014, with no change to the previously established performance criteria. The following terms and conditions shall apply from 2015 onwards.

Eligible Persons: All members of the senior management teams of NWR Plc and OKD shall be eligible to be granted an award at the discretion of the Remuneration Committee.

Awards: Awards shall take the form of a right to receive a cash payment of up to 100 per cent. of the participant's base salary, subject to the achievement of certain performance targets determined by the Remuneration Committee at the award date. For amounts in excess of 100 per cent. of the participant's base salary, payment may be made in a combination of cash and shares or phantom shares.

Performance Targets: The Remuneration Committee shall determine in relation to each financial year base case and stretch case operating targets for that year. Achieving base case operating target will correspond to a bonus amount of 100 per cent. of a participant's base salary.

Limit: The total bonus amount for any participant may not exceed 300 per cent. of the participant's base salary.

Timing of awards: Awards may be granted within 42 days after publication of the Group's consolidated annual financial statements.

Timing of Payment: Payment of any awards shall be made in three equal instalments, within 60 days after publication of the Group's consolidated annual financial statements for (i) the financial year in respect of which the award was granted; and (ii) each of the following two financial years.

Termination: The same terms shall apply as under the LTIP.

Clawback: The same terms shall apply as under the LTIP.

(c) Special LTIP Awards

The Special LTIP Awards shall be granted under the LTIP, subject to certain amendments, such that the terms that shall apply to the Special LTIP Awards shall be as set out in the section entitled "*LTIP*" of this Part IX (*Additional information*), except where otherwise specified below.

Eligible Persons: Gareth Penny, Marek Jelínek, Boudewijn Wentink, Dale Ekmark, Peter Dormann, Peter Carr, Jarmila Ivankova and Pavel Hadrava shall be eligible to be granted an award at the discretion of the Remuneration Committee.

Awards: Awards shall take the form of a right to receive a cash payment equal to the market price of a specified number of A Shares on the date on which the participant elects to realise value. A participant may only so elect after the award has vested. Awards shall not carry any right to A Shares or other securities and any interest in A Shares is purely notional.

Limit: Awards shall be granted in respect of an aggregate number of A Shares that does not exceed 5 per cent. of the total number of issued A Shares as at completion of the Capital Restructuring.

Timing of Awards: Awards shall be granted within 42 days of completion of the Capital Restructuring

Vesting: Awards shall vest as to one third of the A Shares in respect of which it was granted on 31 December 2016, as to a further third on 31 December 2017, and as to the balance on 31 December 2018.

11. Property

The Group's production facilities are located in the Ostrava and Karviná area and the Paskov mine is located between Ostrava and Frýdek-Místek. The key assets allocated to the Real Estate Division, all of which are owned by OKD, consist of four coal processing, Coal Preparation Plant and other production assets.

The main production facilities are:

- Karviná Mining Operation (Address: Karviná – Doly, ul. Čs. armády č.p. 1, Post Code 735 06, Czech Republic. The Karviná mine is the largest deep mine complex in the Czech Republic. It was established on 1 April 2008 by merging the former ČSA and Lazy mines into one business unit. The total mining licence area is 32.2 km².
- Darkov Mining Operation (Address: Karviná-Doly, Stonavská č.p. 2179, Post Code 735 06, Czech Republic). The Darkov mine is the second largest deep mine complex in the Czech Republic. Its mining licence area expands on 25.9 km². OKD headquarter is located at Darkov mine.
- ČSM Mining Operation (Address: Stonava č.p. 1077, Post Code 735 34, Czech Republic). The ČSM mine is located in the eastern part of the Karviná coal basin. Coal is mined at two sites – North and South. The total mining licence area expands over 22.1 km².

- Paskov Mining Operation (Address: Staříč č.p. 528, Post Code 739 43, Czech Republic). The Paskov mine is located approximately 20 kilometres south from Ostrava, produces high-quality metallurgical coal mined at Sviadnov, Staříč and Chlebovice sites. The total mining licence area equals 105.7 km².
- Coal Preparation Plant Operation (CPP) (Address: Karviná-Doly, Stonavská č.p. 2179, Post Code 735 06, Czech Republic). CPP is located in the premises of the Darkov mine and covers the operations of coal preparation plants at all mining operations: Darkov mine, ČSM mine, Karviná mine and Paskov mine. CPP's core activities related to the processing of run-of-mine coal and sludge to produce marketable products.
- Service Centre (Address: Orlová – Lazy, č.p. 605, Post Code 735 11, Czech Republic). The Service Centre provides surface services to all mining operations and to CPP in the fields of maintenance and repairs, material storage and handling, metal scrap management, Salma sawmill operation and road transport.

OKD has the option to purchase approximately 15 square kilometres of additional land from the Czech government at market price. If the option were exercised, such land would be allocated to the Mining Division.

The Group has a considerable number of buildings, structures, undeveloped constructions and other real properties located on its land plots. The majority of these properties are owned by the Group. Some real estate or land is leased from third parties (mainly for purposes of reclamation).

The mining operations and other activities closely related to mining are performed by various equipment and machines, e.g. long-wall systems, roadheaders, belt conveyors, etc. The Group is the sole owner of such equipment, and only a small part of this equipment is leased.

12. Underwriting Agreement

NWR Plc and the Backstop Providers have entered into the underwriting agreement dated 30 July 2014 (the “**Underwriting Agreement**”) pursuant to which the Backstop Providers have agreed, subject to certain conditions, acting severally and not jointly (or jointly and severally), to underwrite the Rights Issue. Under the Scheme, the Other Existing Noteholders also have the opportunity to underwrite the Rights Issue on the terms and conditions of the Underwriting Agreement.

The Other Existing Noteholders who do agree to subscribe for New A Shares not taken up by Shareholders in the Rights Issue and for which subscribers have not been procured by the Bookrunner will be required to accede to the Underwriting Agreement pursuant to its terms. Under the terms of the Underwriting Agreement the Backstop Providers have agreed to subscribe for 1,832,882,291 New A Shares at the Issue Price pursuant to the Backstop Provider's Commitments for a total amount of approximately EUR 43 million. Each Backstop Provider has committed to take up its Backstop Provider's Commitment of the Noteholder Rights Issue Underwriting to the extent that there are any New A Shares not taken up by Shareholders or others in the Rights Issue and for which subscribers have not been procured by the Bookrunner and which are not subscribed for by Other Existing Noteholders.

The obligations of the Participating Existing Noteholders under the Underwriting Agreement are conditional upon, *inter alia*, (a) the warranties given by NWR Plc being true and accurate in all respects and not misleading in any respect; (b) NWR Plc having complied with its obligations under the Underwriting Agreement and the Rights Issue; (c) the passing of the Resolution by the Shareholders at the General Meeting without amendment; (d) the Subscription Agreement not having been terminated in accordance with its terms prior to Admission; (e) Admission (nil paid) occurring not later than 8.00 a.m. on 4 September 2014 (or such later time or date as NWR Plc and all of the Backstop Providers may agree) (f) CERCL Mining irrevocably undertaking to NWR Plc to take up its entire entitlement to subscribe for New A Shares under the Rights Issue and not having exercised any of its termination rights contained in the CERCL Undertaking prior to Admission (nil paid); an order of the High Court of England and Wales sanctioning the Scheme having been delivered to the Registrar of Companies of England and Wales.

The Backstop Providers are entitled to a fee equal to 3.50 per cent. of their respective full commitments under the Noteholder Equity Backstop Amount (irrespective of the extent to which they are actually required to participate in the Noteholder Equity Investment) which shall be paid on completion of the Capital Restructuring.

Under the Underwriting Agreement, NWR Plc has given certain customary representations and warranties to the Participating Equity Noteholders regarding, *inter alia*, the accuracy of the information contained in this document and the business of the Group. In addition, NWR Plc has given certain customary undertakings to the Participating Existing Noteholders including *inter alia*, (a) to comply with all applicable laws and regulations; (b) to apply for Admission of the New A Shares and (c) to procure that the General Meeting is duly convened and the Resolution is proposed at it.

The Backstop Providers will have a right under the Underwriting Agreement to nominate two independent non-executive directors to each of the NWR Plc Board and the Board of NWR NV during the period between the date of Admission (nil paid) and the date falling seven days thereafter. In order for the nominations to be effective, each nomination must be approved by the Existing Noteholders holding, in aggregate, at least 50 per cent. of the Existing Notes.

NWR Plc has given an indemnity to the Participating Existing Noteholders in a form which is similar to an indemnity typically given to underwriters on a rights issue.

Any one of the Backstop Providers may give notice to NWR Plc in writing to terminate the Underwriting Agreement if, before Admission (nil paid): (i) there is a breach of any of the undertakings, representations or warranties or any other provisions of the Underwriting Agreement by NWR Plc, in each case which is material in the context of NWR Plc, the Group the Rights Issue and the underwriting of New A Shares pursuant to the Underwriting Agreement; (ii) any statement contained in this document and/or certain other documents and/or announcements relating to the Rights Issue is or has become or has been discovered to be untrue, incorrect or misleading in each case in any respect; (iii) any matter has arisen which would if this document were to be issued at that time constitute an inaccuracy or omission therefrom, which in each case is material in the context of the Rights Issue; (iv) any matter has arisen which would require the publication of a supplementary prospectus pursuant to Section 87G of FSMA; or (v) the application for Admission is refused by the FCA or the London Stock Exchange. Any one of the Backstop Providers may give notice in writing to NWR Plc prior to Admission (nil paid) to terminate the Underwriting Agreement in certain specified circumstances.

13. Subscription Agreement

NWR Plc and the Backstop Providers have entered into the subscription agreement dated 30 July 2014 (the “**Subscription Agreement**”), pursuant to which NWR Plc has agreed to allot and issue, and the Backstop Providers have agreed to subscribe for, 1,364,336,135 New A Shares at the Issue Price pursuant to the Backstop Providers’ respective Placing Commitments for a total amount of approximately EUR 32 million. Please refer to the section entitled “*Participation in the Noteholder Equity Investment*” of Part I (*Letter from the chairman to Shareholders*) of this document for further details on the allocation of the Noteholder Equity Investment participation among the Existing Noteholders. The Existing Noteholders who do agree to subscribe for New A Shares pursuant to the Noteholder Equity Investment will be required to accede to the Subscription Agreement pursuant to its terms. Under the terms of the Subscription Agreement, the Backstop Providers have agreed to subscribe for 1,364,336,135 New A Shares at the Issue Price pursuant to their respective Placing Commitments for a total amount of approximately EUR 32 million to the extent that Other Existing Noteholders do not subscribe for their allocated share of New A Shares in the Placing.

The New A Shares will rank *pari passu* with the Existing A Shares, including the right to receive all dividends and other distributions.

The obligations of the Participating Existing Noteholders under the Subscription Agreement are conditional upon, *inter alia*, (i) warranties given by NWR Plc being true and accurate in all respects and not misleading in any respect; (ii) compliance with applicable laws; and (iii) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission (nil paid)) and not having been terminated prior to Admission (nil paid); (iv) an Order of the High Court of England and Wales sanctioning the Scheme having been

delivered to the Registrar of Companies of England and Wales; and (v) CERCL Mining having subscribed for the New A Shares that it was irrevocably undertaken, prior to Admission (nil paid), to take up in the Rights Issue and having paid all amounts due in respect of such New A Shares at the requisite time and manner as prescribed in the Subscription Agreement.

Under the Subscription Agreement, NWR Plc has given certain customary representations and warranties to the Participating Existing Noteholders regarding, *inter alia*, the accuracy of the information contained in this document.

Any one of the Backstop Providers may give notice in writing to NWR Plc to terminate the Subscription Agreement before Admission (nil paid) (in the case of a notice given before Admission (nil paid)) if before Admission (nil paid) there is a material breach of any of the undertakings of the Subscription Agreement by NWR Plc, if there has been a material breach of any of the warranties or any other provision of the contained in the Subscription Agreement, if any of NWR Plc's applications for Placing Admission are withdrawn by NWR Plc or returned by the FCA, the London Stock Exchange, the Prague Stock Exchange or the Warsaw Stock Exchange, or if the Underwriting Agreement is terminated in accordance with its terms. Any one of the Backstop Providers may give notice in writing to terminate the Subscription Agreement (in the case of a notice given before Admission) if CERCL Mining does not subscribe for the New A Shares that it has irrevocably undertaken to take up in the Rights Issue and does not pay all amounts to the Receiving Agent by the requisite time.

14. Rump Placing Agreement

Under the rump placing agreement dated 30 July 2014 between NWR Plc and the Bookrunner (as agent for NWR Plc), the Bookrunner will endeavour to place any New A Shares not subscribed for in the Rights Issue on behalf of Shareholders. The Bookrunner is not obliged to subscribe for, purchase or underwrite any New A Shares.

Under the Rump Placing Agreement, NWR Plc has given certain representations and warranties to the Bookrunner regarding, *inter alia*, the accuracy of the information contained in this document and the business of the Group. In addition, the Company is giving the Bookrunner an indemnity which is customary in the context of a placing.

The Bookrunner or NWR Plc may, following consultation with the other party, terminate the Rump Placing Agreement at any time, with or without cause, by giving written notice to the other party.

15. Amended and Restated Relationship Agreement

On 30 July 2014, NWR Plc entered into an amended and restated relationship agreement with CERCL Mining, NWR NV, BXR Group Holdings Limited, Crossroads Capital Investments Inc. ("CCH") and Zdenek Bakala ("ZB") (the "**Amended and Restated Relationship Agreement**") which amends the terms of the amended and restated relationship agreement entered into between the relevant parties on 11 April 2011 in order to comply with the changes to the Listing Rules relating to controlling shareholders.

The Amended and Restated Relationship Agreement regulates the relationship between NWR Plc and CERCL Mining to ensure that the Group is capable at all times of carrying on its business independently of the CERCL Group, and to ensure that transactions and other arrangements between members of the Group and members of the CERCL Group are on terms which are arm's length and on a normal commercial basis.

Under the Amended and Restated Relationship Agreement, CERCL Mining undertakes (*inter alia*) that:

- (a) it will allow NWR Plc to, at all times, carry on its business independently of the CERCL Group;
- (b) the CERCL Group will not act in any way or omit to act in any way which will prejudice the ability of NWR Plc and its subsidiaries to carry on its business independently of the CERCL Mining or its subsidiaries;
- (c) it will not exercise voting rights attaching to its shares in NWR Plc to procure any amendment to the Articles of Association which will be inconsistent with or breach any of the provisions of the Amended and Restated Relationship Agreement;

- (d) it will not, and will procure that each member of the CERCL Group will not, take any action that would have the effect of preventing NWR Plc from complying with its obligations under the Listing Rules;
- (e) it will not, and will procure that each member of the CERCL Group will not, propose or procure the proposal of a resolution of the shareholders of NWR Plc the purpose of which is intended or appears to be intended to circumvent the proper application of the Listing Rules;
- (f) so long as the CERCL Group, BXR Group Holdings Limited or ZB own, directly or indirectly, B Shares, CERCL Mining will not exercise voting rights attaching to its A Shares on any resolution to amend the Articles of Association or the Divisional Policy Statements in a manner which would materially adversely affect the rights of the holders of A Shares as against the holders of the B Shares; and
- (g) CERCL Mining will not exercise its voting rights attaching to its A Shares on a resolution to authorise the issue of additional B Shares in a manner that would materially alter the relative proportions of voting rights at general meetings of the A Shares and the B Shares.

The holder of the majority of the B Shares from time to time has the right to appoint one director to the NWR Plc Board. This right survives the termination of the Amended and Restated Relationship Agreement.

Otherwise, the Amended and Restated Relationship Agreement will terminate on the earlier of (i) the A Shares ceasing to be admitted to the Official List and to trading on the London Stock Exchange; and (ii) the CERCL Group ceasing to be a controlling shareholder of NWR Plc, provided that if thereupon any or all of BXR Group Holdings Limited, ZB or the Relevant Entities (as defined in the Amended and Restated Relationship Agreement) control a controlling shareholder of NWR Plc, they will enter into a new agreement on substantially the same terms as the Amended and Restated Relationship Agreement. For the purposes of this section, a “controlling shareholder” is any person who exercises, or controls on its own or together with any person(s) with whom it is acting in concert, 30 per cent. of more of the votes able to be cast on all or substantially all matters at general meetings of NWR Plc.

16. CERCL Undertaking

NWR Plc has received an irrevocable undertaking from CERCL Mining dated 30 July 2014 in relation to the Rights Issue (the “**CERCL Undertaking**”). Pursuant to the CERCL Undertaking, CERCL Mining has irrevocably undertaken to vote in favour of the Resolution in respect of its holding of 63.56 per cent. of Existing A Shares. Furthermore, CERCL Mining has irrevocably undertaken to take up its full entitlement to Rights in respect of 168,274,654 Existing A Shares under the Rights Issue and will therefore subscribe for 3,197,218,426 New A Shares at the Issue Price, amounting to a total investment of approximately EUR 75 million in NWR Plc.

The CERCL Undertaking will terminate upon the earlier of (i) the NWR Plc Directors withdrawing their recommendation to the Shareholders to vote in favour of the Resolution; and (ii) any of the rights of termination afforded to the Backstop Providers under the Underwriting Agreement which are deemed to be incorporated into the CERCL Undertaking and afforded to CERCL Holdings on the terms of the CERCL Undertaking, being exercised by CERCL Holdings prior to Admission (nil paid); and (iii) 31 October 2014. The CERCL Undertaking is also conditional upon *inter alia* Admission (nil paid), certain documents relevant to the Capital Restructuring not being amended in a way which will have a material adverse effect on the interests of CERCL Holdings in respect of the Capital Restructuring without the prior written consent of CERCL Holdings and the Underwriting Agreement and the Subscription Agreement not terminating prior to Admission (nil paid).

17. Restructuring Agreement

The Group commenced negotiations regarding the terms of the Restructuring with certain large holders of the Existing Notes on 22 January 2014, with the aim of addressing the unsustainable debt service obligations in relation to the Existing Notes and ensuring that the Group could operate as a going concern into the future. As part of the process, holders of approximately 62 per cent. of the aggregate principal amount of the Existing Senior Secured Notes and holders of approximately 37 per cent. of the aggregate principal amount of the Existing Senior Unsecured Notes entered into the Restructuring Agreement on 2 July 2014. By 15 July 2014,

holders of 84 per cent. of the aggregate principal amount of the Existing Senior Secured Notes and holders of 65 per cent. of the aggregate principal amount of the Existing Senior Unsecured Notes (together, the Consenting Note Creditors (as defined in the Restructuring Agreement)) had entered into or acceded to the Restructuring Agreement. Pursuant to the terms of the Restructuring Agreement, the Consenting Note Creditors have agreed, amongst other things:

- (a) to the extent reasonably required or requested by NWR NV to do so, to enter into negotiations in good faith in order to agree the terms of any restructuring documentation including but not limited to the documentation that is required for the purposes of any Scheme, in form and substance consistent with the Restructuring Terms or the Alternative Restructuring Terms (each as defined in the Restructuring Agreement), in order to implement and consummate the Restructuring or the Alternative Restructuring (as defined in the Restructuring Agreement);
- (b) to support any application to the courts of any jurisdiction for the recognition and sanction of the Scheme or any other restructuring procedure that is consistent with, or required to implement, the Restructuring or the Alternative Restructuring (as defined in the Restructuring Agreement); and
- (c) not to take, encourage, or support (or procure that any person takes, encourages, or supports) any action or proceedings or litigation which is inconsistent with the Restructuring Agreement and/or could reasonably be expected to delay, impede, or frustrate the implementation of the Restructuring or the Alternative Restructuring (as defined in the Restructuring Agreement).

The obligations of the parties to the Restructuring Agreement will terminate on 3 October 2014 (subject to such date being extended to a date no later than 28 November 2014).

18. Material contracts

Please refer to:

- (a) the section entitled “*Underwriting Agreement*,” of this Part IX (*Additional information*) for a summary of the Underwriting Agreement;
- (b) the section entitled “*Subscription Agreement*” of this Part IX (*Additional information*) for a summary of the Subscription Agreement;
- (c) the section entitled “*Rump Placing Agreement*” of this Part IX (*Additional information*) of this document for a summary of the Rump Placing Agreement;
- (d) the section entitled “*Amended and Restated Relationship Agreement*” of this Part IX (*Additional information*) for a summary of the Amended and Restated Relationship Agreement;
- (e) the section entitled “*CERCL Undertaking*” of this Part IX (*Additional information*) for a summary of the CERCL Undertaking; and
- (f) the section entitled “*Restructuring Agreement*” of this Part IX (*Additional information*) for a summary of the Restructuring Agreement.

Below is the description of (i) material contracts to be entered into by the Group upon completion of the Capital Restructuring and (ii) material contracts entered into by the Group in the two years prior to the publication of this document.

18.1 Material contracts to be entered into by the Group upon completion of the Capital Restructuring:

(a) New Senior Notes

As part of the Restructuring, NWR NV will issue EUR 300 million in aggregate principal amount of Senior Secured Notes due 5.5 years following their issue date on completion of the Restructuring (the “**New Senior Notes**”). Interest on the New Senior Notes shall accrue interest at a rate of 8 per cent. *per annum* (subject to the below) and shall be payable semi-annually in arrears on 1 May and 1 November, beginning on 1 November 2014. Interest shall be paid in cash, provided that NWR NV may elect to capitalise all (but not part) of the interest payable on a particular interest payment date by issuing additional New Senior Notes in lieu of paying cash interest as follows:

- (i) with respect to the period commencing on the completion of the Restructuring until and including the interest payment date falling on 1 November 2016, NWR NV may capitalise the interest if NWR NV's and its subsidiaries' unrestricted and available cash (as determined pursuant to the New Senior Notes Indenture, "**Available Cash**") is less than €110.0 million or would become less than €110.0 million if all accrued interest were to be paid in cash, calculated on the basis that the interest shall be capitalised at a rate of 11 per cent. *per annum*; and
- (ii) with respect to the period from and excluding the interest payment date falling on 1 November 2016, NWR NV may capitalise the interest if the Available Cash is less than €75.0 million or would become less than €75.0 million if all accrued interest were to be paid in cash, calculated on the basis that the interest shall be capitalised at a rate of 9 per cent. *per annum*.

The New Senior Notes will be senior obligations of NWR NV and will initially be guaranteed on a senior basis by NWR HOLDINGS BV, OKD and NWR KARBONIA. The New Senior Notes will initially be secured by a pledge of the shares in NWR HOLDINGS BV, OKD and NWR KARBONIA and all assets and the undertaking of NWR NV and NWR HOLDINGS BV, but will not be secured by any other assets. These security interests will also secure lenders under the Super Senior Facility and certain hedge counterparties on a super senior basis. Pursuant to the Intercreditor Agreement, the lenders under the Super Senior Facility and certain hedge counterparties will have priority over the holders of New Senior Notes with respect to the proceeds from enforcement of these security interests and on the occurrence of certain insolvency events relating to NWR NV, NWR HOLDINGS BV, OKD and NWR KARBONIA.

NWR NV may at its option redeem all or any portion of the New Senior Notes at the prices set out below (plus accrued and unpaid interest to the date of redemption), provided that the Available Cash (as defined in the New Senior Notes Indenture) exceeds €125 million *pro forma* for such redemption:

- (i) from completion of the Restructuring until and including the 36 month anniversary thereof: 104 per cent. of the principal amount.
- (ii) from the 36 month anniversary of the Restructuring until and including the 48 month anniversary thereof: 102 per cent. of the principal amount.
- (iii) thereafter to the maturity date: 100 per cent. of the principal amount.

If there is a change of control (as defined in the New Senior Notes Indenture), holders of New Senior Notes shall have the right to require NWR NV to repurchase all or any part of the New Senior Notes at a purchase price equal to 101 per cent. of the principal amount plus accrued and unpaid interest to the repayment date.

The New Senior Notes Indenture contains covenants that limit NWR NV's (and NWR HOLDINGS BV's, OKD's and NWR KARBONIA's, as the Restricted Subsidiaries, as defined in the New Senior Notes Indenture) ability to, among other things: incur additional indebtedness; make restricted payments (including dividends); create liens; sell assets; engage in transactions with affiliates; guarantee any debt of NWR NV or any of its Restricted Subsidiaries; consolidate, merge or sell all or substantially all of their assets; and change its centre of main interests and establishments.

The New Senior Notes Indenture requires NWR NV to use commercially reasonable efforts to cause the New Senior Notes to be admitted to listing on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The prospectus for such listing will be based on and contain substantially the same information as set out in this document.

(b) New Convertible Notes and Deed Poll

As part of the Restructuring, NWR NV will issue on the Restructuring Effective Date €150 million in aggregate principal amount of PIK mandatory convertible notes due 6 years from such date (the "**New Convertible Notes**"). Interest on the New Convertible Notes will accrue at a rate of 4.0 per cent. *per annum* (subject to PIK provisions described below) and will be payable annually in arrear on 1 November in each year, beginning on 1 November 2014, with the first interest period from the Restructuring Effective Date and the last interest period to the maturity date being short interest periods. NWR NV may, in its absolute discretion, elect to either pay

interest in cash, or capitalise (as PIK) all of the interest payable by issuing additional New Convertible Notes in lieu of paying cash, in which case such interest will be capitalised at a rate of 8.0 per cent. per annum. However, interest payable must be wholly capitalised by the issuance of additional New Convertible Notes if:

- (a) an event of default under the New Senior Notes has occurred and is continuing; and/or
- (b) interest payable under the New Senior Notes is capitalised in respect of either (or both) of the two immediately preceding interest periods under the New Senior Notes ending on the most recent interest payment date under the New Senior Notes.

The New Convertible Notes will rank senior to the Contingent Value Rights but junior to the New Senior Notes and the Super Senior Facility. The New Convertible Notes will be unsecured. Pursuant to the New Intercreditor Agreement, the holders of the New Senior Notes, the lenders under the Super Senior Facility and certain hedge counterparties will have priority over the holders of New Convertible Notes on the occurrence of certain insolvency events relating to the NWR NV, OKD and NWR KARBONIA. In addition, the New Convertible Notes are effectively subordinated to secured indebtedness of OKD and NWR KARBONIA and any indebtedness of NWR NV that is secured by assets of NWR NV that do not also secure the New Senior Notes.

Holders of New Convertible Notes will have the option to convert the New Convertible Notes from the date falling 6 months from completion of the Restructuring until the maturity date of the New Convertible Notes or, if, at the option of NWR NV, an earlier redemption date is proposed, holders can convert prior to such redemption date (as described below), subject to applicable fiscal, securities and other laws or regulations. Upon the maturity date of the New Convertible Notes, all New Convertible Notes which have not been converted, redeemed or purchased and cancelled shall be mandatorily converted and the holders thereof shall be deemed to have exercised their conversion rights.

As part of the Restructuring, NWR Plc will enter into the Deed Poll in which it shall irrevocably undertake to NWR NV and to each holder of NVA Shares, that on each occasion on which conversion rights relating to New Convertible Notes are exercised by holders thereof (including as will be deemed to have occurred on the final maturity date of the New Convertible Notes), it will purchase the relevant NVA Shares arising on such conversion and, in consideration for such purchase, issue or transfer and/or deliver such number of A Shares as described below. NWR Plc shall undertake in the Deed Poll to comply with certain covenants in relation to its obligations thereunder and the rights of holders of NVA Shares to make such exchanges.

Following the exercise of a conversion right by a holder of New Convertible Notes, NWR NV shall procure the issue or transfer and/or delivery of NVA Shares and shall procure that, pursuant to the Deed Poll, such NVA Shares are immediately exchanged for A Shares credited as paid up in full. The number of A Shares for which such NVA Shares shall be exchanged, shall be an amount which, after such exchange would (subject to certain adjustments as described below) be such holder of New Convertible Notes' *pro rata* share of a fixed percentage of the ordinary share capital of NWR Plc, calculated based upon the ordinary share capital of NWR Plc as at the Restructuring Effective Date, on an as-diluted basis assuming that NWR Plc issues new A Shares in connection with each conversion. Such fixed percentage shall be 25.0 per cent., in respect of any conversions which occur during the calendar year 2015, 27.5 per cent. in respect of any conversions which occur during the calendar year 2016, and 30.0 per cent. in respect of any conversions thereafter. The Deed Poll contains provisions which further adjust the number of A Shares for which NVA Shares issued or transferred and/or delivered upon exercise of a conversion right shall be exchanged. Such adjustments shall be effective upon the occurrence of certain dilutive events after the Restructuring Effective Date and, subject to certain exceptions, have the effect of maintaining the relevant *pro rata* share of the percentages as described above (in some cases, irrespective if any increase in NWR Plc's assets as a result of such event) or in certain limited cases potentially increasing such percentages.

NWR NV may, at its option, upon giving 45 days' notice, redeem all or any portion of the New Convertible Notes at their principal amount plus accrued and unpaid interest to the date of redemption, at any time following the payment in full of all amounts which are or may become payable under the New Senior Notes. Holders of the New Convertible Notes shall have the opportunity to convert their New Convertible Notes prior to the redemption date.

If there is a change of control (as defined in the New Senior Notes Indenture), at such time as all the New Senior Notes are discharged, holders of New Convertible Notes shall have the right to require NWR NV to repurchase all or any part of the New Convertible Notes at a purchase price equal to 101 per cent. of the principal amount plus accrued and unpaid interest to the repayment date.

Subject to the terms of the New Intercreditor Agreement, the New Convertible Notes shall be capable of being accelerated by holders following an event of default. Upon an acceleration, the New Convertible Notes shall become immediately due and payable at their principal amount plus accrued and unpaid interest. Holders of New Convertible Notes may not exercise conversion rights following the acceleration of the New Convertible Notes.

The New Convertible Notes contain covenants that, among other things, restrict NWR NV's ability to pay dividends, and additionally, certain other restrictions which shall come into effect once the New Senior Notes (and any refinancing thereof) are discharged including limitations on NWR NV's ability to incur additional indebtedness, create security interests over its assets and dispose of assets.

(c) Super Senior Facility Agreement

A super senior term facility agreement will be entered into between, amongst others, NWR HOLDINGS BV as borrower, those Existing Noteholders that have elected to participate and listed thereto as original lenders; and OKD, NWR KARBONIA and NWR NV as the original guarantors, to be drawn down in full on the Restructuring Effective Date (the "**Super Senior Facility Agreement**").

The Super Senior Facility Agreement will provide for a term loan of approximately €35 million, which shall be fully utilised on or around the completion of Restructuring and which shall be repayable in full on the date falling two years after the completion of Restructuring. NWR HOLDINGS BV shall on-lend all amounts borrowed by it under the Super Senior Facility Agreement (less fees, expenses and costs) to OKD for application towards general corporate and working capital purposes of the Group.

The obligations under the Super Senior Facility Agreement will be super senior obligations of NWR HOLDINGS BV and will initially be guaranteed by OKD, NWR KARBONIA and NWR NV. The Super Senior Facility will initially be secured by (i) a pledge of the shares in NWR HOLDINGS BV, OKD, and NWR; (ii) receivables, into NWR Plc and NWR HOLDINGS BV; (iii) moveable assets of NWR Plc and NWR NV; and (iv) bank accounts of NWR Plc.

The Super Senior Facility Agreement shall be subject to identical negative undertakings as provided in the New Senior Notes Indenture and are described in further detail in the section entitled "*New Senior Notes*" of this Part IX (*Additional information*). The negative undertakings shall be set out in an appendix to the Super Senior Facility Agreement.

The Super Senior Facility Agreement shall also contain certain general undertakings, subject to certain qualifications, including but not limited to, undertakings in relation to (i) obtaining certain authorisations; (ii) compliance with laws and regulations; (iii) the granting of the secured property; (iv) change of business; (v) maintenance of insurance; (vi) taxation; (vii) obtaining, maintaining and complying with material licences; (viii) environmental compliance; and (ix) the notification of environmental claims.

The Super Senior Facility includes the Minimum Liquidity Covenant, which states that the Group must maintain a minimum available cash level of EUR 40 million (excluding mining reserve damages). This covenant will be tested first as at 31 October 2015 and then on a quarterly basis from 31 December 2015 for the duration of the Super Senior Facility, which is due to mature two years from the Restructuring Effective Date. NWR Plc has the option (though not the obligation) to cure a breach of the Minimum Liquidity Covenant by injecting additional cash into NWR NV. This cash injection has to be completed no longer than 10 business days following delivery of the quarterly accounts which disclose a breach of the

Minimum Liquidity Covenant to the lenders under the terms of the Super Senior Facility. However, such option may not be exercised more than once during the term of the Super Senior Facility. In order to be able to make an injection of cash into NWR NV in these circumstances it is likely that NWR Plc would need to raise additional cash which may not be achievable.

The Super Senior Facility Agreement sets out certain events of default, including but not limited to, non-payment, misrepresentation, cross default above certain agreed amounts in respect of material subsidiaries, insolvency events and certain insolvency proceedings.

The Super Senior Facility Agreement will be governed by English law.

(d) Contingent Value Rights

As part of the Restructuring, NWR NV will issue EUR 35 million in two tranches of Contingent Value Rights.

The Contingent Value Rights will be unsecured, unguaranteed and contractually subordinated to the Super Senior Facility, the New Senior Notes and the New Convertible Notes. NWR NV will use its commercially reasonable efforts to cause the Contingent Value Rights to be admitted to listing on a stock exchange as soon as practicable and to cause the Contingent Value Rights to remain so listed for so long as any of the Contingent Value Rights are outstanding.

Payment under the Contingent Value Rights shall only be made if in relation to a tranche, NWR NV's reported average realised price in Euro per tonne for coking coal exceeds the price of such tranche for two (2) recent consecutive quarters (a "**Contingent Payment Event**"), as specified below:

(i) Tranche EUR 20 million

<i>Year:</i>	2014	2015	2016	2017	2018	2019	2020
<i>Price:</i>	€127	€130	€133	€135	€138	€141	€143

(ii) Tranche EUR 15 million

<i>Year:</i>	2014	2015	2016	2017	2018	2019	2020
<i>Price:</i>	€137	€139	€142	€145	€148	€151	€154

A Contingent Payment Event shall be subject to the two following conditions (the "**Contingent Payment Conditions**")::

- (i) no event of default has occurred or is continuing in respect of the New Senior Notes; and
- (ii) until the discharge and cancellation in full of the New Senior Notes, the available cash (as defined in the New Senior Notes Indenture) exceeds EUR 150 million as tested on the contingent payment date *pro forma* any payment to be made in respect of the redemption of the Contingent Value Rights.

A *pro rata* portion of the relevant tranche shall be payable in cash into each holder of Contingent Value Right's cash account. Unless an effective Contingent Payment Event occurs, no payment under the Contingent Value Rights shall be made. In the event that one or more of the Contingent Payment Conditions is not satisfied, the Contingency Payment Event shall automatically cease to be effective and no payment will be made in relation to such Contingency Payment Event. If one or more Contingent Payment Conditions is subsequently satisfied then NWR NV shall forthwith issue a new notice establishing a new payment date and shall, subject to each Contingent Payment Condition having been satisfied redeem the Contingent Value Rights at their principal amount on the new contingent payment date. The process in this paragraph may be repeated until such time as the Contingent Value Rights are redeemed in accordance with this section or the final maturity date falls 25 or fewer days after the conditions are subsequently satisfied.

This contingent payment shall not be subject to any acceptance or election by the holders of Contingent Value Rights and shall require no action by any holder of Contingent Value Rights or the CVR Trustee. Unless redeemed in accordance with the above description, the Contingent Value Rights will expire on the final maturity date.

The Contingent Value Rights contain an undertaking by NWR NV to publish or arrange to be published each coal price report on its website or on the website of any exchange on which the Contingent Value Rights have been listed, in any case no later than 45 days after the end of each calendar quarter in which it specifies the average realised price per tonne for coking coal for that calendar quarter.

(e) Export Credit Agency Facility

On 29 June 2009, NWR NV as borrower and obligor's agent, and OKD as a co-obligor, entered into an export credit agency facility agreement with, among others, Natixis, as facility agent and documentation agent, KBC Bank Deutschland AG, as ECA agent, and Česká spořitelna, a.s., Československá obchodní banka a.s., KBC Bank Deutschland AG, and Natixis, as mandated lead arrangers, as amended and as shall further be amended as part of the Restructuring (the "ECA Facility").

The ECA Facility provides for a term loan of approximately EUR 141.5 million, which following an amendment as part of the Restructuring shall be repayable in four instalments of differing sums as set out thereto, with a final maturity of the date falling five years and six months the completion of the Restructuring. The proceeds of the ECA Facility are used to finance up to 85 per cent. of the net purchase price of five longwall sets acquired pursuant to NWR NV's 2010 capital investment programme (known as POP 2010).

The ECA Facility is an unsecured obligation of NWR NV and OKD as a co obligor and is not guaranteed by any of NWR NV's subsidiaries. The ECA Facility is covered by a guarantee issued by the Federal Republic of Germany, represented by a consortium led by Euler Hermes Kreditversicherungs AG, for which NWR NV has paid a premium.

The ECA Facility contains certain negative undertakings that, subject to certain customary and other agreed exceptions (and other than as specifically provided for under the ECA Facility), limit the ability of NWR NV, OKD and certain subsidiaries of NWR NV to, among other things: (i) create or permit to subsist any encumbrance or security interest over any of its assets; (ii) make any asset disposals; (iii) make any substantial change to the general nature of its business; (iv) enter into transactions other than on an arm's length basis; (v) amalgamate or merge; (vi) incur other additional debt; and (vii) dispose of the five longwall sets acquired or create any security over the five longwall sets acquired.

The ECA Facility also contains certain affirmative undertakings, subject to certain qualifications, and including, but not limited to, undertakings related to (i) supplying financial statements; (ii) notification of default; (iii) compliance with "know your customer" or similar regulations; (iv) supplying information on the performance of the supply contract for the five longwall sets acquired; (v) compliance with material obligations under the supply contract for the five longwall sets acquired; (vi) receipt, compliance and maintenance of necessary authorisations; (vii) compliance with laws (including environmental laws); (viii) taxation; (ix) *pari passu* ranking of certain unsecured and unsubordinated claims; (x) maintenance of insurance; and (xi) access to the premises and records of NWR NV and OKD.

Following an amendment as part of the Restructuring, the ECA Facility shall contain no financial covenants.

Subject to certain exceptions, there are mandatory prepayments required to be made upon the occurrence of certain customary events such as a change of control and the ECA Facility will also be automatically cancelled where the ECA guarantee is terminated or cancelled.

The ECA Facility sets out certain events of default, including non-payment, breach of financial covenants, cross default above certain agreed amounts, and certain insolvency proceedings and the occurrence of events which, in the reasonable opinion of the Majority Lenders (as defined therein), are reasonably likely to have a Material Adverse Effect (as defined therein).

The ECA Facility contains an undertaking of each obligor not to conduct its business in a manner that is reasonably likely to change its COMI. NWR NV is in breach of this undertaking as it moved its COMI to England in the beginning of June 2014. The lenders under the ECA Facility have not taken, and have not indicated that they intend to take, any steps in respect of the breach, however, they reserved their rights in respect of it.

On 30 June 2014 an amount of approximately EUR 50 million was outstanding under the ECA Facility.

(f) New Intercreditor Agreement

To establish the relative rights of certain of NWR NV and NWR HOLDINGS BV's creditors under its financing arrangements, NWR HOLDINGS BV and NWR NV, OKD and NWR KARBONIA, as subsidiary guarantors under certain of NWR NV's financing arrangements, will enter into an intercreditor agreement (the "**New Intercreditor Agreement**") with, among others, the trustee for the New Senior Notes, New Convertible Notes and Contingent Value Rights, the lenders under the Super Senior Facility, certain hedging counter parties and the security agent under the New Intercreditor Agreement.

The New Intercreditor Agreement will set out amongst other things, the following provisions: (i) the relative ranking of certain debt of NWR HOLDINGS BV and NWR NV, OKD and certain of their affiliates; (ii) the relevant ranking of security granted by NWR HOLDINGS BV and NWR NV, OKD, NWR KARBONIA and certain of their affiliates; (iii) when payments can be made in respect of that debt; (iv) when enforcement action can be taken in respect of that debt; (v) the effects of certain insolvency events; (vi) turnover provisions; and (vii) when security and guarantees will be released to permit an enforcement sale.

All amounts recovered by the security agent in connection with the realisation or enforcement of all or any part of the New Transaction Security (as defined in the New Intercreditor Agreement) shall be applied in the following order of priority:

1. the security agent, any receiver or delegate and the trustees under the New Senior Notes;
2. creditor representatives in respect of secured bank debt (including the agent under the Super Senior Facility);
3. lenders under the Super Senior Facility and certain hedge counterparties having super senior status (on a *pari passu* and *pro rata* basis);
4. holders of the New Senior Notes; *pari passu* creditors and any secured hedge counterparties not having super senior status (on a *pari passu* and *pro rata* basis);
5. Unsecured Convertible Noteholders; Unsecured Convertible and Additional Unsecured Debt Creditors (all as defined in the New Intercreditor Agreement) (on a *pari passu* and *pro rata* basis);
6. holders of Contingent Value Rights; and
7. any balance will go to NWR NV.

(g) New OKD Share Pledge Agreement

As part of the Restructuring, NWR NV will enter into a share pledge agreement (the "**New OKD Share Pledge Agreement**") in order to create a Czech law pledge over the shares it owns in OKD in favour of the New Security Agent as security for the Secured Obligations.

The pledge will be granted as security for the payment of all obligations (the "**New Secured Obligations**") of each of NWR NV, OKD and NWR KARBONIA towards the New Security Agent, including, in particular, liabilities under the New Senior Notes and related guarantees and the Super Senior Facility.

The New OKD Share Pledge Agreement will provide that the pledged shares will be kept in the deposit of the New Security Agent or its affiliate during the tenure of the pledge in accordance with Czech law and pursuant to a separate deposit agreement. NWR NV will provide certain customary covenants that it shall not grant any other security over, or in any other way dispose of, the pledged shares.

The New OKD Share Pledge Agreement will also set out: (i) restrictions on NWR NV's ability to exercise its rights in respect of the pledged shares; (ii) the application of proceeds from the pledged shares before and after the occurrence of a default under certain finance documents; and (iii) the rights of the New Security Agent to enforce the pledge. The application of proceeds of any such enforcement will be subject to the New Intercreditor Agreement.

(h) New NWR KARBONIA Share Pledge Agreement

As part of the Restructuring, NWR NV will enter into a share pledge agreement (the "**New NWR KARBONIA Share Pledge Agreement**") in order to create a Polish law pledge over the shares it owns in NWR KARBONIA in favour of the New Security Agent as security for the Secured Obligations.

The New NWR KARBONIA Share Pledge Agreement contains similar terms to the New OKD Share Pledge Agreement, but in relation to a pledge over the shares held by NWR NV in NWR KARBONIA.

(i) New NWR HOLDINGS BV Share Pledge Agreement

As part of the Restructuring, NWR NV will enter into a share pledge agreement (the “**New NWR HOLDINGS BV Share Pledge Agreement**”) in order to create a Dutch law pledge over the shares it owns in NWR HOLDINGS BV in favour of the New Security Agent as security for the Secured Obligations.

The New NWR HOLDINGS BV Share Pledge Agreement contains similar terms to the New OKD Share Pledge Agreement, but in relation to a pledge over the shares held by NWR NV in NWR HOLDINGS BV.

(j) Documentary Escrow Deed

By Admission (nil paid), the Rights Issue will be unconditional but the debt and security documentation relating to the Restructuring will not have been executed and released ahead of Admission (nil paid). Therefore, certain agreed form documentation relating to the Restructuring will be held in escrow pursuant to a documentary escrow deed to be entered into prior to Admission (nil paid) by, among others, NWR Plc, NWR NV and Deutsche Bank AG, London Branch (as the documentary escrow agent, “the **Documentary Escrow Agent**”) (the “**Documentary Escrow Deed**”).

Under the Documentary Escrow Deed, prior to Admission (nil paid), each party to the Documentary Escrow Deed must place in escrow all Escrow Documents (as defined in the Documentary Escrow Deed) to which it is a party with the Documentary Escrow Agent. The Documentary Escrow Agent will hold each signed Escrow Document in escrow and will release the Escrow Documents as soon as practicable after the date on which the Documentary Escrow Agent receives (i) a notice with certain confirmations from each Opinion Provider (as listed in Part C of Schedule 1 of the Documentary Escrow Deed) in respect of each legal opinion which is an Escrow Document (ii) a certificate from NWR NV confirming that the conditions to the Scheme have been satisfied (excluding the conditions relating to payment of Escrow Moneys (as defined in the Funds Escrow Agreement) and release of the Escrow Documents) and (iii) a certificate from the Funds Escrow Agent that it has received payment of the Escrow Moneys. The Escrow Documents will be dated the same day as they are released from escrow.

(k) Funds Escrow Agreement

Under a funds escrow agreement to be entered into prior to Admission (nil paid) by, among others, NWR Plc, NWR NV and Lucid Issuer Services Limited (as the funds escrow agent, the “**Funds Escrow Agent**”) (the “**Funds Escrow Agreement**”), if the Funds Escrow Agent has received at least EUR 185 million, the Funds Escrow Agent will, following receipt of an officer’s certificate confirming that the conditions to the Scheme have been satisfied (excluding the conditions relating to payment of Escrow Moneys (as defined in the Funds Escrow Agreement) and release of the Escrow Documents) and a certificate from the Documentary Escrow Agent confirming receipt of certificates satisfying all conditions for the release of the Escrow Documents from escrow, release all Escrow Moneys received as follows:

- (a) to the Cash Option Senior Secured Participants and the Cash Option Senior Unsecured Participants (both as defined in the Funds Escrow Agreement) in accordance with their respective Cash Option Senior Secured Entitlements and Cash Option Senior Unsecured Entitlements (both as defined in the Funds Escrow Agreement); and
- (b) the remainder to NWR NV and NWR Plc.

18.2 Material contracts entered into by the Group in the two years prior to publication of this document:

(a) 2021 Notes

On 23 January 2013, NWR NV issued EUR 275 million in aggregate principal amount of senior notes due 2021. Interest on the 2021 Notes accrues at a rate of 7.875 per cent. *per annum* and is payable semi-annually in arrears on 15 January and 15 July. The net proceeds of the 2021

Notes were used to repay in full the amounts under NWR NV's EUR 258 million principal amount of 2015 Notes, as outstanding at the time, and for fees, expenses and general corporate purposes.

The 2021 Notes are senior obligations of NWR NV, and rank equal in right of payment to all of its existing and any future senior debt, including the 2018 Notes.

The 2021 Notes may be redeemed, in whole or in part, at any time prior to 15 January 2021, at the option of NWR NV at a redemption price equal to 100 per cent. of the principal amount of the 2021 Notes redeemed plus the applicable premium (as defined in the Existing Senior Unsecured Notes Indenture).

If there is a change of control (as defined in the Existing Senior Unsecured Notes Indenture), holders of 2021 Notes shall have the right to require NWR NV to repurchase all or any part of the 2021 Notes at a purchase price equal to 101 per cent. of the principal amount.

The Existing Senior Unsecured Notes Indenture contains covenants that limit NWR NV's ability and the Restricted Subsidiaries (as defined in the Existing Senior Unsecured Notes Indenture) ability to, among other things: incur additional indebtedness; make restricted payments (including dividends); create liens; transfer, dispose of voting stock of any Restricted Subsidiary; sell assets; engage in transactions with affiliates; guarantee any debt of NWR NV or any of its Restricted Subsidiaries; consolidate, merge or sell all or substantially all of its assets. The 2021 Notes will be redeemed in whole as part of the Restructuring.

(b) 2018 Senior Notes

On 27 April 2010, NWR NV issued EUR 475 million in aggregate principal amount of Senior Secured Notes due 2018 ("**2018 Notes**"). Interest on the 2018 Notes accrues at a rate of 7.875 per cent. *per annum* and is payable semi-annually in arrears on 1 May and 1 November.

On 18 May 2010, NWR NV issued an additional EUR 25 million in aggregate principal amount of 2018 Notes, with the same rights and privileges, including interest rate, interest payment dates and maturity date as the 2018 Notes issued on 27 April 2010, which increased the outstanding principal amount of 2018 Notes to EUR 500 million.

The 2018 Notes are senior obligations of NWR NV and were initially guaranteed on a senior basis by OKD, OKK and NWR KARBONIA. The 2018 Notes were initially secured by a pledge of the shares of OKD, OKK and NWR KARBONIA but are not secured by any of the other assets of NWR NV. In December 2013, in line with the OKK Sale (as defined below) OKK's guarantee and the pledge over the shares in OKK were terminated and OKK was released from its obligations under the Existing Senior Secured Notes Indenture. The 2018 Notes are effectively subordinated to secured indebtedness of OKD and NWR KARBONIA.

The 2018 Notes may be redeemed, in whole or in part, at any time prior to 1 May 2014, at the option of NWR NV at a redemption price equal to 100 per cent. of the principal amount of the 2018 Notes redeemed plus the applicable premium (as defined in the Existing Senior Secured Notes Indenture).

If there is a change of control (as defined in the Existing Senior Secured Notes Indenture), holders of 2018 Notes shall have the right to require NWR NV to repurchase all or any part of the 2018 Notes at a purchase price equal to 101 per cent. of the principal amount.

The Existing Senior Secured Notes Indenture contains covenants that limit NWR NV's (and OKD's and NWR KARBONIA's, as the Restricted Subsidiaries, as defined in the Existing Senior Secured Notes Indenture) ability to, among other things: incur additional indebtedness; make restricted payments (including dividends); create liens; transfer, dispose of voting stock of any Restricted Subsidiary; sell assets; engage in transactions with affiliates; guarantee any debt of NWR NV or any of its Restricted Subsidiaries; consolidate, merge or sell all or substantially all of its assets. The 2018 Notes will be redeemed in whole as part of the Restructuring.

(c) Revolving Credit Facility

On 7 February 2011, NWR NV entered into a revolving credit facility with, among others, Česká spořitelna, a.s., as facility agent, Citigroup Global Markets Limited as documentation agent, Česká spořitelna, a.s., Československá obchodní banka a.s. (which transferred 50 per cent. of its rights and obligations to Volksbank CZ, a.s. (currently Sberbank CZ, a.s.)), Citigroup Global Markets Limited, Komerční banka, a.s. and ING Bank N.V., Prague branch, as

arrangers and original lenders (the “RCF”). The RCF provided for a bank loan facility of EUR 100 million. The lenders under the RCF acceded to the Existing Intercreditor Agreement by signing the RCF. The RCF expired on 7 February 2014. Although the RCF has expired, under its current terms of financing arrangements NWR NV may enter into a replacement senior secured revolving credit facility of up to EUR 100 million.

(d) Sale of Energy Business

NWR NV entered into a share sale and purchase agreement with Dalkia Česká republika, a.s. (“Dalkia”) on 8 January 2010, which provided for the sale by NWR NV to Dalkia of 100 per cent. of the ownership in NWR Energy a.s. (“NWR Energy”), CZECH KARBON s.r.o. (“CZECH KARBON”) and NWR ENERGETYKA PL Sp.zoo. (together referred to as the “Energy Subsidiaries”), which successfully closed on 21 June 2010. The purchase price received by NWR NV was CZK 3.584 billion. Dalkia is a leading energy group in the Czech Republic as a heat producer and distributor and is a member of the Veolia Environment Group.

Before the closing of the sale, the Energy Subsidiaries supplied the utilities (in particular the supply and distribution of electricity and the production, supply and distribution of heat, compressed air and bathroom water) to OKD, primarily through a framework agreement on supplies and services between OKD, NWR Energy and CZECH KARBON, dated 27 November 2008 (the “Framework Agreement”), although certain other supplies were also made to OKD and other affiliates. The Framework Agreement was initially entered into in connection with the reorganisation of the energy business to provide a framework for the independent operation and arm’s-length pricing of energy services. NWR KARBONIA supplied CZECH KARBON with electricity and distribution services up to 1 April 2009. In addition, OKK and Dalkia were already, prior to closing, party to an agreement pursuant to which OKK supplied Dalkia with coking gas and Dalkia supplied OKK with heat. OKD and NWR NV were parties to an agreement pursuant to which Dalkia, through NWR NV, supplied the ČSA mine with heat.

In connection with the consummation of the sale of the energy business to Dalkia, the Framework Agreement and certain agreements implementing it were amended to reflect agreed commercial terms. The Framework Agreement, as amended, will terminate on 31 December 2029, subject to an option in favour of OKD to extend the Framework Agreement for an additional five-year period. OKD is obliged, among other things, to supply NWR Energy with certain raw materials (coal, coke and water) used in the production of the utilities and to purchase energy utilities (mainly heat and compressed air) and electricity distribution services from NWR Energy and electric power from CZECH KARBON; and NWR Energy and CZECH KARBON are obliged, among other things, to deliver the utilities to OKD in the requested volumes (subject to technical minimum and maximum amounts) at agreed prices. The pricing mechanism for supplies under the amended Framework Agreement (in respect of raw materials, utilities, services and relevant leases) will be applicable over the entire duration of the amended Framework Agreement on arm’s-length terms. The pricing mechanism stipulates a recurring fixed payment payable in case of closure of the mine until expiry of the Framework Agreement. The fixed payment for the Paskov mine, which may potentially be closed in 2017, amounts to approximately EUR 1.6 million *per annum* irrespective of the actual off-take. Dalkia has acceded to the rights and obligations of NWR Energy and CZECH KARBON arising under the amended Framework Agreement and under implementation agreements relating to the same. The company NWR Energy was renamed to Dalkia Industry CZ on 24 June 2010 and the company CZECH KARBON was renamed to Dalkia Commodities CZ on 1 August 2011.

(e) Sale of OKK

On 27 September 2013 NWR NV signed a sale and purchase agreement (“SPA”), selling its coke producing subsidiary OKK to MTX, a.s. (the “OKK Sale”). The transaction was closed on 6 December 2013. The OKK Sale was concluded after a four month competitive process, in which various parties showed interest in purchasing OKK. The total consideration was EUR 95 million and consisted of EUR 70 million for the transfer of the shares in OKK to MTX and EUR 25 million for the sale of certain of OKK’s coke inventory to METALIMEX. In line with the SPA, EUR 7 million was placed in escrow on 6 December 2013, which was released three months after closing.

Consistent with the limitations set out in NWR Plc's financing arrangements, NWR Plc has reinvested the net proceeds of the OKK Sale in long term assets (also known as non-current assets or capital expenditure) needed for existing coal mining operations, over the twelve months after the closing.

As conditions precedent to the transaction, OKK was released from its obligations towards any of NWR Plc's creditors under the abovementioned 2018 Notes; NWR Plc obtained approval for the OKK Sale from the RCF lenders; any of the existing loans from NWR Plc to OKK were repaid; competition authorities' approval was obtained; and shareholder approval was obtained.

As part of the OKK Sale it has been agreed that certain coal supply agreements were concluded on an arm's length basis between entities within the Group and entities within the METALIMEX group of companies to secure the future supply of coal to the coking plant operated by MTX after 6 December 2013. The majority of the coking coal used in the coking plant used to be purchased from OKD. The terms of the supply contract have been negotiated with MTX and prices are set on a quarterly basis, which is common for the business.

As part of the OKK Sale, NWR NV, MTX CZ, a.s., OKD and OKK Koksovny, a.s. have entered into a guarantee and indemnity agreement, setting out OKD's and OKK's obligations with regard to their statutory guarantees for historical damages.

18.3 Intragroup material contracts and security documents

(a) Existing Intercreditor Agreement

To establish the relative rights of certain of the NWR NV's creditors under its financing arrangements, NWR NV and OKD and NWR KARBONIA, as subsidiaries guarantors under certain of NWR NV's financing arrangements, entered into an intercreditor agreement (the "**Intercreditor Agreement**") with, among others, the trustee for the 2018 Notes, the lenders under the RCF, certain hedging counter parties and the security agent under the Existing Intercreditor Agreement.

The Existing Intercreditor Agreement sets out amongst other things, the following provisions: (i) the relative ranking of certain debt of NWR NV, OKD and certain of their affiliates; (ii) the relevant ranking of security granted by NWR NV, OKD and certain of their affiliates; (iii) when payments can be made in respect of that debt; (iv) when enforcement action can be taken in respect of that debt; (v) the effects of certain insolvency events; (vi) turnover provisions; and (vii) when security and guarantees will be released to permit an enforcement sale. OKK withdrew from the Existing Intercreditor Agreement at the time of the closing of the OKK Sale.

(b) OKD Share Pledge Agreement

On 27 April 2010, NWR NV entered into a share pledge agreement (the "**OKD Share Pledge Agreement**") in order to create a Czech law pledge over the shares it owns in OKD in favour of the security agent named therein as security for the Secured Obligations.

The pledge was granted as security for the payment of all obligations (the "**Secured Obligations**") of each of NWR NV, OKK, OKD and/or NWR KARBONIA towards the security agent named therein, including, in particular, liabilities under the 2018 Notes and related guarantees, the 2015 Notes and the RCF.

The OKD Share Pledge Agreement provides that the pledged shares are being kept in the deposit of Citibank Europe Plc during the tenure of the pledge in accordance with Czech law and pursuant to a separate deposit agreement. NWR NV provides certain customary covenants that it shall not grant any other security over, or in any other way dispose of, the pledged shares.

The OKD Share Pledge Agreement also sets out: (i) restrictions on NWR NV's ability to exercise its rights in respect of the pledged shares; (ii) the application of proceeds from the pledged shares before and after the occurrence of a default under certain finance documents; and (iii) the rights of the security agent named therein to enforce the pledge. The proceeds of any such enforcement must be applied in accordance with the Existing Intercreditor Agreement.

(c) OKK Share Pledge Agreement

On 27 April 2010, NWR NV entered into a share pledge agreement (the “**OKK Share Pledge Agreement**”) in order to create a Czech law pledge over the shares it owned in OKK in favour of the security agent named therein. The OKK Share Pledge Agreement contained similar terms to the OKD Share Pledge Agreement, but in relation to a pledge over the shares held by NWR NV in OKK.

The OKK Share Pledge Agreement was terminated on 6 December 2013, at the closing of the OKK Sale.

(d) NWR KARBONIA Share Pledge Agreement

On 27 April 2010, NWR NV entered into a share pledge agreement (the “**NWR KARBONIA Share Pledge Agreement**”) in order to create a Polish law pledge over the shares it owns in NWR KARBONIA in favour of the security agent named therein as security for the Secured Obligations.

The NWR KARBONIA Share Pledge Agreement contains similar terms to the OKD Share Pledge Agreement, but in relation to a pledge over the shares held by NWR NV in NWR KARBONIA.

(e) Dominance agreement

There was a dominance agreement between OKD (as controlling party) and OKK (as controlled party). To maintain consistent strategic management of the businesses of OKD and OKK, the dominance agreement was established so that OKD could effectively manage OKK. Under Czech law, when a dominance agreement is in place, the board of directors of the controlled party is bound by the instructions issued by the controlling party. The controlling party was required to compensate the controlled party for any loss arising in the annual financial results of the controlled party. The dominance agreement was terminated on 6 December 2013, at the closing of the OKK Sale.

(f) Subordination agreement

In connection with the distributions, as described below, NWR NV, in its capacity as the sole shareholder of OKD, OKK and NWR KARBONIA, resolved, to approve NWR NV’s contingent equity contribution in excess of the registered capital of NWR NV. Each loan or other indebtedness to, or among, the subsidiaries is subordinated to the debt incurred under the outstanding notes. This measure represents a requirement under the Existing Senior Secured Notes Indenture for the protection of the holders of the 2018 Notes. The contingent contribution will only be triggered upon an event of default under the Existing Senior Secured Notes Indenture or a continuing event of default under the documentation governing indebtedness that qualifies as material debt under the Existing Senior Secured Notes Indenture. OKK was released from its obligations under the Subordination Agreement in an Amendment to the Subordination Agreement, concluded in combination with the OKK Sale.

(g) OKK loan agreements

NWR NV and OKK entered into a credit agreement committing NWR Plc to make funds available to OKK, which would be used for general payment purposes in connection with OKK’s operations and activities. NWR NV and OKK also entered into an intercompany revolving credit agreement (the “**OKK RCF**”). Under the OKK RCF, NWR NV made funds available to OKK for general payment purposes in connection with OKK’s operations and activities. The principal amount of the facility was set at a total aggregate amount of CZK 2,140 million. OKK was charged a fixed interest rate of 4.75 per cent. *per annum* on the outstanding principal of each advance.

Both the loan agreements between NWR NV and OKK were partly capitalised and partly repaid and thereby terminated prior to completion of the OKK Sale.

(h) 2010 OKD loan agreement

On 18 May 2010, NWR NV, in its capacity as the sole shareholder of OKD, resolved to make a distribution from the 2009 profit, retained earnings and other distributable reserves in the aggregate amount of CZK 12.8 billion. As OKD did not have sufficient funds to cover the

distribution, NWR NV agreed to lend this amount to OKD on the basis of a loan agreement dated 12 July 2010. The loan agreement currently consists of four tranches: Tranche 1 consists of a EUR 226.8 million facility due on 14 February 2018; Tranche 2 consists of a CZK 1,732 million facility to be repaid in instalments by 15 February 2016; Tranche 3 consists of a EUR 208 million facility to be repaid in instalments by 15 February 2016; and Tranche 4 consists of a EUR 120 million facility to be repaid in instalments by 14 February 2020.

19. Related party transactions

19.1 Details of related party transactions (which for these purposes are those set out in the Standards adopted according to Regulations (EC) No 1606/2002), NWR Plc has entered into:

- (a) during the financial year ended 31 December 2011, are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in Section “*Certain relationships and Related party transactions*” on pages 84-88 and in Note 10 on pages 138-139 of NWR Plc’s 2011 Annual Report and Accounts;
- (b) during the financial year ended 31 December 2012, are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in Section “*Certain relationships and Related party transactions*” on pages 88-90 and in Note 9 on pages 135-136 of NWR Plc’s 2012 Annual Report and Accounts; and
- (c) during the financial year ended 31 December 2013, are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in Section “*Certain relationships and Related party transactions*” on pages 87-89 and in Note G on page 182 of the 2013 Annual Report,

all of which are incorporated by reference into this document.

19.2 Aside from the agreement between NWR NV and BXL Consulting Ltd, which was terminated as of 31 May 2013, the nature of the related party transactions of the Group has not changed from 1 January 2014 up to 29 July 2014 (being the latest practicable date prior to the publication of this document) from those described above.

19.3 During the period from 1 January 2014 up to 29 July 2014 (being the latest practicable date prior to the publication of this document), there have been no other related party transactions requiring disclosure. The consultancy agreement with BXL Consulting Ltd. is described in the 2013 Annual Report on page 88.

20. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which NWR Plc is aware), during the 12 months preceding the date of this document which may have, or have had in the recent past significant effects on the financial position or profitability of the Group.

21. Dividends

21.1 No dividends were declared or paid during 2013 to holders of either Existing A Shares or B Shares.

21.2 In 2012, NWR Plc paid a dividend to holders of Existing A Shares totalling EUR 34,450,000 for the year, consisting of a final dividend of EUR 0.07 per share in respect of the year ended 31 December 2011 and in interim dividend of EUR 0.06 per share for the half-year ended 30 June 2012.

22. Mandatory bids and compulsory acquisition rules relating to shares

Takeover offers and/or squeeze-out and sell-out rules in relation to NWR Plc will be governed by UK law, in particular the Companies Act and the City Code on Takeover and Mergers. All such takeover offers are regulated by the Panel on Takeovers and Mergers. Due to the way in which the European Takeover Directive (Directive 2004/25/EC) has been implemented in Poland, there remains some uncertainty as to the application of Polish takeover rules to NWR Plc, and there is a risk that Poland’s financial market regulator, the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego), could determine that such rules do apply to NWR Plc.

22.1 Mandatory bid

The City Code on Takeover and Mergers applies to NWR Plc. Under the City Code on Takeover and Mergers, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in NWR Plc, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in NWR Plc at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in NWR Plc if the effect of such acquisition were to increase that person's percentage of the total voting rights in NWR Plc.

22.2 Squeeze-out

Under the Companies Act, if an offeror were to make an offer to acquire all of the shares in NWR Plc not already owned by it and were to acquire 90 per cent. of the shares to which such offer related it could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to NWR Plc which would execute the transfers on behalf of the relevant members, and pay the consideration to NWR Plc which would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

22.3 Sell-out

The Companies Act would also give minority members 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 shares in NWR Plc 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 shares, any holder of 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 shares.

The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

23. Working Capital

NWR Plc is of the opinion that the working capital available to the Group is not sufficient for its present requirements, that is, for at least the next 12 months following the date of publication of this document.

The Restructuring will be conditional on completion of the Rights Issue and the Placing and on the execution and delivery of customary legal opinions which are to be released on the date of completion of the Capital Restructuring and certain other procedural steps. Whilst NWR Plc believes that the risk is remote, if these steps do not take place, the Restructuring will not complete. In these circumstances the Group would not have sufficient working capital.

If the Restructuring and hence the Capital Restructuring do complete, under the Base Case the Group would have sufficient cash available during both the 12 month and the 18 month period following the date of this document. The lowest projected available cash balance under the Base Case is EUR 65 million in Q3 2015 taking into account the net proceeds of the Rights Issue and the Placing, the Super Senior Facility, the ECA Facility and the implementation of the other steps of the Capital Restructuring.

However, for the purposes of making an assessment of available working capital, the NWR Plc Directors are required to consider all reasonable and plausible adverse eventualities and so have developed the Downside Scenario for this purpose.

The Downside Scenario reflects adverse economic and operating conditions, the most important factor being the prices that the Group will be able to realise for its products. The Downside Scenario broadly assumes that coking and thermal coal realised sales prices would remain at the lowest historically achieved prices by the Group for the entire projected 18 month period following the date of this document and that sales volumes would be 5 per cent. less than those projected in the Base Case.

The realised sales prices assumed in the Base Case and the Downside Scenario are as follows:

	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16
	<i>(EUR per tonne)</i>							
Coking coal								
Base Case.....	86	86	90	92	98	99	100	103
Downside Scenario	86	86	86	86	86	86	86	86
PCI Coal								
Base Case.....	69	71	71	70	72	74	78	77
Downside Scenario	69	71	71	70	69	69	69	69
Thermal Coal								
Base Case.....	55	53	51	51	56	59	58	60
Downside Scenario	55	53	51	55	55	55	55	55

Under this Downside Scenario, the projections show that:

- there is no shortfall in working capital in the 12 month period following the date of this document but that the Group's available working capital would decline to a minimum of EUR 10 million in Q3 2015; and
- the Group could run out of cash in mid Q4 2015 as the NWR Plc Directors would expect the Group to breach the minimum available cash requirement for the Super Senior Facility which is set at €40 million and is first tested as at 31 October 2015. At that time the ECA Facility would also be capable of acceleration and, should that acceleration be reasonably probable, all of the remaining debt of the Group could become immediately repayable.

Although there is no shortfall in projected working capital in the 12 month period following the date of this document under the Downside Scenario, given the very limited headroom in our forecasts, the NWR Plc Directors are of the view that it is prudent to determine that the Group may not have sufficient working capital for the foreseeable future, that is, for at least the next 12 months following the date of publication of this document.

In the event there is a shortfall in working capital in the 12 month period following publication of this document, the Group proposes to seek alternative sources of liquidity, which may include attempting to sell the assets of OKD and NWR KARBONIA, or raise additional debt (to the extent permitted by the New Senior Notes Indenture, the Super Senior Facility and the ECA Facility) or, if no viable alternative solutions are then available, attempting to sell the assets of OKD and NWR KARBONIA in a transaction which is similar in structure to the Alternative Restructuring Plan. Such transaction would result in the insolvency of NWR NV and, shortly thereafter, the insolvency of NWR Plc. There can be no assurance that additional sources of liquidity would be available or that the Alternative Restructuring Plan would be available on the same terms or at all, in which case the Group may be forced into insolvent liquidation.

24. Consents

Sponsor has given and has not withdrawn its written consent to the issue of this document with references to its name being included in the form and context in which it appears.

KPMG has given and not withdrawn its written consent to the inclusion in this document of its report relating to the *pro forma* financial information in Part IV (*Unaudited pro forma* financial information for the Group) of this document in the form and context in which it is included.

The IMC has given and not withdrawn its written consent to the inclusion in this document of the IMC MER in Part X (*Mineral Expert's Reports*) of this document in the form and context in which it is included.

JT Boyd has given and not withdrawn its written consent to the inclusion in this document of the JT Boyd MER in Part X (*Mineral Expert's Reports*) in the form and context in which it is included.

25. Significant change

Save as disclosed below, there has been no significant change to the trading or financial position of the Group since 31 December 2013, the date to which the latest audited financial information of the Group was published.

Based on the Group's preliminary management accounts, the first six months of 2014 follow similar trends to those experienced in the first three months of 2014. These included: a decrease in revenues, compared to the first six months of 2013, attributable primarily to lower sales volumes and reduced average sales price of coking coal; and an increase in EBITDA, compared to the first six months of 2013, due to a reduction in mining unit costs and the build up of inventories in the first six months of 2014 compared to the reduction in inventories in the comparative period.

During the first six months of 2014 there has been a material improvement in the Group's operating loss (and loss before tax) mainly due to the EUR 307 million impairment charge recognised at 30 June 2013 with no corresponding amount recognised at 30 June 2014, as well as the consequential reduction in depreciation charge in addition to the factors that improved EBITDA. With respect to the financial position of the Group as at 30 June 2014, total assets has decreased mainly due to a decrease in cash and cash equivalents, resulting from cash outflows from both operating activities (including interest payments) and from investing activities. Total equity has decreased as a consequence of the loss for the period.

26. Sources of financial information

Unless otherwise stated, all financial information disclosed in this document has been extracted without material adjustment from the 2013 Annual Report.

27. Information incorporated by reference

Information from the following documents has been incorporated into this document by reference:

Documents containing information incorporated by reference	Section of this document which refers to the document containing information incorporated by reference	Where the information can be accessed to Shareholders
3M 2014 Interim Consolidated Financials	<i>Chairman's Letter, Market description and business overview and Operating and financial review</i>	http://www.newworldresources.eu/en/media/press-releases/2014/unaudited-q1-2014-results
NWR Plc's 2011 Annual Report.....	<i>"Related Party Transactions" in Part IX (Additional information)</i>	http://www.newworldresources.eu/en/investors/reports/annual-reports-and-accounts
NWR Plc's 2012 Annual Report.....	<i>"Related Party Transactions" in Part IX (Additional information)</i>	http://www.newworldresources.eu/en/investors/reports/annual-reports-and-accounts
NWR Plc's 2013 Annual Report.....	<i>"Related Party Transactions" in Part IX (Additional information)</i>	http://www.newworldresources.eu/en/investors/reports/annual-reports-and-accounts

A copy of each of the documents listed above is available for inspection in accordance with the section headed "*Documents available for inspection*" of this Part IX (*Additional information*).

28. Documents available for inspection

Copies of the following documents may be inspected at NWR Plc's UK registered office at One Silk Street, London EC2Y 8HQ or NWR Plc's corporate office in Amsterdam during usual business hours on any weekday (not including Saturdays, Sundays or any public holidays in the United Kingdom) from the date of this document up to and including the date of the General Meeting:

- (a) Articles of Association;
- (b) 2011 Annual Report;
- (c) 2012 Annual Report;
- (d) 2013 Annual Report;
- (e) 3M 2014 Interim Consolidated Financials;
- (f) the irrevocable undertakings from the NWR Plc Directors and CERCL Mining; and
- (g) Form of Proxy.

The above documentation will also be available for inspection on the date and at the place of the General Meeting for at least 15 minutes before the General Meeting is held until its conclusion.

PART X
MINERAL EXPERTS' REPORTS

**CONSULTANCY SERVICES
MINERAL EXPERT'S REPORT
OSTRAVO-KARVINSKE DOLY
ACTIVE MINING OPERATIONS**

Czech Republic

At your request, we are providing a copy of a John T. Boyd Company (BOYD) professional work product in electronic format. Please be advised that the authorship and content of the material being provided is strictly privileged to BOYD and no change or revision to said work product is permitted. Any request for alteration to the material provided should be made to BOYD, who reserves the sole discretion to determine if and to what extent any change in our document will be made (by BOYD). Unauthorized change to or use of the information being provided voids any and all BOYD responsibility and/or liability associated with this work product and could result in legal action by BOYD regarding improper use of privileged information and/or deliberate misrepresentation.

Prepared For

NEW WORLD RESOURCES Plc

By

John T. Boyd Company

Mining and Geological Consultants

Pittsburgh, Pennsylvania, U.S.A.



Report No. 3160.009

JULY 2014



John T. Boyd Company

Mining and Geological Consultants

Chairman
James W. Boyd

President and CEO
John T. Boyd II

Managing Director and COO
Ronald L. Lewis

Vice Presidents
Richard L. Bate
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30 July 2014
File: 3160.009

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Attention: Mr. Marek Jelinek
Chief Financial Officer
New World Resources Plc

Subject: Consultancy Services
Mineral Expert's Report
Ostravo-Karvinske doly
Active Mining Operations
Czech Republic

Dear Sirs:

Presented herein is our Mineral Expert's Report (MER) regarding the active coal mines and related coal processing facilities owned by New World Resources Plc (NWR) in the Czech Republic. The four active mining operations are operated by Ostravo-Karvinske doly (OKD), a wholly owned subsidiary of NWR.

John T. Boyd Company (BOYD) has relied on source data as provided by OKD/NWR and discussions and observations during the BOYD project team's visit to the OKD operations (Darkov, CSM, Karvina, and Paskov mining complexes), located in the Upper Silesian coal basin in eastern Czech Republic. Our reserve reporting has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code) - 2012. The analysis in this report is fully compliant with the European Securities and Markets Authority (ESMA) Section 132 requirements of mineral companies.

Mr. Ronald L. Lewis, BOYD's COO and Managing Director, is the lead Competent Person responsible for the preparation of this MER.

Respectfully submitted,

JOHN T. BOYD COMPANY
By:

Ronald L. Lewis
Managing Director and COO

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APPENDICES

A: Statement of JORC Competency

B: JORC Code, 2012 Edition – Table 1 Report Template

GLOSSARY OF ABBREVIATIONS AND TERMINOLOGY

ad	Air dried as in coal quality reporting
AIPG.....	American Institute of Professional Geologists
Ash content	Incombustible impurities contained in coal which affect the burning characteristics of coal
Balance	OKD Classification - Coal having reasonable probability to be mineable in the foreseeable future based on a review of technical, safety, and accessible to mining considerations. Subject to future coal market
Block	A defined area of coal bordered by gateroads, usually rectangular in configuration, in which the LW face operates
BOYD	John T. Boyd Company, independent mining and geological consultants, which qualifies as a competent person and a competent evaluator as defined under Rule 18.01 of the Listing Rules.
CAPEX	Capital expenditure
Cash (Production) Cost.....	All cash costs directly associated with coal production including, but not limited to, raw materials consumed, salary and wages, labor benefits, power, repairs, coal processing transport of coal from mine to loading point, general administrative expense and selling expenses
CM	Continuous Miner
Coal Preparation Plant or CPP	Facility used to selectively remove an undesirable portion (waste) from the ROM/raw coal using chemical and mechanical methods.
Coal Processing	The process of selectively removing gangue material from raw coal through beneficiation at a coal processing plant
Coal Reserve	The economically mineable part of a measured coal resource and/or indicated resource
Coal Resource	A concentration or occurrence of coal material of intrinsic economic interest in or on the Earth's crust in such form, quality, and quantity that there are reasonable prospects for eventual economic extraction, which are subdivided, in order of increasing geological confidence, into inferred, indicated, and measured categories

Coal Seam	A geological structure containing a series of layers of coal, shale and other mineral materials of various thickness within a defined zone
Coke	A form of carbon made by the destructive distillation of coal and is one of the raw materials used in blast furnaces in the iron and steel industry
Coke strength	A quality reference regarding the characteristic of reaction in an industrial blast furnace
Coking	The process of producing coke using coal
Coking coal	The type of coal that is used to create coke, which is consumed in coke ovens as part of the steel-making process, and is also known as metallurgical coal
CP	JORC Competent Person
CSM	Ceskoslovenskeho Svazu Mladeze Mine
CV	The heat of combustion of a unit quantity of coal, expressed in British Thermal Units per pound (Btu/lb), kilocalories per kilogram (kcal/kg) or mega joules per kilogram (mj/kg)
Cyclone	A conical vessel in which coal is separated from rock during processing
CZK	Czech Koruna – official money of the Czech Republic
DAF	Dry ash free
DCF	Discounted cash flow
DIAMO	DIAMO statni podnik; state enterprise that oversees dismantling and cleanup work following coalmining
Dilation	Test to measure plasticity of coal for coke-making process
Dip	Angle that the stratum makes with the horizontal
Double gate	Longwall gate road is reused for retreat
Driveage	Gate road or crosscut development to access coal seams
Economic Viability	This term implies that the extraction of a reserve has been demonstrated to be viable under reasonable financial assumptions

EIS	Environmental Impact Statement
EPP	Grade of thermal coal at OKD preparation plants
ESMA	European Securities and Markets Authority
ESP	Grade of thermal coal at OKD preparation plants
ETP	Grade of thermal coal at OKD preparation plants
Face (working face)	Mine location where active extraction is taking place, using longwall mining or development mining methods
Froth flotation	Process for selectively separating coal from inerts during the washing process
Gate	Bord and pillar development around a longwall panel supporting its operation – also gateroad
Geomechanical	Tests on rock or coal to evaluate strength characteristics
Goaf	Mined out area of a longwall panel
Gob	Spoil material allowed to subside behind the longwall retreat
GreenGas DPB	International company specializing in the conversion of coal miner methane into energy
HP	Coal dust
Indicated Resource	The part of coal resource for which tonnage, densities, shape, physical characteristics, grade, and mineral content can be estimated with a reasonable level of confidence such as to allow the generation of mine plans and the determination of likely product coal quality
Inferred Resource	The part of coal resource for which tonnage, densities, shape, physical characteristics, grade, and mineral content can be estimated with a low level of confidence so that the generation of mine plans would not be possible
In situ	In place
IPO	Initial public offering
ISO	International Organization for Standardization
Jigs	A gravity separation method for coarse coal washing

JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves
JORC-compliant coal reserves .	The coal reserves that are classified and measured in accordance with the JORC Code
JORC-compliant coal resources	The coal resources that are classified and measured in accordance with the JORC Code
kCal	Kilocalories
KJS.....	Jan Sverma Coking Plant
km	Kilometers
km ²	Square kilometers
LOM	Life of Mine, meaning the span of time that a mine is currently planned to operate
LW	Longwall, underground mining technique, used interchangeably with equipment utilized with this method
m	Meter
m ²	Square meter (also sq. m)
m ³	Cubic meter (also cu m)
Major risk	A factor that would have a materially adverse effect (15% to 20% or higher) on project cash flow for the risk assessment period, possibly leading to project failure, if the specific risk occurred and was not corrected
Marketable reserves	As defined in the Competent Person's Report, saleable coal product from recoverable reserves after accounting for mining and processing losses, where applicable
Measured coal resources	The part of coal resource for which tonnage, densities shape, physical characteristics, grade, and mineral content can be estimated with a high level of confidence such as to allow the generation of detailed mine plans and the determination of mining and beneficiation costs, wash plant yields, and quality specifications.
MER	Mineral Expert's Report
Methane	A colorless, odorless, explosive gas (CH ₄) typically associated with coal seams

Midding coal (middlings)	Higher-ash coal produced during the CPP processing to produce clean coking coal
Mineable	The portion of a mineralized deposit for which extraction is technically and economically feasible
Minor risk	A factor that would have minimal or no adverse effect (less than 10%) on project cash flow for the risk assessment period, if the specific risk occurred and was not corrected
Moderate risk	A factor that would have significant adverse effect (10% to 15%) on project cash flow for the risk assessment period, if the specific risk occurred and was not corrected
Mt	Million tonnes
Mtpa	Million tonne per annum
Non-Balance	OKD Classification - Coal having doubtful technical and/or economic mineability in the foreseeable future. Inaccessible from current infrastructure
NPF	National Property Funds of the Czech Republic
NPV	Net present value
NWR	New World Resources N.V.
NYSE	New York Stock Exchange
OKD	Ostravo-Karvinske doly
Out-of-Seam	Non-coal material above and below the coal seam recovered during mining
Partings	Rock material within mineable coal seams usually extracted with the coal
Past Limits	OKD classification - Coals determined to be outside or past limits (criteria) such as less than the prescribed minimum seam thickness, ash content, depth, etc.
PCI coal	Coal injected into the furnace during the blast-furnace iron-making process as heat generator and deoxidizer
Petrographic analysis	Describes the mineral content and textural relationships of rock
Pillar	Column of coal left behind for support

PK	Secondary product (middlings) from coal washing process
Plys	Layers in a coal seam
POP	Productivity Optimization Program
Probable coal reserve	The economically mineable part of an indicated resource, and in some circumstances a measured coal resource, representing a lower level of confidence than a proven coal reserve but has adequate reliability as the basis of mining studies
Proven coal reserve	The economically mineable part of a measured coal resource, representing the highest confidence category of coal reserve estimates
Productivity	Measurements of worker efficiency usually expressed in terms of tonnes per unit of time, e.g. tonnes/employee-year
Raw Coal	Coal on an as-mined basis, which may be sold directly or processed if necessary
Rib	Coal pillar that is left in-place
Roadheader	Equipment consisting of a boom-mounted cutting head for excavating rock and developing coal entries.
ROM	Run-of-mine, being material as mined before beneficiation
SEC	US Securities and Exchange Committion
Shields	Equipment to provide roof support for longwall mining
Shower coal	Methane/coal outbursts
S-JTSK	Czech location coordinate system
Sludge	Mixture of very fine coal particles after washing process
Spiral concentrator	Device to separate solid components in a slurry
Subsidence	Surface settlement due to underground mining
Tailings	Refuse remaining after coal washing process
Thermal coal	Normally referred to as “steam” or “steaming coal”, used in combustion processes by power producers and industrial users to produce steam for power and heat

Thickener	A tank that is used to settle out the solid material from the water in slurry
Tonne	Metric ton equal to 1,000 kilograms
Tonsteins	Volcanic ash layers
tph	tonnes per hour
UVPK	Grade of coking (metallurgical) coal at OKD preparation plants
Vitrinite reflectance	Method for determining the maturity or rank of a coal bed
Volatile matter	Substances, other than water, that are driven off as gas or vapor when coal is heated under certain prescribed conditions, the lower the volatile fraction, the higher the coke yield
Wash-out.....	Rock intrusions in a coal seam
Workable reserves	OKD term for saleable, product, marketable

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1.0 GENERAL STATEMENT

1.1 Introduction

Deteriorating market conditions have resulted in a significant reduction in revenue, decreased production, and increased operating costs. Consequently, poor financial performance has necessitated a restructuring of NWR. BOYD was engaged to provide professional services in this regard and prepare this MER which includes an independent assessment of NWR's active mines and strategic plans. The preparation of a MER is consistent with the European Commission's Regulations on Prospectus published by the ESMA, and is prepared in accordance with JORC Code 2012.

BOYD was engaged in November 2013 to update our independent assessment of reported coal reserves at active OKD underground mines based on current market conditions. The four subject mines (Karvina, CSM, Darkov, and Paskov) are situated in the Upper Silesian Basin, near the eastern border of the Czech Republic (see Figure 1.1, following this Chapter). In May 2014, we were subsequently engaged to complete a full scale revision to the 2008 MER (also prepared by BOYD), needed to achieve the revised JORC 2012 reporting requirements. The following relies on source documentation provided by OKD, along with discussions and observations during the BOYD project team's visit to the sites (18 to 22 November 2013, 15 to 23 December 2013 and 25 to 31 May 2014).

This report is addressed to NWR and is intended to be used to support the company's pending filing(s) and disclosures in connection with the restructuring of NWR and its subsidiaries.

For the purposes of Prospectus Rule 5.5.3R(2)(f), BOYD is responsible for this MER as part of the prospectus and declares that it has taken all reasonable care to ensure that the information contained in this report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in accordance with Item 23.1 of Annex I and 10.3 of Annex III of the Prospectus Directive Regulation.

1.2 Background

The coal industry in the Czech Republic has a long history, measured in centuries, under various ownership and operating structures. While under state control, mines operated as a subsidized industry in terms of receiving prices in excess of cost in conjunction with government subsidies (via social grants, investment write-offs, and other benefits). The present-day Czech underground coal industry is controlled by

NWR, through its mining subsidiary OKD, which will produce approximately 9 million tonnes (Mt) in 2014 from four operating underground mining complexes located in the Czech Republic. NWR also controls coal resources at inactive sites in the Czech Republic and Poland (not included in this MER).

Many Czech mines have been closed and/or consolidated (merged) with adjacent operations due to reserve depletion and/or to improve mining and processing operating efficiency and related costs. The remaining OKD complexes are those regarded as having the best available reserves and prospects for future performance. The mines are mature operations, having been in operation for many years (in the case of Paskov, as long as 185 years). Each operation is self-sufficient in terms of surface facilities and functions required to support underground operations: coal preparation and material handling systems, various workshops, engineering facilities, office facilities, etc. Infrastructure and physical plants are designed and maintained to accommodate the depths of the underground workings, the number of operating units below ground, and the total number of employees on site. In some cases, mined run-of-mine (ROM) coal material is transported between mines and coal preparation plants (CPP) to improve overall operating efficiency.

Approximately 50% of OKD's production is sold to European metallurgical steel markets. This ratio is expected to continue through 2023. The remaining coal is supplied as a thermal (energy) product to electric power producers in the Czech Republic and elsewhere. OKD exports coal primarily to Austria, Poland, Slovakia, and Germany, mainly via rail transportation.

NWR's mines utilize longwall (LW) equipment and techniques to extract coal from retreat faces in multiple seams (the introduction of continuous miner (CM) room-and-pillar production is planned in 2014 at CSM). The mines have a broad variety of equipment, which differs in age, design, and application. However, given the strength of the coal market(s) at the time of our prior review (circa 2008), NWR completed a major recapitalization program to upgrade its underground LW and development equipment. The successful implementation of this equipment was observed during our most recent site visit. The Productivity Optimization Program (POP), has enhanced the capabilities of the existing OKD mining operations with the implementation of state-of-the art, fully mechanized LW and development equipment. As a result, the mines can operate with fewer operating faces at higher levels of efficiency, specifically as the mine progress into deeper reserves (+1,000 m below sea level).

1.3 Work Scope

BOYD's assessment was performed in accordance with the following scope of work for NWR and its advisors:

- Status of Assets – Summary of historic performance, JORC-compliant reserves (to comply with JORC Code 2012 edition), employment levels, sales and marketing, and review of mining plans.
- Information Review – Discussions with key site and head office staff, and review of all material documents provided by NWR and OKD.
- Site Visits – Visits to the subject sites and operating coal mines and CPP to determine the physical condition of the assets.
- Life-of-Mine (LOM) Review – Review of the capacities of existing and proposed equipment and infrastructure, coal sales, and the forecasts for expenditures.
- Health and Safety Review – To the extent it is within BOYD's capabilities, provide an overview of the related policies and procedures.
- Operating License Review – General comparison of mining licenses to current plans to opine if, in BOYD's view, there are any obvious potential issues to continued operation within the planned/forecast period (note: this does not constitute a legal review of such licenses)
- Environmental and Rehabilitation – Provide general commentary regarding OKD's environmental liability.

1.4 BOYD Qualifications

BOYD is one of the largest independent consulting firms in the world exclusively serving the mining, financial, utility, power, and related industries. Our consultancy services have been provided on a continuous basis since 1943 in over 50 countries. Our full-time staff includes specialists in the analysis of geology, reserves, mine planning and costs, material handling, coal processing, coke-making, coal markets, business planning, transport, and environmental issues. Our full range of professional services includes:

• Due diligence of mining operations	• Economic feasibility studies and valuations
• Fuel and energy supply planning	• Assessment of existing operations
• Permitting and environmental analysis	• Strategic business planning
• Contract negotiations	• Transport issues
• Market and transport analyses	• Asset appraisals
• Minerals industry restructuring	• Reserve and geotechnical studies
• Privatization studies	• Technical assistance in legal matters
• Geologic, reserve, and mine plan modeling	• Monitoring of operating companies
• Exploration design and supervision	• Financial analysis

BOYD also possesses extensive computer and software systems to evaluate resources, reserves, and mine plans, including Vulcan, MINCOM, SurvCADD, and others.

Our headquarters office is located in the Pittsburgh, Pennsylvania, region in the United States. Branch offices are established in Denver, Colorado (USA); Brisbane, Australia; and Beijing, China. Our website (www.jtboyd.com) has additional details.

We have extensive experience in preparing Competent Person's Reports and Independent Technical Review reports for international financing purposes and for stock exchange filings. We are knowledgeable of the listing requirements of the London Stock Exchange, HKEx, and of NI43-101 (Canadian Requirements), JORC Code, US Securities and Exchange Commission (SEC) Rules, etc.

Additionally, over 2,000 reserve assignments have been successfully completed. We have worked extensively in CIS and Eastern European countries, including the following countries:

• Bulgaria	• Kazakhstan
• Croatia	• Macedonia
• Czech Republic	• Poland
• Estonia	• Romania
• Former East Germany	• Russia
• Greece	• Ukraine

BOYD is a recognized expert in evaluating mining companies, identifying their competitive strengths and weaknesses, and assessing future outcomes. This includes technical and financial assessment of coal mines and markets in Poland and the Czech Republic. We have an established track record in providing assistance to companies that are seeking financial support or considering public offerings. A selection of representative projects involving public transactions and/or stock offerings include the following:

1. Former British Coal Corporation – Served as mining advisor to the United Kingdom Government, Department of Trade and Industry, regarding the privatization of British Coal Corporation. Completed a detailed reserve, mining, and valuation study of all underground and opencast operations. The coal operations were successfully privatized for a total purchase price of US\$1.4 billion equivalent, and the entity is now traded on the London Stock Exchange as Coalfield Resources. We were selected over numerous other UK-based consultants to complete this assignment.
2. Shenhua Coal Co. (China) IPO – This firm listed on the Hong Kong and Shanghai Exchanges, and was among the world's largest IPOs of 2005. BOYD completed all work related to reserves and mine planning, and our staff met with appropriate agencies to support our findings.
3. Foundation Coal Company IPO – Completed an independent estimate of select reserves for inclusion in listing documents. Reserve estimates were calculated based on SEC requirements. Foundation Coal Company successfully listed on the New York Stock Exchange (NYSE).

4. Arch Mineral Corp./Ashland Coal Co. – Retained by the independent directors to complete a reserve estimate and determine comparable values of the companies. Our work led to successful consolidation of the two companies and subsequent formation of a new company, Arch Coal, Inc., which is currently listed on the NYSE.
5. Peabody Coal Co. – Retained by Peabody Coal Co., the largest US coal producer, to prepare reserve estimates for SEC filing purposes. The firm is listed on the NYSE.

BOYD's findings and opinions are intended to provide a direct and straightforward assessment that supplements other documentation used to evaluate NWR's coal holdings.

1.5 Statement of Interests

BOYD is a privately owned consultancy firm with headquarters in the United States. Our company was selected for this assignment on the basis of our internationally recognized expertise in exploration, resource/reserve studies, mine development, and valuation. Neither BOYD, nor its directors and employees, has ownership or shareholder interest in NWR, OKD, or its Assets. Payment for our services is not contingent upon our opinions.

1.6 Report Qualifications

While the primary sources of information (written and verbal) relied upon by BOYD in preparing this MER were provided by NWR, the basis of our professional opinion is founded on our judgment of the reasonableness of the data provided within the context of our professional and technical expertise. To ensure that our interpretation of the data was reasonable, follow-up discussions were conducted with company representatives during the course of our review, and where necessary, to collect additional information.

By assignment, this report is limited to an assessment of NWR's four active underground coal mining complexes, located in the Czech Republic and operated by OKD. We have not completed any on-site independent environmental reviews, nor have we reviewed the current appraised values of fixed or personal property assets. BOYD consents to the inclusion of this Mineral Expert Report in the pending public filings and to references to our name in these documents.

The findings and conclusions presented in this report represent the independent professional opinion of BOYD based on our review of available project information. We have made no attempt to verify the technical and geological information presented in the reference material documents and assume it has been prepared by competent engineers and geologists. Our expertise is in technical and financial

mining issues and BOYD is not qualified to opine on, nor do we represent that any of our findings include matters of a legal or accounting nature. BOYD's independent analyses of the available data have been developed in a manner consistent with industry standards and engineering practices. Although we believe all findings and conclusions to be reasonable assessments of the information provided, we rely on information developed by others and reflect mining and marketing conditions and our interpretation of regulations, as of the date of the MER. This report has been made available to NWR's various advisors.

While this report addresses technical (e.g., reserve, mining, etc.) and financial (operating costs, capital costs, revenues, etc.) issues, qualified legal expertise is required to verify existing exploration and mining rights to the various areas.

BOYD is familiar with the subject OKD's assets through our work history, and our assessment of OKD's active mining operations includes our independent estimates of reserves, mining plans, and strategy. In those instances where detailed data for the OKD mines were not provided, we used our professional judgment to offer opinions regarding current and future operations at OKD. Within these constraints, BOYD's findings were prepared in a manner consistent with reasonable engineering practices and accepted industry standards.

The ability of NWR (OKD), or any coal mine operator, to achieve operational, quality, and financial targets at their mining operations is dependent on numerous factors that are beyond the control of, and cannot be fully anticipated by, BOYD. These factors include mining and geologic conditions, the capabilities of management and employees, variations in market conditions, the extent of investments in mining operations, the ability to develop and to operate mines in an efficient fashion, etc. Unforeseen changes in legislation and new industry developments could substantially alter the performance of any mining company.

Terminology used herein is a combination of Czech and American, with Americanized spellings used throughout.

The findings and opinions presented herein were prepared exclusively for NWR and its advisors, and are not warranted in any manner, expressed or implied.

1.7 Project Team

For listing purposes and JORC Coal Reserve/Resource reporting, Mr. Ronald L. Lewis and Mr. Paul D. Anderson are designated as the Competent Person(s) regarding this document. Completed consent letters have been included within the appendices of this report.

The BOYD project team has extensive professional experience in coal resource, reserve, mining, and processing evaluations. Key professionals for this project include:

Mr. Ronald L. Lewis – Managing Director and Chief Operating Officer, BS (Civil Engineering) University of Pittsburgh, 1971

Mr. Lewis has over 40 years of experience in assessment and evaluation of coal mining companies, with specialized expertise in the areas of coal/mineral reserve estimation, opencut and underground mine analysis, economic assessment of mining operations, and coal/mineral valuation. He is a Registered Professional Mining Engineer within the United States and a recognized expert in mining property valuation. Mr. Lewis is a Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc., and is qualified as a Competent Person (CP) as defined in the JORC Code. Mr. Lewis is the CP, taking overall responsibility for the MER.

Mr. Paul D. Anderson – Director of Geological Services, BS (Geology) Western Kentucky University, 1974

Mr. Anderson is a Certified Professional Geologist (American Institute of Professional Geologists [AIPG]) with 35 years of professional experience in exploration, evaluation, and development of coal and mineral deposits. Mr. Anderson is a Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc., and is qualified as a CP as defined in the JORC Code requirements. Mr. Anderson is responsible for the geology, coal resource and reserve section of this MER.

Mr. Mark P. Davic – Senior Mining Engineer, BS (Civil Engineering) University of Pittsburgh, 1980

Mr. Davic has 31 years of experience in the estimation of coal resources and reserves throughout the United States and internationally, including in the Czech Republic. He is a Registered Professional Mining Engineer within the United States and a Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc.

Mr. Frank A. Hilty – Senior Consultant, BS (Mining Engineering) The Pennsylvania State University, 1998, MBA (Business Administration – Finance) Waynesburg University, 2008

Mr. Hilty has 28 years of experience in assessment of mining and preparation facilities for coal and minerals and coke-making facilities. Mr. Hilty is highly experienced in coal mineral market analysis, in addition to project economic and financial valuations.

Mr. Thomas G Simonetti – Senior Environmental Engineer, BS (Biology) University of Pittsburgh, 1976, MS (Civil Engineering) University of Pittsburgh, 1989

Mr. Simonetti has 37 years of years of professional experience in the domestic and international mining industry, with broad and varied background concentrated on environmental engineering as applied to mining. Experience in mine planning, reserves, economic analysis, regulatory permit preparation/acquisition, stormwater control, groundwater hydrology, erosion and sediment control, mine closure cost analysis, reclamation and restoration, acid mine drainage treatment design, reject storage area design, perpetual discharge analysis and mitigation, social and economic impact assessment, and environmental risk assessment considering US, EU, and World Bank guidelines.

Mr. Donald S. Swartz II – Vice President, BS (Mining Engineering) West Virginia University 2003

Mr. Swartz has 15 years of experience in engineering, management, and evaluation of domestic and international mining operations with an increased focus in operational and engineering aspects of underground mining operations. Extensive background in underground mine feasibility and design; analysis of production alternatives; projections of future productivity and cost performance; and appraisal and monitoring of equipment and infrastructure, operating procedures, and mining conditions.

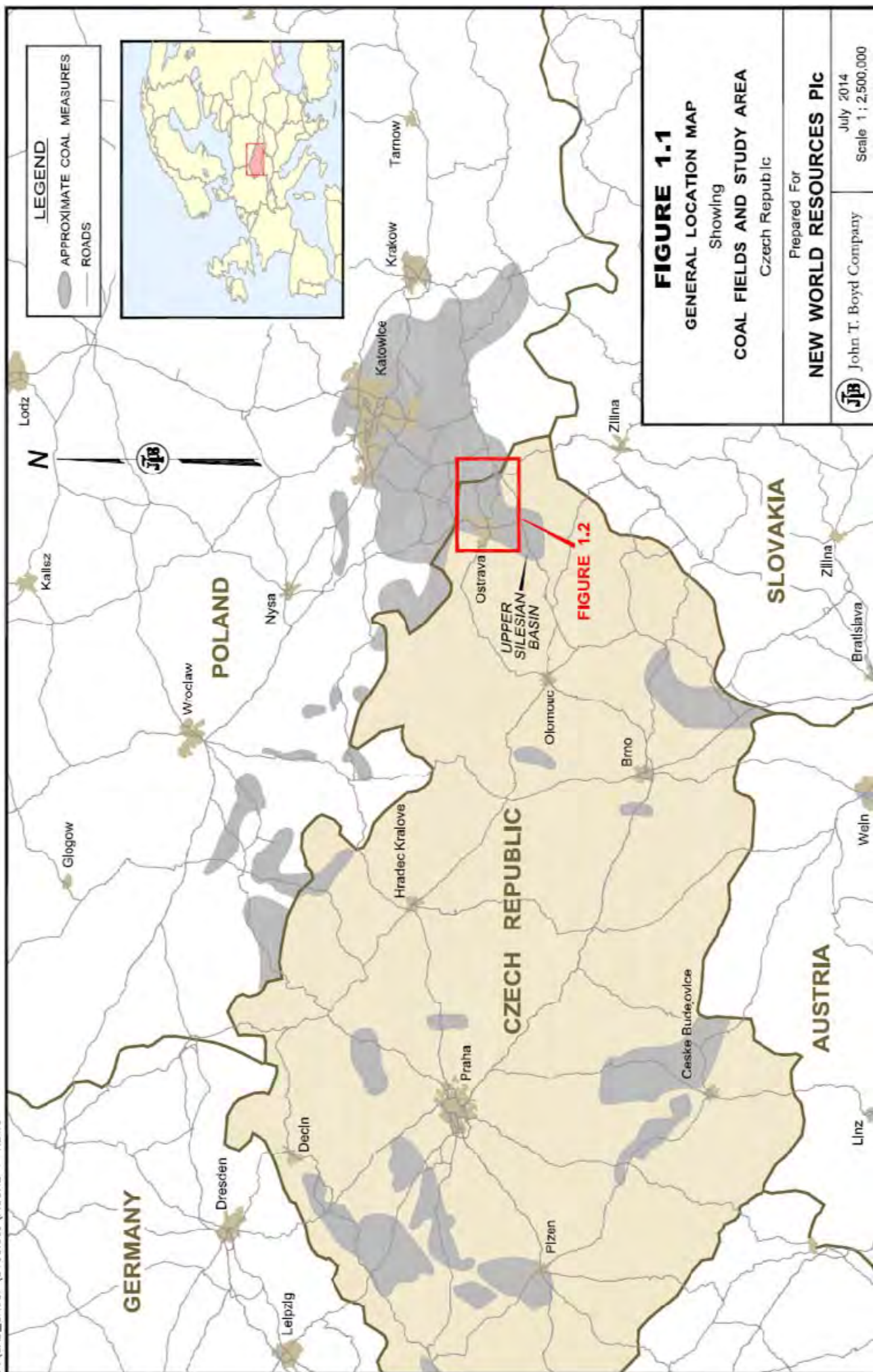
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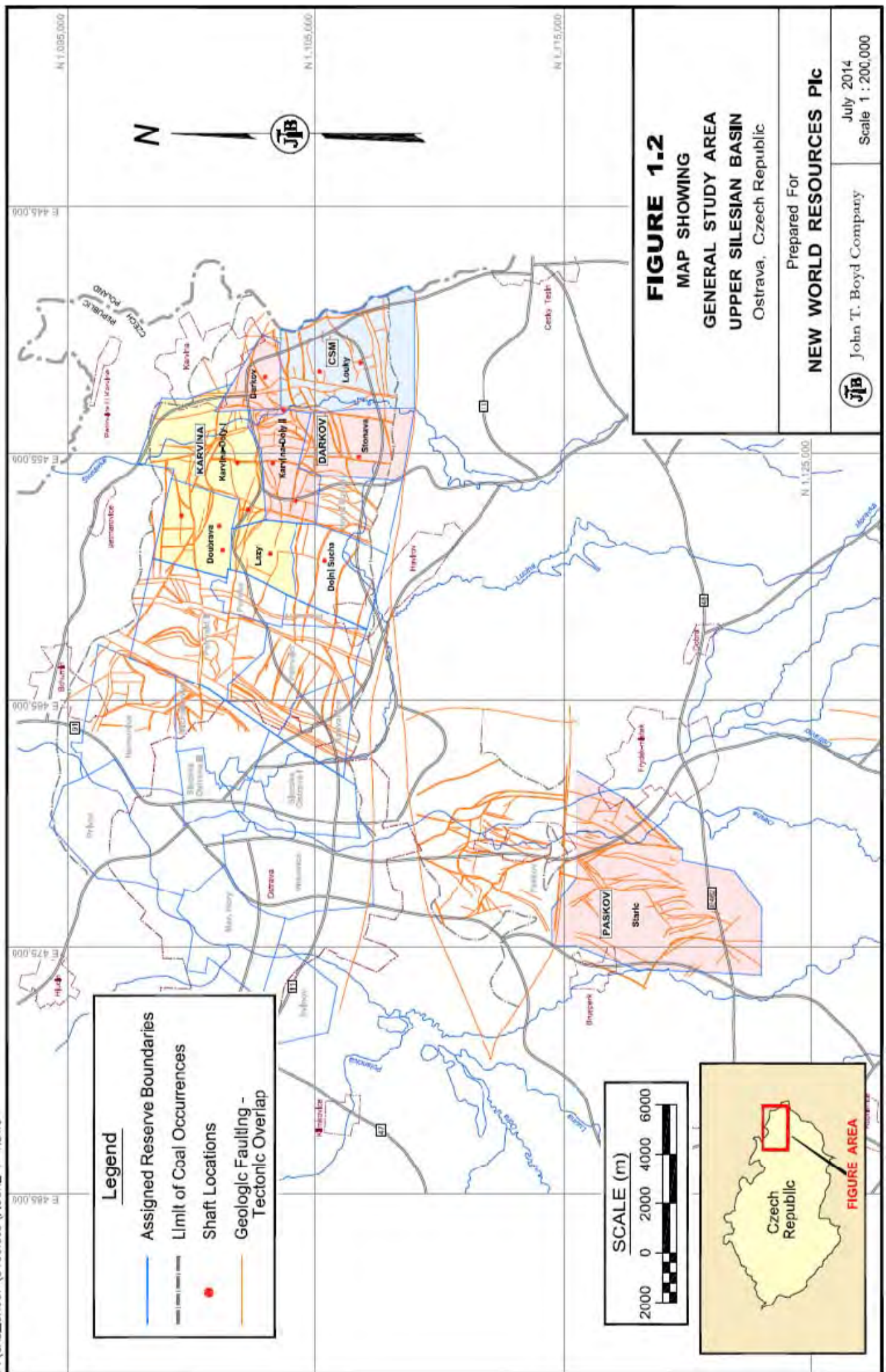
Figures:

1.1: General Location Map.

1.2: Map Showing General Study Area, Upper Silesian Basin

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2.0 EXECUTIVE SUMMARY

2.1 Principal Findings

This chapter presents the principal findings of our MER, which includes our technical review of: coal resources, reserves, existing mining and processing operations, forward plans, economic evaluation, and environmental. The summary is supported by the text included in the body of this report.

Technical description and discussion of the operating practices, future mine plans, processing facilities, etc., can be found in their respective sections.

It is important to recognize that our analysis is: (1) limited to the four active coal mining operations of OKD, and (2) only intended to confirm reported reserves at the four OKD mining complexes that are economically mineable.

2.2 Introduction

NWR is the sole listed producer of hard coal in the Czech Republic. During 2013, sales from the four wholly-owned underground mining complexes (Karvina, Darkov, CSM, and Paskov) totaled 9.7 Mt, consisting of 4.6 Mt of coking, (including Pulverized Coal Injection [PCI]) and 5.1 Mt of thermal quality coals. Mines and related facilities are fully developed and mature in age, but are maintained in good operating condition and appropriately designed for the complex geologic conditions present within the Upper Silesian Basin.

On a global basis, the geologic setting, or nature, of the resource areas is judged to be complex, primarily due to faulting. The main geologic factors that impact mining are: faulting, mining depth, massive sandstone and conglomerate strata, and high levels of coal bed methane. Coal seams are currently mined to depths of 1,000 m below sea level. A variety of seam thicknesses are extracted, ranging from less than 1 m to more than 10 m (in two benches, Seam 504[40] at CSM). While OKD has limited competition from smaller regional producers, the company's traditional markets are secure as a result of OKD's strategic position in central Europe. OKD's location provides a significant transportation advantage to regional customers as compared to overseas coal suppliers.

The active OKD complexes consist of several former mines which have been combined via underground connections and brought into one management group:

Mine Complex	Approved Mining Licenses	License to Mine Granted	Areal Extent (km ²)
CSM	Louky	30 Oct 1984	22.11
Darkov	Darkov	11 March 1977	5.08
	Karvina Doly II (Gabriela)	12 February 1964	9.34
	Stonava	12 December 1960	11.51
Subtotal			25.93
Karvina	Karvina Doly I	1 October 1979	16.62
	Doubrava CSA	4 October 1961	9.54
	Lazy	8 April 1961	6.07
Subtotal			32.23
Paskov	Staric	18 December 1962	42.52
Total			122.79

It is BOYD's understanding that the mining licenses for each mine complex extend for the life of the mine¹.

2.3 Coal Resources

The procedures and methods used by OKD and their contractors to define coal occurrence and quality are very thorough and detailed, and exceed typical international mining industry practice. We are impressed with the detailed exploration and analytical work conducted by OKD geologists and engineers to both define (estimate) coal resources and reserves, and to produce forward mine plans.

BOYD's estimate of remaining resources, as of 31 March 2014, follows:

Colliery	Resources - In Situ Tonnes (000)				
	Resource Classification				
	Measured	Indicated	Subtotal	Inferred	Total
CSM	59,033	31,895	90,928	15,712	106,640
Darkov	52,787	84,353	137,140	9,217	146,357
Karvina	66,281	93,006	159,287	172,107	331,394
Paskov	8,359	11,349	19,708	42,493	62,201
Total	186,460	220,603	407,063	239,529	646,592

As shown, coal resources are well defined at CSM and Darkov mines with 85% and 94% of tonnage in the Measured and Indicated classifications, respectively.

¹ Duration of licenses statement as required under ESMA Section 132, Part C.

Total resources are summarized by various parameters as follows:

% Distribution of Resources			
Seam Thickness (m)			
< 1.00	1.00 - 1.49	1.50 - 2.49	+2.50
4	18	25	53
Elevation Below Sea Level (m)			
0 - 650	650 - 800	800 - 1,000	1,000 - 1,400
22	18	35	25
% Ash - Total Seam (raw)			
0 - 10	11 - 20	21 - 30	31 - 40
45	36	15	4

As shown, 78% of the estimated resource tonnage exceeds 1.5 m thickness, 60% are at depths greater than 800 m below sea level (approximately 1,050 m average depth), and 81% have a raw ash content of less than 20%.

2.4 Coal Reserves

The LOM plans at each active mine were independently reviewed by BOYD to identify and estimate current marketable reserves. These reserve estimates were prepared in accordance with the JORC Code (2012 Edition)². BOYD's detailed estimates of the reserves are stated as of 31 March 2014, as follows:

Category	Mining Complex				Total
	CSM	Darkov	Karvina	Paskov	
Tonnes (000)					
ROM	39,100	12,200	33,500	6,100	90,900
Marketable Product	28,203	10,368	24,776	3,177	66,524
Average CPP (Marketable product) Yield (%)	68.5	80.7	70.3	49.5	69.5

² Source of estimate, as required under ESMA Section 132, Part a).

The following table summarizes the marketable reserve estimate derived by BOYD according to various parameters:

Category	Mining Complex				
	CSM	Darkov	Karvina	Paskov	Total
Marketable Reserves - Tonnes (000)					
By Reserve Classification					
Proved	24,793	9,637	17,707	1,445	53,582
Probable	3,410	731	7,069	1,732	12,942
By Product Type					
Coking	9,222	6,614	17,497	2,859	36,192
Thermal	18,981	3,754	7,279	318	30,332
By Total Seam Thickness (meters)					
< 1.00	-	-	1,043	503	1,546
1.00-1.49	785	112	2,645	2,129	5,671
1.50-2.49	7,343	1,694	6,227	545	15,809
2.50+	20,075	8,562	14,861	-	43,498
By Elevation Below Sea Level (meters)					
0-650	519	2,917	11,787	138	15,361
650-800	7,789	2,484	2,444	1,877	14,594
800-1000	18,348	4,967	9,623	1,024	33,962
1000-1200	1,547	-	922	138	2,607
By %Ash - Total Seam Raw					
< 10	19,336	8,924	9,892	112	38,264
11 - 20	8,468	1,340	11,062	1,630	22,500
21 - 30	399	104	3,822	1,435	5,760

As shown, 80% of the tonnage within the LOM plan is in the highest reliability (Proved) category. Approximately 55% of the product tonnage is coking coal (inclusive of PCI coal). Product quality is discussed in the coal preparation chapter of this report. Seam thickness is greater than 1.50 m for 89% of the reserve, and 77% of the remaining reserves are at a depth greater than 650 m below sea level (approximate 900 m average depth). Approximately 91% of the reserves have a raw ash content of less than 20%. Table 3.2, at the end of Chapter 3, shows the detailed estimates of Marketable Reserves. Figures 3.1 through 3.8, at the end of Chapter 3, show typical cross sections and resource and reserve maps for each of the four mines.

2.5 Coal Quality and Products

Following is an average of raw coal (in situ coal seam) quality by mine by product type by CPP:

Mine	Product Type	CPP	%Ash (dry)		%VM (daf)		FSI		CV - MJ/Kg (daf)		%Sulfur (dry)	
			Avg	(Range)	Avg	(Range)	Avg	(Range)	Avg	(Range)	Avg	(Range)
CSM	Coking	CSM	16.8	(12.5-22.0)	23.4	(21.8-25.3)	7.0	(6.3-6.9)	35.89	(35.1-36.1)	0.59	(0.50-0.64)
	Thermal	CSM	16.2	(14.1-20.0)	22.2	(21.7-22.5)	3.0	(2.5-3.5)	35.94	(35.8-36.2)	0.45	(0.37-0.50)
Darkov	Coking	Darkov	16.3	(12.0-21.4)	27.3	(26.7-27.7)	5.5	(4.9-6.5)	35.87	(35.7-36.1)	0.51	(0.48-0.55)
	Thermal	Darkov	15.0	(12.0-22.0)	23.3	(22.8-24.8)	3.5	(2.8-3.5)	35.71	(35.6-36.1)	0.44	(0.43-0.47)
Karvina	Coking	Paskov	20.0	(16.0-26.9)	31.5	(29.8-33.4)	6.0	(5.3-6.0)	35.30	(34.9-36.0)	0.54	(0.49-0.61)
	Thermal	Lazy	15.1	(11.9-23.0)	28.5	(27.9-32.2)	2.5	(2.0-3.2)	35.91	(35.4-36.1)	0.52	(0.41-0.59)
Paskov	Coking	Paskov	7.8	(7.0-8.5)	17.8	(17.3-18.5)	8.0	(7.3-8.0)	36.40	(35.9-36.9)	0.50	(0.45-0.60)
	Thermal	Paskov	6.8	(6.0-10.0)	15.0	(14.0-15.5)	5.0	(2.5-5.0)	36.40	(35.9-36.9)	0.50	(0.45-0.60)

Approximately 50% of the product sold in 2013 was coking coal. The remaining coal was supplied as a thermal (energy) product to electric power producers in the Czech Republic and elsewhere. OKD exports coal primarily to Austria, Poland, Slovakia, and Germany, with most product shipped via rail transportation.

The above ROM coal products are processed at OKD's CPPs and marketed as multiple coal products. A summary of the sales tonnage distribution by CPP and product, and average product quality are as follows.

2.5.1 Coking Coal

CPP	Tonnes	Moisture (%)	Ash (% dry)	Sulfur (% dry)	Volatile Matter (% DAF)	FSI	Dilation
Darkov	2,008,245	9.20	6.2	0.36	26.7	6.0	52
Lazy	39,591	7.50	6.5	0.19	28.6	3.0	6
CSM	1,410,945	8.40	6.5	0.44	24.8	7.0	+80
Paskov	779,456	10.20	8.5	0.58	18.5	7.5	33
	4,238,237	9.10	6.7	0.43	24.6	6.5	

DAF = Dry ash-free

2.5.2 Thermal Coal

CPP	Tonnes	Moisture	Ash	Sulfur	Heat Content (MJ/kg)	
		(%)	(%, dry)	(%, dry)	DAF	AR
<u>Washed Thermal</u>						
Darkov	312,654	8.20	6.20	0.43	36.31	30.12
Lazy	<u>883,113</u>	<u>8.04</u>	<u>6.51</u>	<u>0.35</u>	<u>35.87</u>	<u>29.74</u>
	1,195,766	8.09	6.43	0.37	35.99	29.84
<u>Raw Thermal</u>						
Darkov	842,237	8.60	21.70	0.38	35.46	24.36
Lazy	656,373	7.40	19.90	0.37	35.04	25.00
CSM	<u>496,259</u>	<u>5.80</u>	<u>19.90</u>	<u>0.50</u>	<u>35.56</u>	<u>25.84</u>
	1,994,869	7.51	20.66	0.41	35.35	24.94

DAF = Dry ash-free

AR = As-received

2.5.3 Middlings

In addition to the coking and washed/raw thermal products, all of OKD's CPPs produce a middling product. In these cases, the ROM is initially washed to recover the primary (lower ash) product, then the rejects are rewashed at a higher specific gravity to recover higher ash coal material (middlings) not recovered during the initial processing. For example, in a CPP producing coking coal containing 6% to 8% ash, the middlings product may typically contain in excess of 35% ash. This material, while not suitable for coke making, may be sold direct as a thermal product, or blended with other thermal coals. Typical quality for the middlings products produced in 2013, are as follows:

CPP	Tonnes	Moisture (%)	Ash (%, dry)	Sulfur (%, dry)	Heat Content (MJ/kg)	
					DAF	AR
Darkov	461,072	8.7	37.7	0.35	34.49	18.76
Lazy	212,002	10.5	38.7	0.34	33.32	17.43
CSM	119,967	7.7	38.0	0.43	34.26	18.71
Paskov	<u>105,503</u>	<u>4.6</u>	<u>40.1</u>	<u>0.52</u>	<u>34.94</u>	<u>19.28</u>
	898,544	8.5	38.3	0.38	34.24	18.50

DAF = Dry ash-free

AR = As received

Rejects from the CPPs fine coal washing circuits are discharged into ponds. Typical pond fines or sludge consist of high ash reject material which contains varying amounts of coal (depending on the efficiency of the fine coal washing circuitry). This material can be recovered from ponds or cells, and re-processed.

Coking coal quality sludge is refloated and added back to the coking coal products. Thermal coal quality sludge is added back to thermal products and high-ash (+40%) coal material is sold as a specialty product.

2.6 Current Operations

All mines are extracting coal from multiple seams using LW extraction methods. The upper seams are mined first, and the mining sequence progresses deeper as upper seams are depleted. Mining conditions and the overall geological settings are complex in comparison with coal reserves mined in the United States, Australia, and South Africa, but are typical of coking coal elsewhere in Europe, including Poland and Germany. However, OKD has extensive experience with mine design and operation in such conditions, and has a historical track record of consistent performance.

Coal processing is an integral part of the OKD operation. OKD utilizes CPPs to upgrade ROM produced at the company mines into coking (metallurgical) and thermal (Steam) coal products. Currently (2014) there are four operating CPPs: Darkov, Lazy CSM, and Paskov. The following is a summary of the OKD CPPs:

CPP	Year Constructed	Capacity (TPH)	Remaining Mine Life (Years)* ³	Products
Darkov	1987	1,600	10	Thermal, Metallurgical
Lazy	1960	1,600	6	Thermal
CSM	1971	1,000	15	Thermal, Metallurgical
Paskov	1970	750	4	Thermal, Metallurgical

* Subject to extension if future mining economic and/or coal prices support continued operation.

All OKD CPPs utilize heavy media separation (vessels and/or cyclones) for coarse coal cleaning. Froth flotation is used at Darkov, CSM, and Paskov for fine coal cleaning. Additionally, CSM utilizes a spiral circuit. OKD's CPPs currently have the technology installed with sufficient capacity to effectively produce, and continue to produce, a variety of products to satisfy OKD customer needs. Chapter 5 of this report provides a more detailed description of the OKD CPPs.

³ Anticipated mine life based on estimated reserves, as required under ESMA Section 132, part b).

2.6.1 Production

Historical production for 2012 through Q1 of 2014, and 2014 forecasted production is summarized below:

Mining Complex	Production Tonnes (000)			2014 Budget
	2012	2013	2014 (Q1)	
Production				
Karvina	4,160	2,621	686	3,250
Darkov	3,230	2,748	547	2,350
CSM	2,870	2,475	733	2,680
Paskov	946	863	235	850
Total	11,206	8,706	2,201	9,130
Processed*				
Coking	4,991	4,273	1,195	4,554
Thermal	5,865	4,185	934	4,283
PCI	350	342	97	453
Total	11,206	8,800	2,226	9,290

* Figures do not match reported production, as a result of coal inventory.

2.6.2 Staffing

Total current employment at the OKD operations is 12,219 persons, including contractors (a 20% reduction from 2012). The work force at each mine ranges between approximately 2,400 and 3,600 total persons, contractors and direct employees combined. The contracted workers are typically experienced Polish or Ukrainian miners. Typical mine operating schedules are four shifts per day, seven days per week with the crews changing at the working faces. This schedule compensates for significant travel times to the working sections and results in three 6-hour production shifts and one 6-hour maintenance shift per day. The table below shows historic employee-power levels at the mines including contractors.

Mining Complex	Total Employment		
	2012	2013	2014 (Q1)*
Karvina	4,741	4,225	3,568
Darkov	3,598	3,200	2,951
CSM	3,839	3,436	3,248
Paskov	3,111	2,945	2,452
Total	15,289	13,806	12,219

* March 31, 2014, staffing

2.6.3 Health and Safety

Based on our site visits, OKD follows strict standards for the general type of hazards encountered within their site-specific conditions. Statistics shown in Chapter 4 illustrate a downward trend in reportable injuries and fatalities. A mine emergency

risk management system is established within the Czech mining regulations. Mitigation techniques for principal risk factors (methane, bounces, bumps, etc.) are discussed throughout this chapter. We believe OKD's safety practices are consistent with industry-best standards utilized throughout the world.

2.6.4 Environmental and Rehabilitation

The mines have operated within a defined geographical area for many decades. Rather than extending outward, mines pursue deeper seams within each mine's defined boundaries on an ongoing basis. Multiple seams are being extracted at varying depths, and at present, depth of mining can exceed 1,200 m below sea level. Subsidence occurs on the overlying surfaces as the LW panels are extracted. As the seams are recovered in order of increasing depth, subsidence occurs repeatedly in the same areas on the surface. Throughout the history of some mines, cumulative subsidence from multiple events has exceeded 30 m of total surface deformation in some areas. Accordingly, subsidence events are not regarded as unusual or unanticipated by the communities surrounding the mines. Given this general knowledge, few "high value" surface structures are built (or are contemplated) that could compromise the operational or financial performance of the existing mines. Planned expansion projects will be subject to increased environmental scrutiny relative to subsidence.

NWR recognizes the importance of good community relations, and stressed that they are committed to a responsible and sustainable approach regarding mine subsidence. NWR must negotiate with the owners of surface facilities in order to obtain the subsidence rights for the overlying structures and land. These negotiations, which must take place for each subsidence event, typically occur one to two years before the panels underlying a particular area are to be mined. Technical and managerial staffs have extensive experience in predicting the extent and magnitude of surface disturbances, and the anticipated costs are incorporated in NWR's mining plans and projections.

Refuse disposal consists of storage sites for coarse and fine refuse. NWR frequently utilizes coarse waste for reclamation projects and is able to sell the remainder for local use in road building and construction activities. Fine coal waste is often recovered from ponds and blended with other coal products for sale. Refuse must be disposed in an approved manner. NWR's refuse disposal costs and reclamation activities are incorporated in future plans.

OKD does not have an Environmental Management Plan or formalized environmental policy. Responsibilities for environmental management and compliance are shared between the Environmental Manager, Air and Waste Manager, and the Water Manager. Separately, there is a three-person team responsible for reclamation of mining-disturbed

areas. Reclamation work is conducted by contractors. In our opinion, there do not appear to be environmental constraints to future LOM plans and it appears OKD adheres to mandated national environmental regulations and protection laws. However, BOYD was not provided with any reporting specifically relating to the environmental status of the organization – nor does this report constitute a full-scale, detailed environmental audit of the NWR/OKD complexes.

Detail relating to the mine closure, liabilities, numerous environmental permits and licenses are provided in Chapter 6 of this report.

2.7 Future Operations

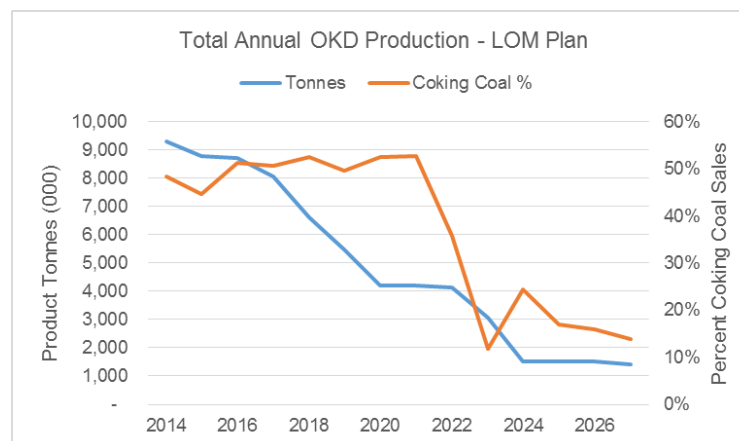
2.7.1 Future Production

BOYD has adjusted internal NWR/OKD LOM planning to match our independent reserve analysis, as outlined previously:

	Marketable Tonnes (000)			Remaining Mine Life (Years)*
	Coking	Thermal	Total	
Karvina	17,497	7,279	24,776	10
Darkov	6,614	3,754	10,368	6
CSM	9,222	18,981	28,203	15
Paskov	2,859	318	3,177	4
Total	36,192	30,332	66,524	

* Subject to extension if future mining economics and/or coal prices support continued operation.

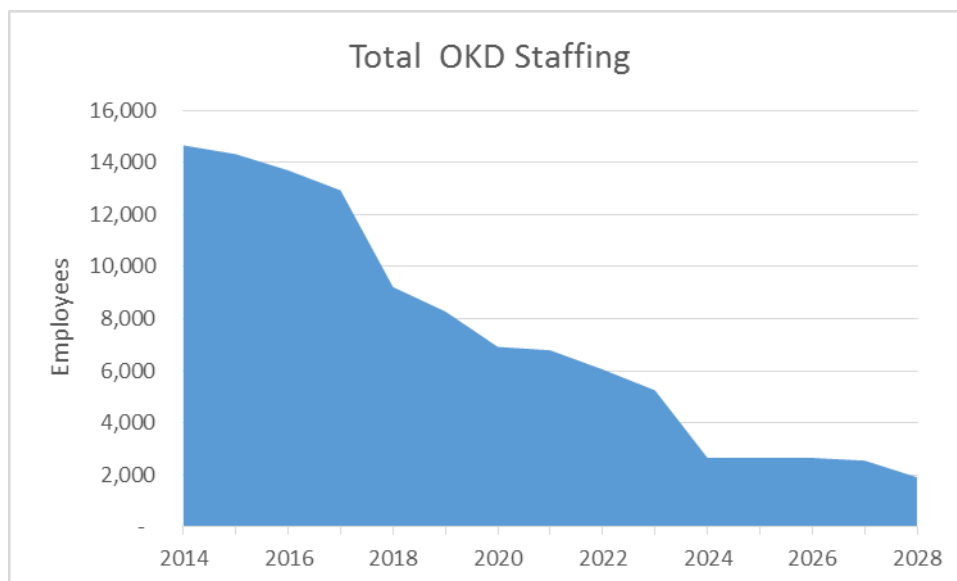
Detailed evaluation and mine planning efforts were undertaken to sustain coking coal sales above 50% as long as possible. A summary of total future production is provided below.⁴



⁴ Indication of current and anticipated duration of commercial activities, as required under ESMA Section 132, part d). See Chapter 8 for individual mine details.

2.7.2 Staffing

Contract workers will continue to be employed at the OKD operations for mining and development, as discussed in Chapter 4 of this report. Forward staffing estimates were projected based on actual needs at the mine(s), as reserves are depleted throughout the LOM plan, staffing is reduced. A focus on reducing the total headcount from existing levels is included in the forward-looking strategic plan (shown below).



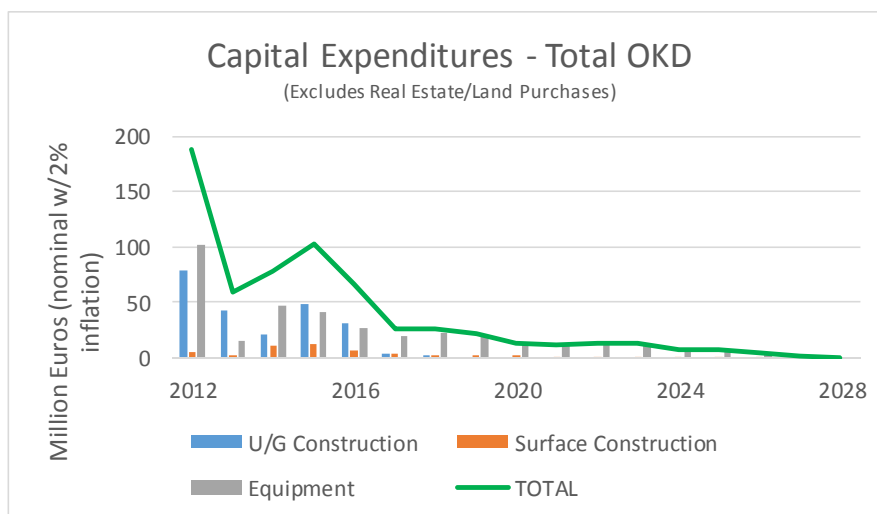
2.7.3 Capital Expenditures

Approximately €195 million of the total €199 million in the LOM plan capital budget (including €37 million already spent) is allocated for land purchases directly related to new project areas at Karvina (accounting for 11 Mt of marketable reserves included in the LOM plan). The land purchases projected are capitalized and shown as a specific line item in our net present value (NPV) analysis.

In addition to capitalized land purchases, OKD has three primary areas of annual sustaining capital expenditure: underground construction (development), equipment (maintenance), and surface construction. As a result of recent cost-control measures and revised mine planning, capital spending in 2014 is approximately 40% of 2012 levels.

The LOM plans are considered to be achievable with the current equipment (with continued maintenance and replacement when necessary). Equipment can be transferred internally within the portfolio of mines as they are shuttered throughout the forecast period. LOM projections show a long-term reduction in sustaining capital to

an average of €4.0/tonne (which is a significant reduction from past performance levels, e.g., €8.0 /tonne in 2013). This projected reduction is shown below:



2.7.4 Operating Costs

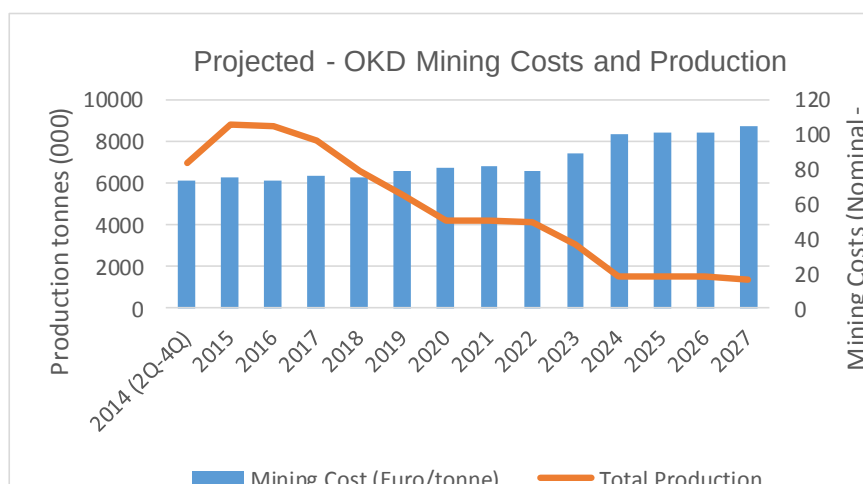
OKD has been aggressive in reducing operating costs – notable examples include the closures of the headquarters in Ostrava (relocated to Darkov) and the CSA CPP. Efforts to control costs at the mine sites are evident in the following illustration:

Exchange Rate (CZK:EUR)	25.1	26.0	27.4
	Historic Cash Production Cost(s)* (Euro/tonne)		
	2012	2013	2014 (YTD)
Karvina	69.65	87.37	70.79
Darkov	72.14	66.37	68.73
CSM	78.43	77.70	57.61
Paskov	160.38	153.91	101.92
Composite*	80.65	84.77	75.30

* Includes shared costs (service, HQ, G&A, CPP, transport, etc.)

While the initial cost controls are expected to continue to reduce overall cash operating costs in the near term, maintaining these costs on a Euro/tonne basis with

declining production will require continued diligence. Projected composite OKD cost(s) are shown throughout the LOM plan and illustrated in the following:



2.7.5 Pricing

The NPV model is based on price and market assumptions outlined within Chapter 8 of this report, and illustrated below:

	Price Forecast (Euros/tonne)*			
	2014	2015	2016	2017
Coking Coal	100.84	101.20	108.73	114.27
PCI	71.21	76.65	81.38	86.12
Thermal	55.00	62.02	64.64	65.10

* Assumes 2% inflation

Products are sold by NWR's established and experienced sales and marketing division. These personnel are knowledgeable regarding NWR's existing products and are also familiar with their customer's needs. The sales and marketing division participates in the formulation of near-term and long-term business strategies and plans. Unlike a number of competing resource entities, NWR does not rely on outside brokers or sales agencies that charge commissions or brokerage fees.

2.7.6 NPV Analysis

The 2012 Edition of JORC Code requires that the CP provide documentation to demonstrate that the reserves reported in the MER are "economically mineable." The JORC Code specifies that 'Economically mineable' implies that extraction of the Ore Reserves has been demonstrated to be viable under reasonable financial assumptions". Accordingly, BOYD has performed an economic analysis of the NWR operations: coal mining and processing. Our economic analysis incorporates a NPV approach as specified by the JORC Code based on the geological, technical, and

operational data presented in this report. It is important to recognize that our NPV analysis is: (1) limited to the active coal mining operations of OKD, and (2) only intended to confirm reported reserves are economically mineable.

- Due to recent operating losses and projected depreciation and amortization charges, and the resulting likelihood that OKD/NWR will not be subject to income tax payment in the near term, we completed our NPV analysis on a pre-tax basis.
- We have utilized a nominal 13.96% discount rate as directed by NWR, which corresponds to a real weighted average capital cost of 11.73%.
- For the purposes of this exercise, the prepared cash flow is completed on a 100% capital equity (excludes loans), on an unlevered or debt-free basis, and independent of the existing or proposed capital structure.
- Costs and prices are expressed in nominal Euros, with 2% per year inflation.
- Additional assumptions, methodology, and procedural detail are provided in Chapter 8 of this report.

As shown on Table 8.6: OKD Composite Results, our total Base Case NPV, as of 31 March 2014, is €63 million. This value only reflects the value of the direct OKD mining operations.

2.8 Risk Assessment

BOYD independently assesses the OKD mining operations to be medium to high in overall risk for the following reasons:

- Supportive of Medium Risk:
 - The operations are located in an established coalfield where general mining conditions are known and necessary infrastructure to support mining and coal marketing are in place.
 - Geologic conditions are well known from decades of prior mining. Coal seams dip at 15 degrees or less, seam splitting and variations in thickness are known to occur. These geologic conditions and the anticipated presence of faulting are recognized in mine plans and assigned productivity levels.
 - Projected coal quality is well known and OKD has established markets for its coals.
 - Internal water handling systems and infrastructure are in place to control water inflow from surrounding strata (inundation risk).
 - Coal reserves are well defined by exploration drilling, prior mining experience, and active mining activities; reserve availability is not a risk for the assessment period.

- As a company, OKD has very experienced management and technical capabilities to successfully operate the mines and to respond to operating interruptions and other event occurrences in a timely, professional, and proactive manner.
- Supportive of High Risk:
 - Continued operating losses resulting from low productivities and high mining costs. Achieving positive financial results is largely predicated on successfully reducing operating costs below historic levels.
 - Depressed market conditions for thermal and coking coal sales are expected to continue in the near-to-medium term.
 - LW subsidence areas, specifically in the Karvina expansion area, must be purchased. Negotiations and timely permit/environmental approvals are necessary to sustain operations and coking coal output.
 - OKD mines experience routine production risks (such as risk for fire and explosions), which all underground coal mine operators experience. However, the operating depths and mine specific parameters (susceptibility for rock bounces and outbursts) place the OKD operations within a high risk category.
 - While not anticipated, naturally occurring events such as flooding due to excessive rainfall or an earthquake, could occur.

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3.0 GEOLOGY AND RESOURCES/RESERVES

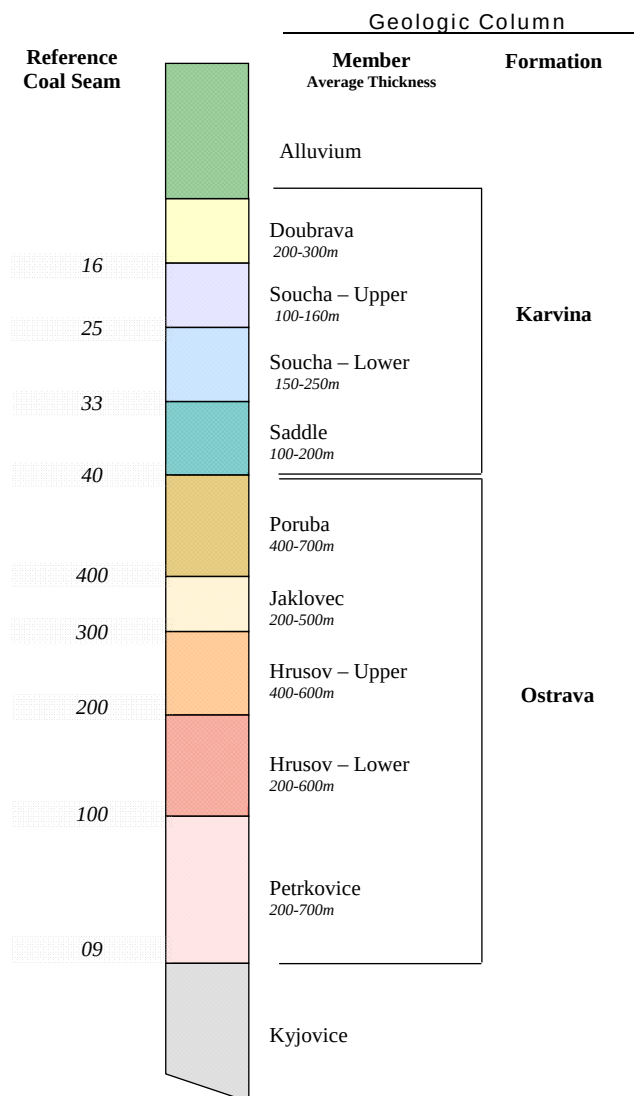
3.1 Geology

The coal deposits being mined by OKD are contained in the Upper Silesian Basin which is one of the largest hard coal basins in Europe. Coal deposition is from the Upper Carboniferous period. The basin underlies more than 7,000 km², mainly in Poland and extends into the Czech Republic. Approximately 1,500 km² of the basin (over 20%) is within the Czech Republic. The portion of the basin in the Czech Republic is designated as the Ostrava-Karvina coalfield.

Coal occurs in two formations in the Ostrava-Karvina coalfield with a total thickness of 3,000 m. Over 400 coal seams have been identified in these formations, of which 140 may be considered mineable. The two formations have significant differences in coal and sediment deposition.

The lower coal seams (more than 60% of the coal seams) are contained in the Ostrava Formation of Mississippian Age, and are typically thin (1 m) and have superior coking characteristics. Other strata consist of siltstones and shales, with occasional strata containing marine fossils that are useful markers for seam correlation. The formation also contains volcanic ash layers (tonsteins) that have unique chemical characteristics that are also very useful in seam correlation. Seams in the Ostrava Formation are prone to gas outbursts primarily at the Paskov Mine.

The upper seams are in the Pennsylvanian Age Karvina Formation. Coal seams in the Karvina Formation are typically thicker (with some over 2.5 m) than those in the Ostrava Formation. Quality of the seams is approximately 50% thermal and 50% coking coals. The other strata in the formation include distinct, very coarse, massive conglomerates and sandstones deposited in high energy freshwater environments. During mining, these massive strata are often drilled and blasted in order to de-stress the strata so it will cave (and avoid bumps) during LW mining.



The coal bearing strata are overlain by a thick sequence of alluvium several hundred meters thick. The geologic column shown on page 3-1 is a general representation of the coal-bearing strata in the Ostrava-Karvina coalfield.

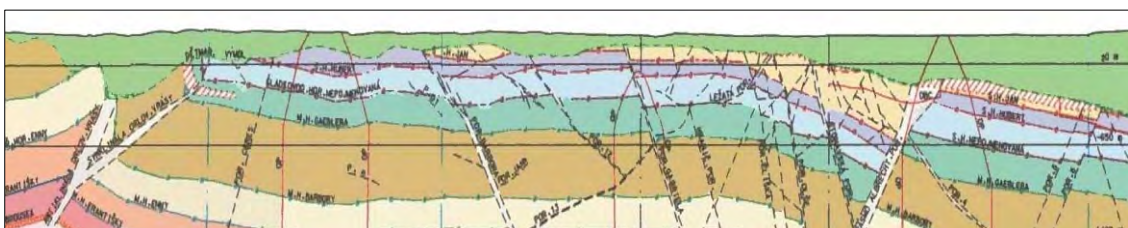
On a global basis, the geologic setting, or nature, of the resource areas is judged to be complex, primarily due to faulting. The main geologic factors that impact mining are: faulting, mining depth, massive sandstone and conglomerate strata, and high levels of coal bed methane.

The tectonic structure of the Upper Silesian Basin includes complex folds and faults. Structure of the basin is asymmetric with the axis of the basin running in a general northeast-southwest direction. Normal faults are oriented in both the north-south and east-west directions, which creates a mosaic of fault blocks. Fault displacements vary from a few meters to 400 m, with the larger faults dividing the deposit into separate mining areas accessed from different mine shafts. Many of the active coal faces operate in undulating and pitching seams with typical dips from 5 degrees to 20 degrees, up to 40 degrees. The LW panels are oriented across dip to minimize dip along the face.

Mining in the area began over 100 years ago in the uppermost seams and has progressed through most of the seams in the Karvina Formation. Therefore, the mining depth has increased over time with 75% of the remaining resources at depths from 800 m to 1,450 m.

Due to depth and occurrence of massive conglomerate and sandstone strata, some seams in the Karvina Formation are subject to bumps in which rapid and potentially dangerous releases of stress contained in the strata are experienced. Based on OKD's extensive mining experience and detailed geologic and geotechnical data on the strata, the mine de-stresses certain strata by drilling and blasting the massive roof strata in advance of LW mining in order to reduce the occurrence of bumps.

The following diagram represents a typical cross-section through the active Ostrava area. The color scheme represents the members as depicted in the previous geologic column. The faulting is generally well-documented in the Ostrava Region based on mining experience and exploration from within active workings.



Illustrative Subsurface Cross-Section

All the mines are considered gassy, with the potential for gas outbursts within the Ostrava Formation. Methane drainage systems are installed and routinely advanced at all of the mines.

3.2 Source Data

Coal resources/reserves for active and future NWR mines are based on exploration data from three sources:

- Surface Boreholes.
- Underground Boreholes.
- Gateroad Channel Samples.

The majority of surface exploration at OKD was performed between 1947 and 1993 by Geologický Průzkum Ostrava. There have not been any surface boreholes drilled since 1993. Drill hole spacing was typically from 1,500 m to 2,000 m and was used to define the limits of the coal basin. Since the drilling was conducted over a 46-year time period, the data defining coal occurrence and quality widely vary. Early drilling was conducted by cable tool rigs with only cuttings samples collected. The quality of the drilling data improved with new drilling and exploration advances, and later drilling was conducted with core rigs with geophysical logs run in the holes. Since mining began in the coalfield, close-spaced underground drilling and channel sampling have largely replaced the data from the surface holes which are now of minimal importance in defining coal quantity and quality.

3.2.1 Data Defining Coal Occurrence

3.2.1.1 Underground Boreholes

Current practice for exploring future resource/reserve areas is based on underground drilling, which includes downward penetration from active seams to explore underlying seams. As a mine progresses downward in the routine course of operation, the strata below become better defined with the in-seam drilling. Underground drilling is typically conducted on a 100 m to 200 m spacing depending on geologic complexity. Drill holes are vertical which is appropriate for the relatively shallow to moderate dipping strata. Drilling is conducted by GreenGas DPB (GreenGas) whose core logging and analytical laboratory are located at the Paskov Mine. Drilling is conducted using rotary wireline core rigs with standard water circulation that are 2 m high. Drill holes are typically drilled to a 100 m to 200 m depth; however, drilling has been conducted to a 700 m depth to verify seam formations. Coring is done with triple tube barrels with diamond bits. Core diameter is typically 76 mm (NQ) or 93 mm (HQ).

The following picture shows typical coring equipment used:



Core is measured and placed in boxes and sent to the GreenGas core room for detailed logging and sampling. When a hole is completed, geophysical logs are run including natural gamma, gamma gamma density, and deviation. A cesium source is used for density logging and is subject to certification and inspection under the Nuclear Act No. 18/1997. Coordinates of bore hole locations and channel samples are surveyed in the underground entries using the Czech coordinate system (S-JTSK), Baltic Sea altitude is used for elevation reference. Accuracy of XYZ positions are expressed in decimetres. All holes are plugged with cement upon completion.

The entire core is logged in detail and photographed in the GreenGas core room. Linear core recovery is determined and recovery is typically greater than 90%. The following picture shows cores from four holes that were being logged in the room during BOYD's site visit.



The room is well lit with wheeled logging stations that move above the core.

The entire core is geologically and geotechnically logged in detail. Logging includes detail of all zoopaleontologic observations of plant and animal fossils and analysis of volcanic ash layers are also analyzed for correlation purposes as shown in the following photo:



The level (detail) of drill core description conducted by NWR/OKD is among the most extensive BOYD has observed worldwide.

The following photos show the coarse conglomerate in the Karvina Formation followed by finer sediments of the Ostrava Formation:



As the OKD mines are deep and prone to bumps, detailed geomechanical tests are conducted on the coal and rock cores including: compressive strength, coal elasticity, abrasiveness and impact strength, silica and pyrite content, mineralogical analyses of rock and coal, and if requested, porosity and absorption. The lab also processes dust tests from all the mines. For environmental purposes, elementary coal analysis – COHN, CO₂ emission factor, total sulphur, specific sulphur content, is completed. All testing is conducted on site at the GreenGas laboratory which is certified by the Czech government. Photos of the geomechanical lab follow:



Data from each bore hole are documented and bound in a book. The following data are included for each bore hole:

1. Bore hole geological profile – 1:100 scale.
2. Bore hole log profile – 1:100 scale (original diagrammes archived at Green Gas).
3. Bore hole identification profile (seam ID structure).
4. Bore hole assessment.
5. Photographic documentation of the fauna, minerals, rock, and coal types.
6. Report on the liquidation of the borehole core.
7. List of seams, losses, and horizons.
8. Geological description of the borehole.
9. Zoopaleontologic evaluation of the borehole.
10. Results of inclinometric measurements.
11. Borehole axis projection (co-ordinates).
12. Semi-diameters of safety protective zone in the borehole.
13. Borehole log profile of the borehole – narrative.
14. Technological profile of the borehole.
15. Adopted thickness of seams in the borehole.
16. Technological procedure.
17. Borehole location position/initial.
18. Geo-mechanical evaluation of the borehole.
19. Results of chemical process analyses of coal.
20. Petrologic analysis of coal.
21. Results of compressive strength and level of coal elasticity measurements.
22. Abrasiveness and impact strength measurement results.
23. Silicone and pyrite content.
24. Rock and coal mineralogy analyses.
25. Porosity measurement.

Our review of the procedures for underground drilling shows that the procedures used by GreenGas are very thorough and detailed, and exceed typical industry practice. Check holes are not drilled for verification of data, and in our opinion are not warranted, since the data are subject to thorough review and hole spacing is sufficient to accurately define coal occurrence.

3.2.1.2 Channel Samples

Channel samples are typically taken every 100 m along gateroads of all LW panels by specially trained workers, and in localized geologically complex areas, the spacing between samples is reduced to 50 m. All unique coal plies and in seam parting are logged, photographed, and sampled separately. The purpose of this sampling is to prepare accurate forecasts of mine production, including quantity and quality of the various coking coal, middling, and thermal products, prior to panel extraction. Comparison of forecasts of quantity and quality versus actual production shows very good agreement typically within 10% for ROM coal values and within 2% to 3% of marketable coal product values.

3.2.2 Data Defining Coal Quality

3.2.2.1 Underground Boreholes

For each seam, the entire core of all coal and any in seam partings are sampled separately for chemical analyses at the on-site GreenGas lab. Seam quality is determined by compositing the coal and parting samples by thickness and specific gravity. The laboratory is certified by the Czech Government and all testing is conducted to the following Czech Standards that also follow International Organization for Standardization (ISO) Standards:

- Determination of total moisture content Analytical determination of moisture (ČSN 44 1377, ČSN ISO 579, ČSN ISO 687, ČSN EN 15414-3).
- Determination of ash content (dry, original, and analytical sample - ČSN ISO 1171, ČSN 65 8070, ČSN EN 14775, ČSN EN 15403, ČSN 73 6133:1998, Chap. 4.4.2.4).
- Determination of the content of volatile matter (dry sample, conversion to combustible matter - ČSN ISO 562, ČSN EN 15148, ČSN EN 15402).
- Determination of combustible heat (analytical, dry sample, conversion to combustible matter).
- Calculation of calorific value (in the original sample - ČSN ISO 1928, ČSN 65 6169, ČSN EN 15170, ČSN EN 14918, ČSN EN 15400).
- Determination of total content of carbon (dry, original, and analytical samples); determination of total content of hydrogen (dry, original, and analytical samples).
- Determination of total content of nitrogen (dry and analytical sample); recalculation of oxygen (dry analytical sample, original sample, conversion to combustible matter); emission factor (recalculation - ČSN ISO 29541, ČSN EN 15104, ČSN EN 15407, ČSN ISO 17247).
- Determination of total content of sulphur (dry, original, and analytical samples); specific sulphur content (recalculation - ČSN ISO 19579).
- Coking coal tests are conducted on all coal samples including: swelling index, Vitritine reflectance, dilatation, coke strength, and petrographic analysis to ISO and Czech Standards.
- Since all coal seams are gassy, gas tests are routinely run on the coal cores.

Samples are securely stored and prepared in the laboratory according to the Czech Standards. Typically 25% of the riffled core is used for performing the initial suite of analyses, with the remaining 75% archived for check sampling or further analyses. Check analyses are carried out at the Charles University in Prague and in the Fuel Research and Development Institute in Běchovice. All lab instruments are subject to regular inspections and calibration in certified metrological test facilities and laboratory techniques are considered total.

Based on our review of sampling procedures and laboratory facilities, it is our opinion that all work conducted meets or exceeds accepted industry standards.

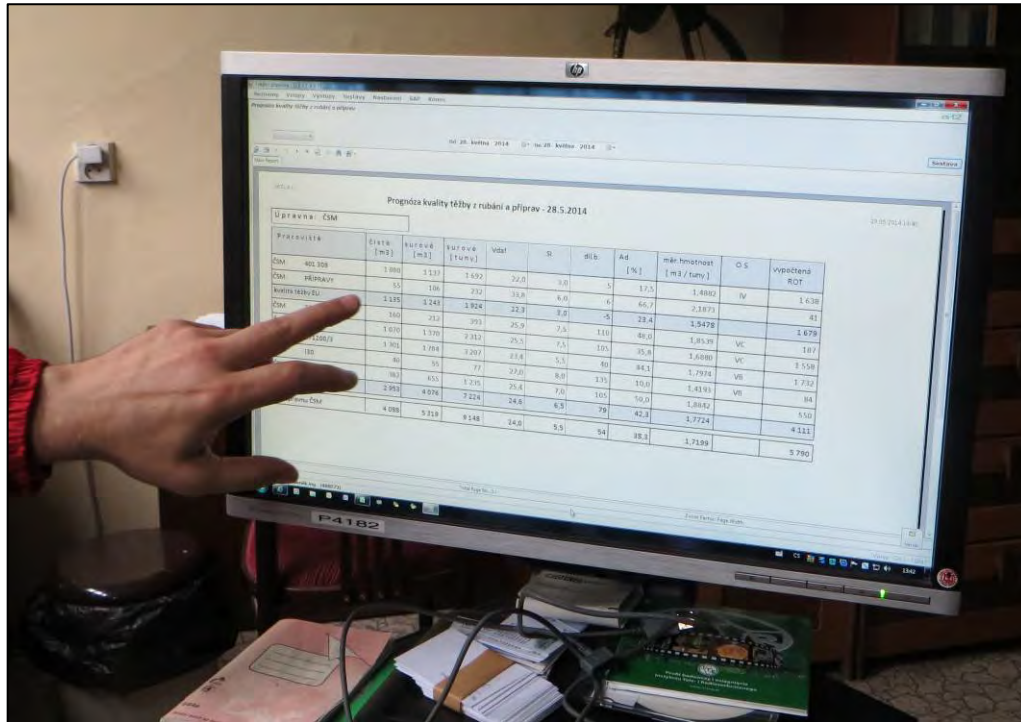
3.2.2.2 Channel Samples

Channel samples from the gateroads are analyzed at OKD's central laboratory located at the Lazy Mine. The laboratory employs 81 people and is certified by the Czech Government with all tests conducted to Czech and ISO Standards. Samples of each unique coal ply and in seam partings are taken separately. Total seam quality is determined by compositing seam plys by thickness and specific gravity. The samples are securely stored at the lab and all results are subject to the same verification procedures used at the GreenGas laboratory. The focus of the laboratory is to provide accurate results that are used to produce reliable forecasts of product quality (coking coal, middlings, and thermal coal) to be produced from each LW panel. In order to compare quality forecast with actual production, the lab also tests samples of ROM production, as well as samples of the various products from the CPPs.

The lab is well equipped to conduct thermal and coking coal analyses and was toured by BOYD personnel. The following photos show typical laboratory equipment:



OKD has developed software to access all quality data by longwall panel. The system estimates average quality and compares each estimate with subsequent results of actual production.



As previously mentioned, comparisons of estimated and marketable product quality are typically within 2% to 3%.

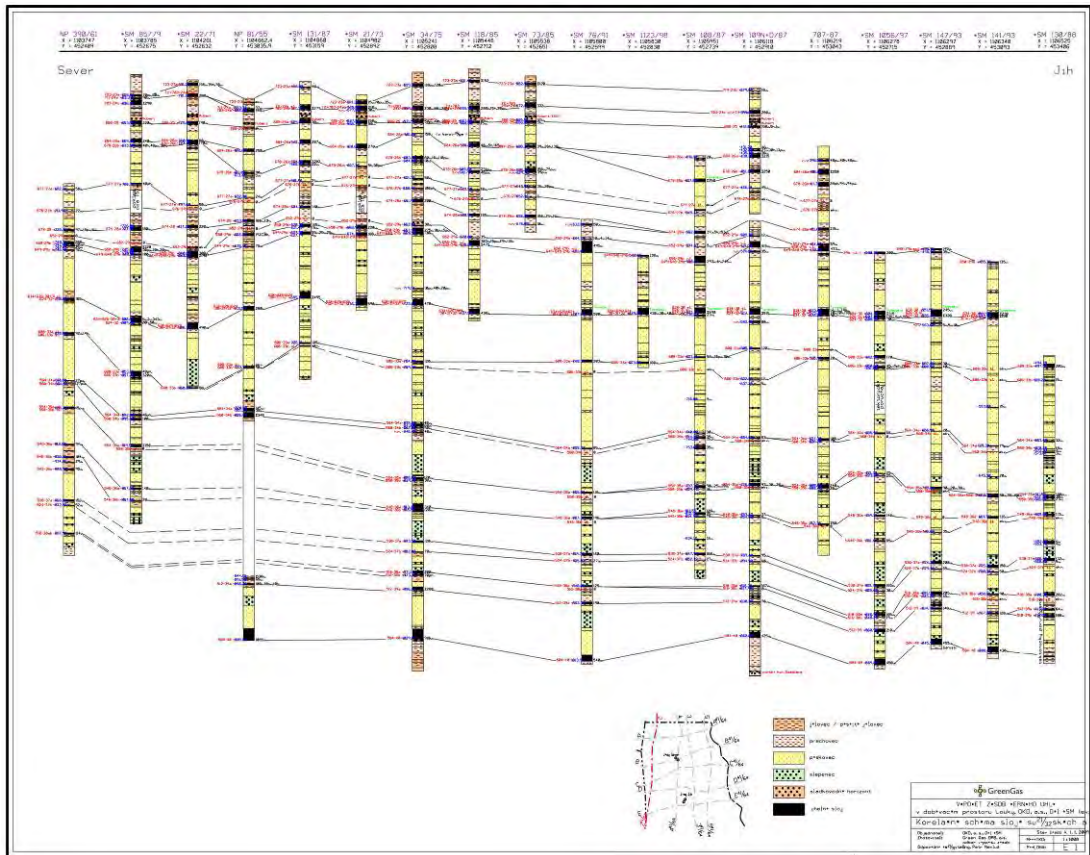
Based on our review of sampling procedures and laboratory facilities, it is our opinion that all work conducted by OKD meets or exceeds accepted industry standards and provides OKD with accurate and important data on the specifications of product quality.

3.3 Resources

3.3.1 OKD Resource Estimation Methodology

OKD's geologic department prepared all estimates of in situ coal resources. Geologic models of each mine are prepared in detail by the mine geologists. Data used to prepare these estimates are mainly from underground boreholes, and in the case of near term mining areas, by channel samples taken from gateroads. Since the deposits are structurally complex, the locations of faults and seam dip, as measured by the mining of overlying seams, are very important sources of structural information. Since multiple overlying seams have been mined, fault dips and structurally disturbed areas can be projected in three dimensions.

Based on the detailed logging of the underground boreholes, seams are correlated. The following image shows the seam correlation at CSM Mine.



All exploration data are entered into database software developed by OKD known as the Huz database. Access to the database is limited to one mine geologist for quality control purposes. All coal seam thicknesses are reconciled with geophysical logs and converted to true thickness based on structure maps and core measurements. All data are thoroughly checked by statistical methods and reviewed by the mine geologists. Any suspect data are not used, but flagged and retained in the database. This software not only stores the geologic data, but is also used to calculate resources by block.

All geologic modeling is prepared by the mine geologist using manual methods. Due to the complex faulting of the deposits, it would be very difficult to model the numerous fault angles and displacements accurately, and therefore, we agree with OKD's approach. Presentation of maps and sections of the manual model is created using Microstation and AutoCAD graphics software.

The basic geological data are evaluated by the mine geologist starting with maps and sections at a scale of 1:1000 and are summarized at 1:5000 scale.

Coal resources at OKD's active mines are presented in detail on individual coal seam maps. Resource blocks within the mining licenses are mainly defined by faults and the deduction of protection barriers to shafts and roadways. Other block boundaries include thin seam areas and areas where seams are partially or completely eroded by paleochannels. NWR provided BOYD with a suite of maps that illustrate the +18,000 blocks on a mine-by-mine and seam-by-seam basis.

Resource estimates are prepared as required to the Czech classification system. The resources reflect total seam (coal and in-seam partings) and are stated in terms of in situ tonnes. The resources are categorized as being:

Category	Definition
Balance	Coal having reasonable probability to be mineable in the foreseeable future based on a review of technical, safety, and accessible to mining considerations. Subject to future coal market conditions.
Non-Balance	Coal having doubtful technical and/or economic mineability in the foreseeable future. Inaccessible from current infrastructure.
Past Limits	Coals determined to be outside or past limits (criteria) such as less than the prescribed minimum seam thickness, ash content, depth, etc.

BOYD conducted a detailed review of the OKD resource estimates and have restated tonnages in accordance with international (JORC Code 2012) resource reporting practices. As shown above, Balance resources have a reasonable probability of economic extraction and therefore can also be included in accordance with the JORC Code which requires that:

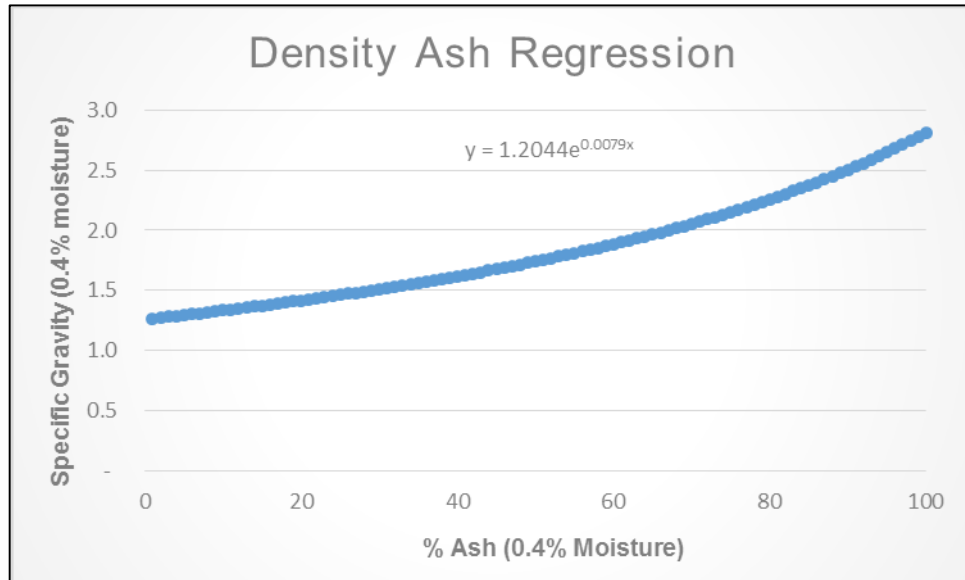
"All reports of Mineral Resources must satisfy the requirement that there are reasonable prospects for eventual economic extraction (ie more likely than not), regardless of the classification of the resource."

Coal seams greater than 0.4 m thick are identified and mapped per Czech government regulations. However, a thickness cutoff for Balance resources of 0.9 m is used to define resources for the coking coal of the Ostrava Formation and 1.0 m for seam in the Karvina Formation. A maximum 35% ash cutoff (dry basis) is also used to define Balance resources.

The thickness cutoff for Non-Balance resources of 0.6 m is used to define resources for the coking coal of the Ostrava Formation and 0.8 m for seam in the Karvina Formation. A maximum 50% ash cutoff (dry basis) is also used to define Non-Balance resources.

Resource estimates are prepared by each block by OKD using their Huz database software. The software estimates in situ resources using: (1) the true resource area (corrected for dip), (2) the average seam thickness (coal and parting) of the data

defining the block, and (3) a specific gravity based on the total seam ash on the typical as received moisture of 0.4%. The following ash curve is based on numerous analyses conducted during the long history of mining in the basin.



OKD uses the Czech system for classification of resources to assign a classification to each resource block. The system divides mineral concentrations into seven categories in three major groups, based on the level of exploration performed: fully explored reserves or resources (A, B, C1), evaluated reserves or resources (C2), and speculative (prognostic) resources (D). In principle, these follow a succession of approximations that are applied to various stages of exploration such that reserves or resources are assigned to the specified classes based on the degree of reliability.

Since the spacing of underground drilling is typically 100 m to 200 m, the definition of coal resources continually changes as lower seams are developed and additional drilling is completed to define underlying seams. At the end of each year, resource estimates are updated with drilling results conducted during the year. The revision of estimates for lower seams typically includes upgrading of resource classification and an increase in resource tonnage. Occasionally, new information results in a loss of resources if the seam is below thickness cutoffs or is not present.

3.3.2 BOYD Resource Audit and Estimation Methodology

OKD provided BOYD with a comprehensive Excel database that contains basic data regarding each of the +18,000 individual "blocks" of coal resources that are designated by mine, seam, and mining area, as of 31 March 2014. Maps of each seam showing all resource blocks were also provided. During our meetings with OKD's geological and mining staff, BOYD audited coal and parting thicknesses of various blocks in each seam at all mines, and reviewed the logic associated with the

designation of individual resource blocks. This audit process was done in order for BOYD to determine if the resources should be included in a resource statement in accordance with the JORC Code. There are certain areas where professional judgment was applied, such as assigning typical thicknesses to areas with multiple boreholes of varying thickness that did not exhibit pronounced trends or averages. We did identify sporadic areas where the assigned thickness or block dimensions could be adjusted or modified. However, the vast majority of resource blocks were engineered and defined with precision and accuracy. We concluded that the combination of the OKD Excel model and corresponding seam maps provided an appropriate foundation for our resource estimates. Our review showed that the method of estimating resource tonnage is consistent with international estimating standards.

BOYD reviewed the resource blocks to determine if there were reasonable prospects for eventual economic extraction. The results of this audit showed that it was appropriate to include the majority of resources in the “Balance” category into the BOYD statement of resources prepared in accordance with the JORC Code. BOYD also reviewed areas of Non-Balance resources where they were included in OKD’s LOM mining plan. The areas generally included areas needed to achieve the logical layout of LW panels, areas where seam access became available after the Balance classification was applied, and areas where barrier protection was no longer required. These areas that were classified as Non-Balance (under the OKD Czech classification system) account for 11% of the total resources.

The classification of geologic reliability for each resource block was reviewed. BOYD used the classification assigned to the resource blocks by OKD as a starting point and applied the appropriate classification into the measured, indicated, and inferred categories used in the JORC Code. Due to the complex geological setting, BOYD applied the following spacing of exploration data parameters to classify the resources:

<u>Resource Reliability Category</u>	<u>Spacing Criteria (meters)</u>
Measured	Maximum 300
Indicated	300 to 600
Inferred	Up to 1,500

The coalfield is generally well defined by exploration data and historic mining. As a result, the majority of resources are interpolated between points of observation, with minimal extrapolation of resources beyond points of observation.

Our review of the resource blocks showed that most of the blocks in the A and B categories are considered to be in the Measured classification based on the extent of data (drilling, adjacent mining, overlying seam workings). Reserve blocks designated as C1 and C2 by OKD were evaluated and categorized as either measured, indicated, or inferred. During our assessment, BOYD used our professional judgment to classify these blocks based on the extent of exploration, adjacent mining, and geologic experience in overlying seams.

In evaluating each resource block, BOYD used the following cutoff parameters:

- Minimum seam thickness of 0.75 m.
- Resource blocks must be accessible from current shafts.
- Maximum seam elevation of -1,400 m.
- Maximum raw seam ash of 40% (dry basis).
- Maximum seam dip of 35 degrees.

An exception to the seam thickness cutoff occurs in the Paskov Mine which had been scheduled for closure in 2014, but due to an agreement with the Czech government, will now operate until 2017.

BOYD's estimate of remaining resources, as of 31 March 2014, follows:

<u>Colliery</u>	<u>Resources - In Situ Tonnes (000)</u>				
	<u>Resource Classification</u>				
	<u>Measured</u>	<u>Indicated</u>	<u>Subtotal</u>	<u>Inferred</u>	<u>Total</u>
CSM	59,033	31,895	90,928	15,712	106,640
Darkov	52,787	84,353	137,140	9,217	146,357
Karvina	66,281	93,006	159,287	172,107	331,394
Paskov	8,359	11,349	19,708	42,493	62,201
Total	186,460	220,603	407,063	239,529	646,592

As shown, coal resources are well defined at CSM and Darkov mines with 85% and 94% of tonnage in the measured and indicated classifications respectively.

Estimated resources by geologic formation, by seam are shown in the following tables:

Formation	Seam Name	CSM		Darkov		Karvina		Paskov	
		In-Place	Avg.	In-Place	Avg.	In-Place	Avg.	In-Place	Avg.
		Tonnes (000)	Seam Thk (m)	Tonnes (000)	Seam Thk (m)	Tonnes (000)	Seam Thk (m)	Tonnes (000)	Seam Thk (m)
Karvina	840	-	-	234	1.62	-	-	-	-
	804 (16)	-	-	682	1.91	1,938	1.54	-	-
	747 (17)	-	-	-	-	2,219	1.61	-	-
	735 (19a)	-	-	2,392	2.41	3,172	1.60	-	-
	725 (22)	-	-	1,998	2.07	4,780	2.70	-	-
	723 (22)	-	-	-	-	2,446	1.69	-	-
	719 (23b)	-	-	-	-	700	1.54	-	-
	718	-	-	-	-	899	1.93	-	-
	712 (24v)	-	-	-	-	5,363	2.35	-	-
	711 (24)	-	-	-	-	5,028	2.63	-	-
	707 (24a)	-	-	-	-	4,169	1.86	-	-
	703 (24b)	-	-	7,245	2.58	-	-	-	-
	686 (25a)	-	-	4,023	2.06	8,279	2.74	-	-
	684 (26a)	-	-	-	-	1,878	1.38	-	-
	682 (26b)	-	-	6,220	2.75	-	-	-	-
	680 (26spl)	-	-	-	-	6,424	3.23	-	-
	674 (28a)	-	-	5,973	2.30	6,850	2.02	-	-
	652 (29a)	-	-	5,202	2.57	-	-	-	-
	649 (29 bspl)	-	-	-	-	2,916	1.56	-	-
	642 (30)	-	-	-	-	233	1.59	-	-
	634 (31a)	2,449	2.69	-	-	3,246	1.73	-	-
	628 (31b)	-	-	8,105	3.35	1,936	1.51	-	-
	626 (31c)	-	-	-	-	8,162	2.30	-	-
	624 (32)	75	2.23	-	-	-	-	-	-
	614	-	-	-	-	475	1.74	-	-
	612 (32b)	-	-	-	-	4,560	2.23	-	-
	608 (33a)	2,543	2.29	-	-	-	-	-	-
	606 (33b)	2,976	2.05	-	-	-	-	-	-
	605 (33 spl)	-	-	8,503	3.36	9,883	3.34	-	-
	564 (34a)	-	-	-	-	5,560	2.03	-	-
	561 (35a)	-	-	3,986	3.00	3,447	1.81	-	-
	558 (35b)	-	-	-	-	7,924	2.44	-	-
	554 (36a)	-	-	-	-	3,504	2.03	-	-
	548 (36b1)	3,519	2.10	395	1.99	3,110	2.06	-	-
	546 (36b2)	-	-	5,353	2.11	-	-	-	-
	534 (37c)	-	-	478	2.15	-	-	-	-
	530 (37e)	5,073	1.61	7,011	2.06	38,802	4.96	-	-
	524 (37f)	-	-	1,636	2.31	1,491	1.67	-	-
	514 (38)	-	-	-	-	17,000	3.94	-	-
	516	-	-	-	-	4,431	2.14	-	-
	518 (38a)	-	-	1,477	1.77	-	-	-	-
	512 (39)	6,543	2.68	8,205	2.57	17,049	4.27	-	-
	510	-	-	-	-	3,175	2.91	-	-
	504 (40)	59,923	6.70	57,535	6.82	54,922	4.83	-	-
Karvina Total		83,101	4.21	136,653	3.45	245,971	3.05	-	-

Formation	Seam Name	CSM		Darkov		Karvina		Paskov	
		In-Place	Avg.	In-Place	Avg.	In-Place	Avg.	In-Place	Avg.
		Tonnes (000)	Seam Thk (m)	Tonnes (000)	Seam Thk (m)	Tonnes (000)	Seam Thk (m)	Tonnes (000)	Seam Thk (m)
Ostrava	497	-	-	-	-	431	0.96	-	-
	495	-	-	-	-	1,745	1.53	-	-
	485	-	-	-	-	1,285	1.14	-	-
	479	-	-	-	-	8,886	1.21	-	-
	467 (Vaclav)	-	-	1,720	0.98	-	-	-	-
	465	-	-	-	-	799	1.15	-	-
	463 (Natan)	22,299	1.85	3,405	1.03	2,099	0.95	-	-
	461 (Max)	1,240	1.69	-	-	9,095	1.24	-	-
	459	-	-	-	-	1,042	1.17	-	-
	444	-	-	-	-	786	0.90	-	-
	436 (Justin)	-	-	2,241	1.12	1,662	0.89	-	-
	432 (Ivan)	-	-	296	1.57	802	0.93	-	-
	424 (Herman)	-	-	-	-	12,637	1.21	-	-
	420	-	-	-	-	786	0.90	-	-
	409	-	-	-	-	4,312	1.31	-	-
	386 (Mohutny)	-	-	2,042	1.38	20,806	1.25	-	-
	383	-	-	-	-	987	0.88	-	-
	371	-	-	-	-	429	1.02	-	-
	365	-	-	-	-	3,571	0.88	-	-
	338	-	-	-	-	12,899	1.27	-	-
	332	-	-	-	-	364	0.82	-	-
	145	-	-	-	-	-	-	589	1.13
	121 (B7)	-	-	-	-	-	-	1,353	1.09
	112 (B4)	-	-	-	-	-	-	3,086	1.03
	880 (23c)	-	-	-	-	-	-	1,455	1.18
	842 (22f)	-	-	-	-	-	-	1,733	1.01
	840 (22f)	-	-	-	-	-	-	1,509	1.31
	830 (22e)	-	-	-	-	-	-	670	1.10
	820 (22d)	-	-	-	-	-	-	1,276	1.26
	802 (22b)	-	-	-	-	-	-	1,578	0.89
	800 (22b)	-	-	-	-	-	-	1,248	1.43
	772 (21d)	-	-	-	-	-	-	996	0.84
	771 (21d)	-	-	-	-	-	-	639	1.04
	770 (21d)	-	-	-	-	-	-	495	1.68
	742 (21a)	-	-	-	-	-	-	193	1.00
	741 (21a)	-	-	-	-	-	-	505	1.30
	740 (21a)	-	-	-	-	-	-	6,136	1.25
	720 (20b)	-	-	-	-	-	-	1,523	1.21
	710 (20a)	-	-	-	-	-	-	17,541	1.23
	650 (18)	-	-	-	-	-	-	3,841	1.21
	631 (17b)	-	-	-	-	-	-	3,210	0.86
	630 (17b)	-	-	-	-	-	-	1,505	1.71
	591 (16a)	-	-	-	-	-	-	448	1.30
	590 (16a)	-	-	-	-	-	-	2,619	1.12
	540	-	-	-	-	-	-	674	1.02
	500 (13a)	-	-	-	-	-	-	329	1.43
	410 (10a)	-	-	-	-	-	-	4,419	1.10
	380 (9a)	-	-	-	-	-	-	2,631	1.05
Ostrava Total		23,539	1.84	9,704	1.12	85,423	1.18	62,201	1.15
Grand Total		106,640	3.30	146,357	3.05	331,394	2.19	62,201	1.15

As shown, the thicker seams are located in the Karvina Formation with the thickest being basal 504 Seam or 40 Seam. Thinner seams are in the underlying Ostrava Formation with all of the Paskov Mine seams contained in this formation.

Further detail of the coal resources by seam thickness, elevation, and ash increments, are included in Table 3.1, following this chapter. Total resources are summarized by various parameters as follows:

% Distribution of Resources			
Seam Thickness (m)			
< 1.00	1.00 - 1.49	1.50 - 2.49	+2.50
4	18	25	53
Elevation Below Sea Level (m)			
0 - 650	650 - 800	800 - 1,000	1,000 - 1,400
22	18	35	25
% Ash - Total Seam (raw)			
0 - 10	11 - 20	21 - 30	31 - 40
45	36	15	4

As shown, 78% of the estimate resource tonnage exceeds 1.5 m thickness, 60% are greater than 800 m below sea level (approximately 1,050 m average depth), and 81% have a raw ash content of less than 20%.

The coal quality of each resource block is determined from the analytical data which are mainly sourced from underground boreholes. Ash values for the raw seam (coal and partings) are estimated for each block and a three digit code is assigned to each block to reference the type of coal present (coking grades and thermal grades). The first digit is based on the DAF volatile matter and vitrinite reflectance, with the second digit based on the swelling index, and the third based on dilatation. Estimates of quality are later refined once the gateroads of the LW panel are developed and closely spaced channel samples are taken.

3.4 Reserve Estimation Methodology

3.4.1 OKD Reserve Estimation Methodology

OKD's engineering departments prepare estimates of reserves based on their LOM plan. At the end of each year, the company updates its long-term economic LOM outlook, taking into consideration all predictable factors influencing the production of marketable coal. This LOM plan is considered to be developed to the Feasibility level of study, with the two-year plan prepared in additional detail.

Reserves are estimated for each LW panel and associated development gateroads. Data from the geological database and channel samples are used to prepare estimates of workable reserves (aka, marketable reserves). The estimates are prepared on a coal only basis. The average mineable coal height for each area or

panel is determined from the exploration data. The tonnage from the development gateroads and within each LW panel is then estimated. All coal is washed and a density factor of 1.35 (1.32 at Paskov Mine) is used to estimate clean coal at 12% and 8% ash content, respectively. These density factors are based on historic experience and are checked against actual clean coal production each year, and have proven to accurately reflect marketable tonnes produced. The factor incorporates wash plant yield, moisture gain, and misplaced dilution material that is not removed in the preparation plants. The estimates assume that all panels within the mine plan are recovered.

Detailed clean coal quality estimates are prepared by product type (coking coal, middlings, and thermal coal). As previously discussed, the prior reconciliation studies have shown estimates are within 2% to 3% of the actual product quality.

3.4.2 BOYD Audit and Reserve Estimation Methodology

The OKD reserve estimates are prepared on a clean, coal only basis. Typically our methodology for estimating coal reserves would be to estimate both ROM and marketable tonnes within the LOM plan as follows:

ROM Tonnes:

- Estimate in situ seam tonnage within panels and development.
- Include out of seam mining dilution from roof and floor.
- Estimate mining recovery from development and LW panels.
- Include moisture gain added during mining.

Marketable Tonnes:

- Apply a plant yield factor for the removal of partings and out of seam dilution.
- Allow for a small amount of misplaced dilution material not removed during the washing process.
- Apply a plant efficiency factor.
- Include moisture gain added during coal washing.

This method is designed to simulate the mining process during the mining and beneficiation processes. The OKD (coal only) method estimates use in-place coal within the plan to directly calculate the clean marketable tonnage.

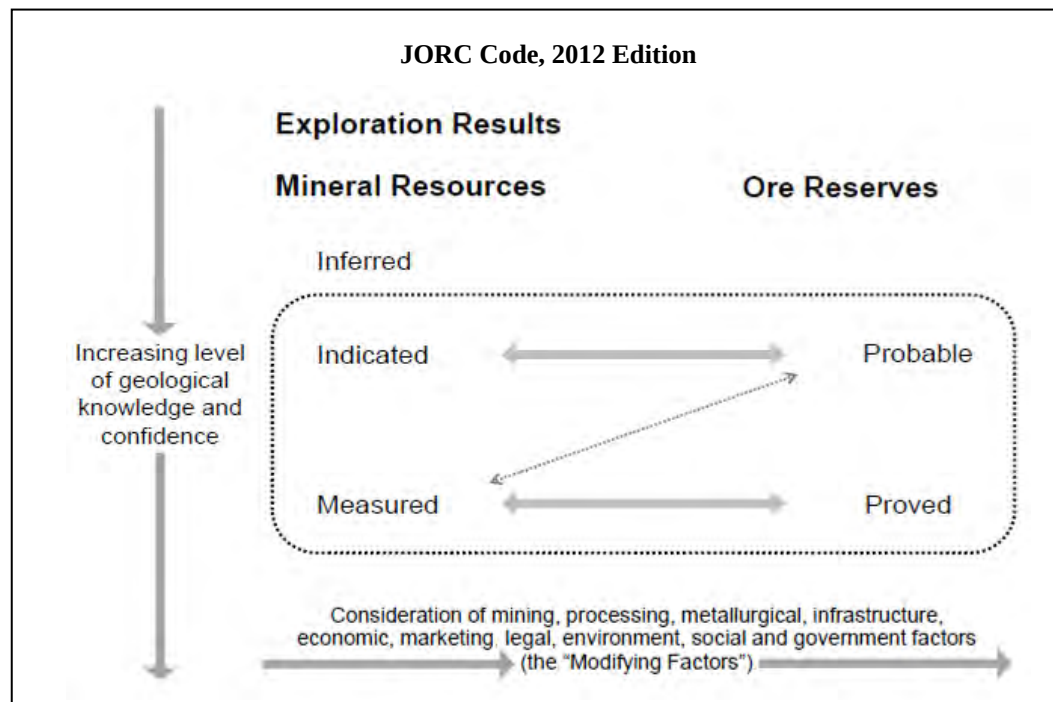
In order to check the OKD method, we conducted numerous checks on panels using our methodology. The results of these checks show very good agreement within a few percentage points or within estimating accuracy. While the OKD reserve estimation procedure is somewhat unique, BOYD's overall conclusion is the reported workable tonnes are a reasonable representation of marketable product tonnes. Therefore, we have used the OKD estimates by panel as a beginning basis for our reserve estimates.

In preparing our estimates of coal reserves, BOYD personnel reviewed each LW panel within each resource block. In evaluating each panel, the following criteria were used:

- Minimum seam thickness of 1.0 m.
- Maximum raw ash% = 30%.
- Maximum seam dip of 25 degrees.

We compared OKD's LOM, reserve maps, and geological model of each seam simultaneously to assess the reasonability of the proposed plans and projections (to validate economic mineability). If the mining plan projected development and corresponding coal extraction of an area within a reserve block, BOYD evaluated the logic of the plan and the associated coal recovery assumption applied by OKD. In those areas where the mining plan and reserve recovery were consistent with historical mining activities in overlying seams or adjacent reserves, BOYD made no adjustments to the OKD Coal Reserve recovery estimates. Blocks not meeting our criteria were excluded from our reserve tonnage estimates.

The following chart shows the conversion from resources to reserves in the JORC Code:



The JORC code allows for some measured resources to be classified as probable reserves. In our evaluation all Measured and Indicated resource within the LOM plan as modified by BOYD, were classified as Proved and Probable Reserves, respectively. There are no inferred resources included in the mine plan and do not impact the LOM plan.

In order to convert resources to reserves, modifying factors must be considered. Since the mines are active and have all permits, licenses to operate, and meet all government requirements, most of the modifying factors are satisfied. Our consideration of mining, processing, economic, and marketing factors are presented in other chapters in this report.

BOYD has developed detailed estimates of the Coal Reserves for the four active mines. OKD does not include ROM tonnage in their reserve estimation process. To provide representative ROM tonnage estimates for JORC 2012 reporting, BOYD developed representative ROM estimates for each OKD Mine based on: (1) historic CPP performance (yield and ROM ash content), (2) reported average coal and parting thickness for the assigned reserves, and (3) calculated average coal seam and 2013 reported ROM ash content. Applying a basic ash balance concept (coal seam, ROM, and an assumed mining dilution ash value of 80%), we developed a series of ROM factors by seam thickness interval for each mine (Marketable tonnes x ROM factor = ROM tonnes) which we then used to calculate ROM tonnes by mine.

The following table summarizes the marketable reserve estimate derived by BOYD as of 31 March 2014:

Category	Colliery				
	CSM	Darkov	Karvina	Paskov	Total
	Tonnes (000)				
ROM	39,100	12,200	33,500	6,100	90,900
Marketable Product	28,203	10,368	24,776	3,177	66,524
Average Yield (%)	68.5	80.7	70.3	49.5	69.5
Marketable Reserves - Tonnes (000)					
By Reserve Classification					
Proved	24,793	9,637	17,707	1,445	53,582
Probable	3,410	731	7,069	1,732	12,942
By Product Type					
Coking	9,222	6,614	17,497	2,859	36,192
Thermal	18,981	3,754	7,279	318	30,332
By Total Seam Thickness (meters)					
< 1.00	-	-	1,043	503	1,546
1.00-1.49	785	112	2,645	2,129	5,671
1.50-2.49	7,343	1,694	6,227	545	15,809
2.50+	20,075	8,562	14,861	-	43,498
By Elevation Below Sea Level (meters)					
0-650	519	2,917	11,787	138	15,361
650-800	7,789	2,484	2,444	1,877	14,594
800-1000	18,348	4,967	9,623	1,024	33,962
1000-1200	1,547	-	922	138	2,607
By %Ash - Total Seam Raw					
< 10	19,336	8,924	9,892	112	38,264
11 - 20	8,468	1,340	11,062	1,630	22,500
21 - 30	399	104	3,822	1,435	5,760

As shown, 80% of the tonnage within the LOM plan is in the highest reliability (Proved) category. Approximately 55% of the product tonnage is coking coal. Product quality is discussed in the coal preparation chapter of this report. Seam thickness is greater than 1.50 m for 89% of the reserve, and 77% of the remaining reserves are at greater than 650 m below sea level (approximate 900 m average depth). Approximately 91% of the reserves have a raw ash content of less than 20%. Table 3.2, following this chapter, shows the detailed estimates of Marketable Reserves. Figures 3.1 through 3.8, following this chapter, show typical cross sections and resource and reserve maps for each of the four mines.

3.5 Comparison of Resource/Reserve Estimates

Estimates of resource and reserves reflect the recent economics, and change over time as market prices and mining economics fluctuate. OKD prepares an annual report of the coal resources (in situ total seam tonnage) and workable reserves (based on LOM plan and coal only tonnes). Cost control and reduction strategies are reviewed and implemented in the annual adjustment. OKD has properly accounted for issues relating to mine planning (eliminating thin coal areas and steep seam configurations), local issues (subsidence, etc.), and reserve accessibility with current shaft development. As such, the OKD internal reserve estimates for end of 2013 and first quarter 2014, have been reduced considerably as compared to earlier estimates, as shown below:

Colliery	Shaft	OKD Annual Reports - Marketable Tonnes (000) - Year Ending:							
		2007	2008	2009	2010	2011	2012	2013	2014 (3mo)
CSM	CSM	47,191	48,492	44,753	41,126	38,555	32,276	29,200	28,669
Darkov	Darkov	29,183	28,564	28,037	29,720	43,910	43,654	4,419	4,354
	Karvina Doly II	14,820	13,304	12,165	10,486	8,787	7,987	5,280	4,800
	Stonava	<u>10,078</u>	<u>7,902</u>	<u>5,854</u>	<u>4,560</u>	<u>3,243</u>	<u>2,792</u>	<u>2,517</u>	<u>2,517</u>
	Subtotal	54,081	49,770	46,056	44,766	55,940	54,433	12,216	11,671
Karvina	Doly I	19,779	20,978	43,040	23,340	27,436	26,497	9,438	9,980
	Doubrava	15,379	26,013	27,611	17,467	18,541	17,742	8,094	8,641
	Lazy	<u>22,675</u>	<u>24,980</u>	<u>23,393</u>	<u>21,088</u>	<u>19,125</u>	<u>17,578</u>	<u>6,443</u>	<u>6,327</u>
	Subtotal	57,833	71,971	94,044	61,895	65,102	61,817	23,975	24,948
Paskov	Staric	23,000	21,889	20,717	21,070	21,072	19,952	850	3,177
Total		182,105	192,122	205,570	168,857	180,669	168,478	66,241	68,465

The primary factor accounting for this reduction is the material decrease in market prices beginning mid to late 2012 that has continued through 2013 and into 2014. As 2013 progressed, it became apparent that the decrease in coal market prices was neither shortterm nor temporary, and therefore, starting in late 2013, OKD mine plans were revised to eliminate plans to deepen shafts to access lower seams, the mining of thin coal seams, elimination of mining in areas with high subsidence costs, and other cost related factors.

Reserve estimates assume all LW panels are recovered in the LOM plan. We recognize that occasionally adverse geologic conditions are encountered and only partial panel recovery occurs. At the end of each year, OKD deducts the losses in the panels and also adds new reserves that are defined by underground drilling. These losses and gains are summarized for the last three years in the following table and show that, on the average, the losses in the plan are more than offset by additions:

Year	Tonnes (000)	
	Losses	Gains
2011	4,993	5,012
2012	5,312	1,333
2013	6,463	12,758
Total	16,768	19,103

The following table shows a comparison of the OKD and BOYD reserve estimates:

Colliery	Shaft	Reserve Tonnes (000)	
		OKD Workable	BOYD Marketable
CSM	Louky	28,669	28,203
Darkov	Darkov	4,354	4,354
	Karvina Doly II	4,800	4,774
	Stonava	2,517	1,240
Subtotal		11,671	10,368
Karvina	Doly I	9,980	9,980
	Doubrava	8,641	8,534
	Lazy	6,327	6,262
Subtotal		24,948	24,776
Paskov	Staric	3,177	3,177
Total		68,465	66,524

As shown, the estimates are in close agreement.

3.6 Conclusions

The procedures used to define coal occurrence and quality meet or exceed international mining industry standards. Resource and reserve estimates are updated yearly by OKD to reflect current mining practice and economics. The geology of the OKD deposits is complex: occur at extended mining depth, are prone to bumps, and the seams are gassy. We are impressed with the detailed exploration and analytical work conducted by OKD geologists and engineers to deal with the difficult conditions.

Based on our thorough review of the geologic source data and OKD estimating procedures, we have a high degree of confidence that the estimates are reasonable and accurately reflect the degree of precision specified within the classification categories.

The OKD resource and reserve estimates have been subject to numerous audits by BOYD and other consultants. These audits have not identified any material issues with OKD's estimates.

Following this page are:

Tables

- 3.1: Summary of Coal Resources
- 3.2: Detail of Marketable Coal Reserves

Figures

Typical Cross Section

- 3.1 CSM Colliery
- 3.2 Darkov Colliery
- 3.3 Karvina Colliery
- 3.4 Paskov Colliery

Typical Resource and Reserve Map

- 3.5 CSM Colliery – Seam 504 (40)
- 3.6 Darkov Colliery – Seam 504 (40)
- 3.7 Karvina Colliery – Seam 504 (40)
- 3.8 Paskov Colliery – Seam 740 (21a)

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TABLE 3.1

SUMMARY OF COAL RESOURCES (as of 31 March 2014)

OSTRAVA-KARVINA ACTIVE COLLIERIES

Ostrava, Czech Republic

Prepared For

NEW WORLD RESOURCES Plc

By

John T. Boyd Company

Mining and Geological Consultants

July 2014

In Situ Resources - Tonnes (000)														
Colliery	Resource Category	Total Resources	Resources by Total Seam Thickness (meters)				Resources by Elevation Below Sea Level (meters)				Resources by %Ash - Total Seam (Raw)			
			< 1.00	1.00-1.49	1.50-2.49	2.50+	0-650	650-800	800-1000	1000-1400	0 - 10	11 - 20	21 - 30	31 - 40
CSM	Measured	59,033	-	1,007	9,760	48,266	4,043	20,210	34,780	-	47,243	11,790	-	-
	Indicated	31,895	-	1,126	8,626	22,143	160	5,973	20,245	5,517	10,249	21,078	568	-
	Inferred	15,712	-	2,192	11,610	1,910	-	1,358	8,377	5,977	5,930	8,917	865	-
		106,640	-	4,325	29,996	72,319	4,203	27,541	63,402	11,494	63,422	41,785	1,433	-
Darkov	Measured	52,787	-	-	10,153	42,634	27,819	11,788	13,180	-	33,823	12,026	6,704	234
	Indicated	84,353	4,550	3,253	25,078	51,472	26,126	20,844	24,345	13,038	52,947	19,979	8,736	2,691
	Inferred	9,217	-	1,583	898	6,736	145	1,569	5,817	1,686	9,217	-	-	-
		146,357	4,550	4,836	36,129	100,842	54,090	34,201	43,342	14,724	95,987	32,005	15,440	2,925
Karvina	Measured	66,281	345	1,205	5,990	58,741	52,443	8,332	5,506	-	46,933	15,142	4,206	-
	Indicated	93,006	6,906	24,044	35,020	27,036	19,841	11,607	54,846	6,712	25,149	38,498	26,854	2,505
	Inferred	172,107	9,455	29,420	47,830	85,402	3,394	15,951	38,790	113,972	59,273	78,759	25,838	8,237
		331,394	16,706	54,669	88,840	171,179	75,678	35,890	99,142	120,684	131,355	132,399	56,898	10,742
Paskov	Measured	8,359	73	6,680	1,606	-	2,034	4,913	1,412	-	393	5,068	2,744	154
	Indicated	11,349	5,108	5,760	481	-	1,588	4,918	3,361	1,481	-	6,334	3,036	1,979
	Inferred	42,493	910	39,482	2,101	-	3,432	11,539	15,464	12,058	2,727	15,454	14,643	9,669
		62,201	6,091	51,922	4,188	-	7,054	21,371	20,237	13,539	3,120	26,856	20,423	11,802
Grand Total	Measured	186,460	418	8,892	27,509	149,641	86,339	45,243	54,878	-	128,392	44,026	13,654	388
	Indicated	220,603	16,564	34,183	69,205	100,651	47,715	43,343	102,797	26,748	88,345	85,889	39,194	7,175
	Inferred	239,529	10,365	72,677	62,439	94,048	6,971	30,417	68,448	133,693	77,147	103,130	41,346	17,906
		646,592	27,347	115,752	159,153	344,340	141,025	119,003	226,123	160,441	293,884	233,045	94,194	25,469

TABLE 3.2

DETAIL OF MARKETABLE COAL RESERVES (as of 31 March 2014)

OSTRAVA-KARVINA ACTIVE COLLIERIES

Ostrava, Czech Republic

Prepared For

NEW WORLD RESOURCES Plc

By

John T. Boyd Company

Mining and Geological Consultants

July 2014

Marketable Reserves - Tonnes (000)

Colliery	Coal Seam	Reserve Classification	Total Reserves	Reserves by Product Type		Reserves by Total Seam Thickness (meters)				Reserves by Elevation Below Sea Level (meters)				Reserves by %Ash - Total Seam (Raw)		
				Coking	Thermal	< 1.00	1.00-1.49	1.50-2.49	2.50+	0-650	650-800	800-1000	1000-1200	< 10	11 - 20	21 - 30
CSM	608 (33a)	Proved Probable	562	562	-	-	3	375	184	17	283	262	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			562	562	-	-	3	375	184	17	283	262	-	-	562	-
	606 (33b)	Proved Probable	1,153	1,153	-	-	80	1,093	-	-	1,093	60	-	-	1,153	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			1,153	1,153	-	-	80	1,093	-	-	1,093	60	-	-	1,153	-
	548 (36b1)	Proved Probable	1,314	1,314	-	-	15	1,299	-	-	19	1,285	-	-	1,314	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			1,314	1,314	-	-	15	1,299	-	-	19	1,285	-	-	1,314	-
	530 (37e)	Proved Probable	1,775	1,775	-	-	242	1,533	-	-	879	896	-	1,775	-	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			1,775	1,775	-	-	242	1,533	-	-	879	896	-	1,775	-	-
	512 (39)	Proved Probable	1,675	-	1,675	-	-	88	1,589	-	563	1,112	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			1,675	-	1,675	-	-	88	1,589	-	563	1,112	-	-	-	-
	504 (40)	Proved Probable	17,306	-	17,306	-	-	-	17,306	493	3,826	12,933	54	15,886	1,420	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			17,306	-	17,306	-	-	-	17,306	493	3,826	12,933	54	15,886	1,420	-

TABLE 3.2 - Continued

Colliery	Coal Seam	Reserve Classification	Total Reserves	Marketable Reserves - Tonnes (000)														
				Reserves by Product Type		Reserves by Total Seam Thickness (meters)				Reserves by Elevation Below Sea Level (meters)				Reserves by %Ash - Total Seam (Raw)				
						Total Seam Thickness (meters)				Elevation Below Sea Level (meters)				%Ash - Total Seam (Raw)				
						< 1.00	1.00-1.40	1.50-2.40	2.50+	0-650	650-900	900-1000	1000-1200	< 10	11 - 20	21 - 30		
Darkov (continued)	605 (33 spl)	Proved	227	-	-	-	-	227	-	127	100	-	-	227	-	-	-	
		Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
			227	-	-	-	227	-	127	100	-	-	227	-	-	-		
			-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	546 (38b2)	Proved	94	-	94	-	-	-	-	94	-	-	-	-	94	-	-	
		Probable	18	-	18	-	-	-	18	-	-	-	-	-	18	-	-	
			112	-	112	-	-	-	18	94	-	-	-	-	112	-	-	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	534 (37c)	Proved	178	-	-	178	-	-	178	-	-	-	-	-	178	-	-	
		Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
			178	-	-	178	-	-	178	-	-	-	-	-	178	-	-	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	530 (37e)	Proved	134	-	-	120	14	134	-	-	-	-	-	134	-	-	-	
		Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
			134	-	120	14	134	-	-	-	-	-	-	134	-	-	-	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	524 (37f)	Proved	262	-	-	262	-	121	141	-	-	-	-	262	-	-	-	
		Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
			262	-	262	-	121	141	-	-	-	-	262	-	-	-	-	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	512 (39)	Proved	934	704	230	-	216	718	704	20	210	-	821	113	-	-	-	
		Probable	270	-	-	-	270	-	171	-	98	-	270	-	-	-	-	
			1,204	974	230	-	486	718	875	20	309	-	1,081	113	-	-	-	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	504 (40)	Proved	6,995	4,045	2,950	-	-	8,995	1,148	1,289	4,558	-	6,900	95	-	-	-	
		Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
			6,995	4,045	2,950	-	-	8,995	1,148	1,289	4,558	-	6,900	95	-	-	-	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	467 (Vaclav)	Proved	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Probable	443	-	-	443	-	443	-	443	-	-	-	443	-	-	-	
			443	-	-	443	-	443	-	443	-	-	-	443	-	-	-	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total - Darkov			9,637	5,883	3,754	-	94	981	8,562	2,285	2,484	4,868	-	8,654	879	104	-	
			731	731	-	-	18	713	-	632	-	98	-	270	461	-	-	
			10,368	6,614	3,754	-	112	1,694	8,562	2,917	2,484	4,967	-	8,924	1,340	104	-	

TABLE 3.2 - Continued

Colliery	Coal Seam	Reserve Classification	Total Reserves	Reserves by Product Type		Reserves by Total Seam Thickness (meters)				Reserves by Elevation Below Sea Level (meters)				Reserves by %Ash - Total Seam (Raw)		
				Coking	Thermal	< 1.00	1.00-1.49	1.50-2.49	2.50+	0-650	650-800	800-1000	1000-1200	< 10	11 - 20	21 - 30
Karvina	804 (16)	Proved Probable	692	692	-	-	104	588	-	265	-	427	-	-	104	588
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			692	692	-	-	104	588	-	265	-	427	-	-	104	588
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	747 (17)	Proved Probable	243	243	-	-	243	-	-	-	-	243	-	-	243	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			243	243	-	-	243	-	-	-	-	243	-	-	243	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	735 (19a)	Proved Probable	922	922	-	-	214	708	-	54	-	868	-	97	825	-
			-	-	-	-	-	-	-	54	-	868	-	97	825	-
			922	922	-	-	214	708	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	725 (22)	Proved Probable	406	406	-	-	-	-	406	-	-	406	-	-	406	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			406	406	-	-	-	-	406	-	-	406	-	-	406	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	723 (22)	Proved Probable	450	450	-	-	-	450	-	-	-	450	-	-	450	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			392	392	-	-	-	392	-	-	-	392	-	-	392	-
			842	842	-	-	-	842	-	-	-	842	-	-	842	-
	712 (24v1)	Proved Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			1,265	1,265	-	-	-	704	561	-	-	1,265	-	-	-	1,265
			-	-	-	-	-	704	561	-	-	1,265	-	-	-	1,265
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	711 (24)	Proved Probable	121	121	-	-	-	-	121	-	121	-	-	-	-	121
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			121	121	-	-	-	-	121	-	121	-	-	-	-	121
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	707 (24a)	Proved Probable	426	426	-	-	-	257	169	-	-	426	-	-	426	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			85	85	-	-	-	85	-	-	85	-	-	85	-	-
			511	511	-	-	-	342	169	-	85	426	-	85	426	-
	686 (25a)	Proved Probable	951	951	-	-	-	58	893	759	192	-	-	-	823	128
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			951	951	-	-	-	58	893	759	192	-	-	-	823	128
			-	-	-	-	-	-	-	-	-	-	-	-	-	-

TABLE 3.2 - Continued

Marketable Reserves - Tonnes (000)																	
Colliery	Coal Seam	Reserve Classification	Total Reserves	Reserves by Product Type		Reserves by Total Seam Thickness (meters)				Reserves by Elevation Below Sea Level (meters)				Reserves by %Ash - Total Seam (Raw)			
				Coking	Thermal	< 1.00	1.00-1.49	1.50-2.49	2.50+	0-650	650-800	800-1000	1000-1200	< 10	11 - 20	21 - 30	
Karvina (continued)	684 (26a)	Proved	820	820	-	-	-	820	-	-	-	-	820	-	-	-	820
		Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	820	820	820	-	-	-	-	820	-	-	-	820	-	-	-	820	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	680 (26spl)	Proved	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Probable	1,277	1,277	-	-	-	-	1,277	-	-	-	1,277	-	-	1,277	-
	1,277	1,277	1,277	-	-	-	-	1,277	-	-	-	1,277	-	-	1,277	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	674 (26a)	Proved	1,164	1,164	-	-	-	520	644	520	644	-	-	-	-	1,164	-
		Probable	117	117	-	-	50	58	-	-	117	-	-	-	-	117	-
	649 (26 bspl)	Proved	1,281	1,281	-	-	-	50	644	520	761	-	-	-	-	1,281	-
		Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	247	247	247	-	-	-	247	-	-	-	-	247	-	-	241	6	
		323	323	323	-	-	323	-	-	-	-	323	-	-	323	-	
	570	570	570	-	-	-	247	-	-	-	-	570	-	-	504	6	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	634 (30)	Proved	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Probable	306	306	-	-	-	40	266	-	306	-	-	-	-	306	-
	306	306	306	-	-	-	40	266	-	306	-	-	-	-	306	-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
628 (31)	Proved	746	746	-	-	-	746	-	-	-	-	746	-	-	-	746	
	Probable	21	21	-	-	-	21	-	-	-	21	-	-	-	21	-	
	767	767	767	-	-	-	21	746	-	-	-	767	-	-	-	767	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	626 (31)	Proved	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Probable	802	802	-	-	-	95	707	-	-	-	802	-	-	675	127
	802	802	802	-	-	-	95	707	-	-	-	802	-	-	675	127	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	584 (34a)	Proved	922	922	-	-	-	922	-	-	-	-	-	922	-	922	-
		Probable	131	131	-	-	-	131	-	-	-	131	-	-	131	-	-
	1,053	1,053	1,053	-	-	-	1,053	-	-	-	-	131	-	131	922	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
530 (37e)	Proved	453	453	-	-	-	-	453	-	453	-	-	-	453	-	-	-
	Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
453	453	453	-	-	-	-	-	453	-	453	-	-	-	453	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

TABLE 3.2 - Continued

Marketable Reserves - Tonnes (000)																
Colliery	Coal Seam	Reserve Classification	Total Reserves	Reserves by Product Type		Reserves by Total Seam Thickness (meters)				Reserves by Elevation Below Sea Level (meters)				Reserves by %Ash - Total Seam (Raw)		
				Coking	Thermal	< 1.00	1.00-1.49	1.50-2.49	2.50+	0-650	650-800	800-1000	1000-1200	< 10	11 - 20	21 - 30
Karvina (continued)	514 (38)	Proved	2,428	-	2,428	-	-	-	2,428	2,428	-	-	-	2,428	-	-
		Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	
			2,428	-	2,428	-	-	-	-	2,428	-	-	-	2,428	-	-
512 (39)	Proved	861	-	861	-	-	-	-	861	861	-	-	-	861	-	-
	Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		861	-	861	-	-	-	-	861	-	-	-	-	861	-	-
504 (40)	Proved	6,341	2,804	3,537	-	-	-	-	6,341	5,362	979	-	-	5,213	1,128	-
	Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		6,341	2,804	3,537	-	-	-	-	6,341	5,362	979	-	-	5,213	1,128	-
463 (Natan)	Proved	264	264	-	264	-	-	-	-	264	-	-	-	264	-	-
	Probable	360	360	-	360	-	-	-	-	-	-	360	-	360	-	-
		624	624	-	624	-	-	-	-	264	-	360	-	624	-	-
461 (Max)	Proved	821	821	-	-	821	-	-	-	821	-	-	-	-	821	-
	Probable	419	419	-	419	-	-	-	-	-	-	419	-	-	419	-
		1,240	1,240	-	419	821	-	-	-	821	-	419	-	-	1,240	-
Total - Karvina			17,707	10,428	7,279	264	1,745	3,788	11,910	11,733	1,936	3,116	922	9,219	6,079	2,409
		Probable	7,069	7,069	-	779	800	2,439	2,951	54	508	6,507	-	673	4,983	1,413
			24,776	17,497	7,279	1,043	2,645	6,227	14,881	11,787	2,444	9,823	922	9,892	11,062	3,822

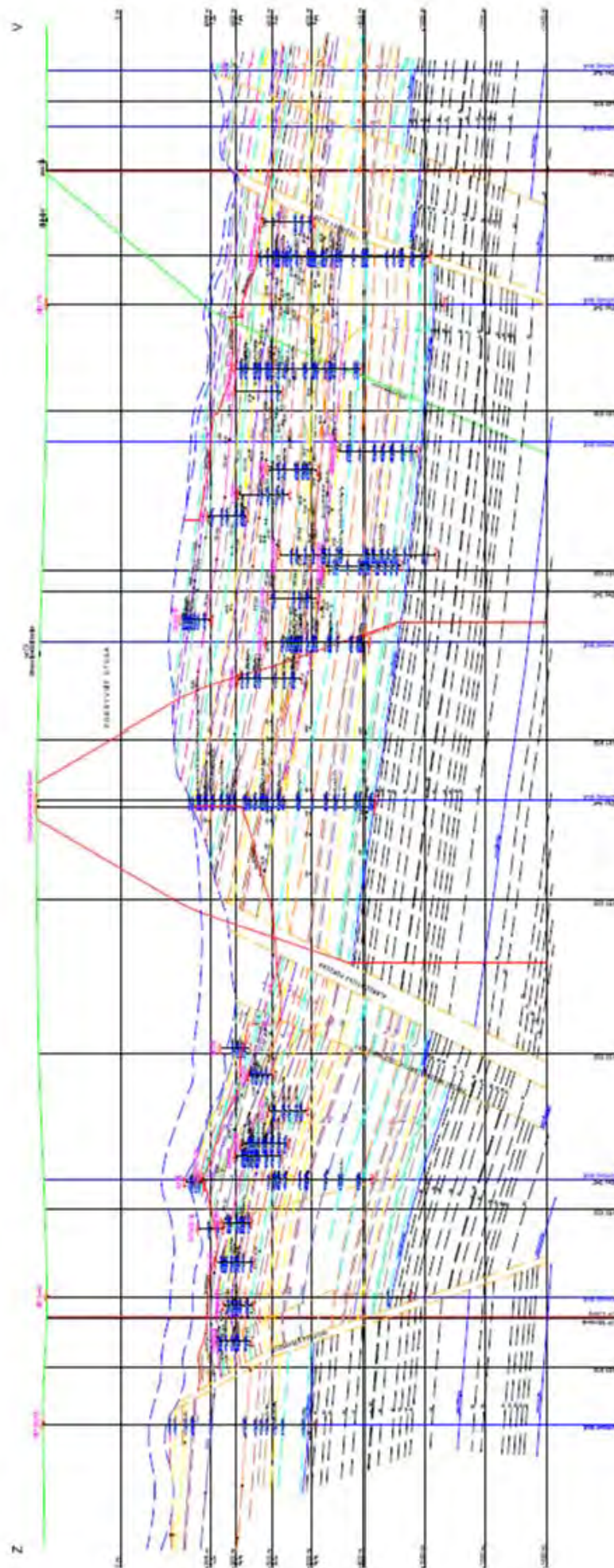
TABLE 3.2 - Continued

Colliery	Coal Seam	Reserve Classification	Total Reserves	Reserves by Product Type		Reserves by Total Seam Thickness (meters)				Reserves by Elevation Below Sea Level (meters)				Reserves by %Ash - Total Seam (Raw)		
				Coking	Thermal	< 1.00	1.00-1.49	1.50-2.49	2.50+	0-850	850-900	900-1000	1000-1200	< 10	11 - 20	21 - 30
Paskov	121 (B7)	Proved Probable	94	94	-	-	94	-	-	10	84	-	-	-	-	94
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			94	94	-	-	94	-	-	10	84	-	-	-	-	94
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	112 (B4)	Proved Probable	494	494	-	-	494	-	-	-	494	-	-	-	494	-
			317	317	-	112	81	124	-	-	317	-	-	112	205	-
			811	811	-	112	575	124	-	-	811	-	-	112	699	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	842 (22f)	Proved Probable	114	114	-	114	-	-	-	-	114	-	-	-	114	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			114	114	-	114	-	-	-	-	114	-	-	-	114	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	820 (22d)	Proved Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			206	206	-	-	206	-	-	-	206	-	-	-	206	-
			206	206	-	-	206	-	-	-	206	-	-	-	206	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	802 (22b)	Proved Probable	108	108	-	53	55	-	-	-	101	7	-	-	108	-
			134	134	-	134	-	-	-	-	107	27	-	-	134	-
			242	242	-	187	55	-	-	-	208	34	-	-	242	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	800 (22b)	Proved Probable	114	-	114	-	114	-	-	-	114	-	-	-	114	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			114	-	114	-	114	-	-	-	114	-	-	-	114	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	772 (21d)	Proved Probable	20	20	-	20	-	-	-	-	20	-	-	-	20	-
			81	81	-	15	66	-	-	-	55	26	-	-	81	-
			101	101	-	35	66	-	-	-	75	26	-	-	101	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	770 (21d)	Proved Probable	42	42	-	-	42	-	-	-	42	-	-	-	42	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
			42	42	-	-	42	-	-	-	42	-	-	-	42	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	741 (21a)	Proved Probable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			204	-	204	-	204	-	-	-	-	204	-	-	-	204
			204	-	204	-	204	-	-	-	-	204	-	-	-	204
			-	-	-	-	-	-	-	-	-	-	-	-	-	-

TABLE 3.2 - Continued

Colliery	Coal Seam	Reserve Classification	Total Reserves	Marketable Reserves - Tonnes (000)										Reserves by		
				Reserves by Product Type		Reserves by Total Seam Thickness (meters)				Reserves by Elevation Below Sea Level (meters)				Reserves by %Ash - Total Seam (Raw)		
				Coking	Thermal	Total Seam Thickness (meters)		Elevation Below Sea Level (meters)		Elevation Below Sea Level (meters)		Elevation Below Sea Level (meters)		Reserves by %Ash - Total Seam (Raw)		
						< 1.00	1.00-1.49	1.50-2.49	2.50+	0-950	950-800	800-1000	1000-1200	< 10	11 - 20	21 - 30
Paskov (continued)	740 (21a)	Proved Probable	387	-	-	-	-	-	-	-	-	-	-	-	-	-
			387	387	-	-	387	-	-	-	-	371	16	-	-	387
831 (17b)	Proved Probable	21	21	-	-	21	-	-	-	-	21	-	-	-	-	21
		144	144	-	-	32	112	-	-	-	-	22	122	-	112	32
		165	165	-	-	53	112	-	-	-	21	22	122	-	112	53
830 (17b)	Proved Probable	438	438	-	-	-	59	379	-	-	71	367	-	-	-	438
		438	438	-	-	-	59	379	-	-	71	367	-	-	-	438
590 (16a)	Proved Probable	259	259	-	-	2	257	-	-	128	131	-	-	-	-	259
		259	259	-	-	2	257	-	-	128	131	-	-	-	-	259
Total - Paskov	Proved Probable	1,445	1,331	114	208	208	816	421	-	10	1,061	374	-	-	882	563
		1,732	1,528	204	295	295	1,313	124	-	128	816	850	138	112	738	882
		3,177	2,859	318	503	503	2,129	545	-	138	1,877	1,024	138	112	1,630	1,435
Grand Total	Proved Probable	53,582	23,454	30,128	472	472	3,076	10,473	39,561	14,538	12,861	25,407	976	37,209	12,908	3,465
		12,942	12,738	204	1,074	1,074	2,595	5,336	3,937	823	1,933	8,555	1,831	1,055	9,592	2,295
		66,524	36,192	30,332	1,546	1,546	5,671	15,809	43,498	15,361	14,594	33,962	2,807	38,264	22,500	5,760

M:\ENG_WPI\3150\WP\Report\Chapter 3 Tables and Insets\2\Table 3.2 - Detail Reserve



LEGENDA :



FIGURE 3.1
TYPICAL CROSS SECTION
CSM COLLIERY
Ostrava, Czech Republic

Prepared For

NEW WORLD RESOURCES Plc



John T. Boyd Company

July 2014

Not to Scale

Doplňková výpočtová zpráva č. 1.1.2009 Dolu ČSM
v dobových prostoru Louky, evidenci čísla ložiska 3070500

Vertikální řez B - B

Dokladatel: Zpracovatel:	OKD, a.s., DOL ČSM		Stav zprávy k 1.7.2010	
	OKD, a.s., DOL ČSM		Měřítko: 1:15000	
Opracovatel:	Ing. Petr Nedel		A 7	
	Ing. Petr Nedel		A 7	



FIGURE 3.2
TYPICAL CROSS SECTION
DARKOV COLLIERY
Ostrava, Czech Republic

Prepared For

NEW WORLD RESOURCES PLC

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July 2014
Not to Scale

[illegible]

Note: Cross section map provided by CKD

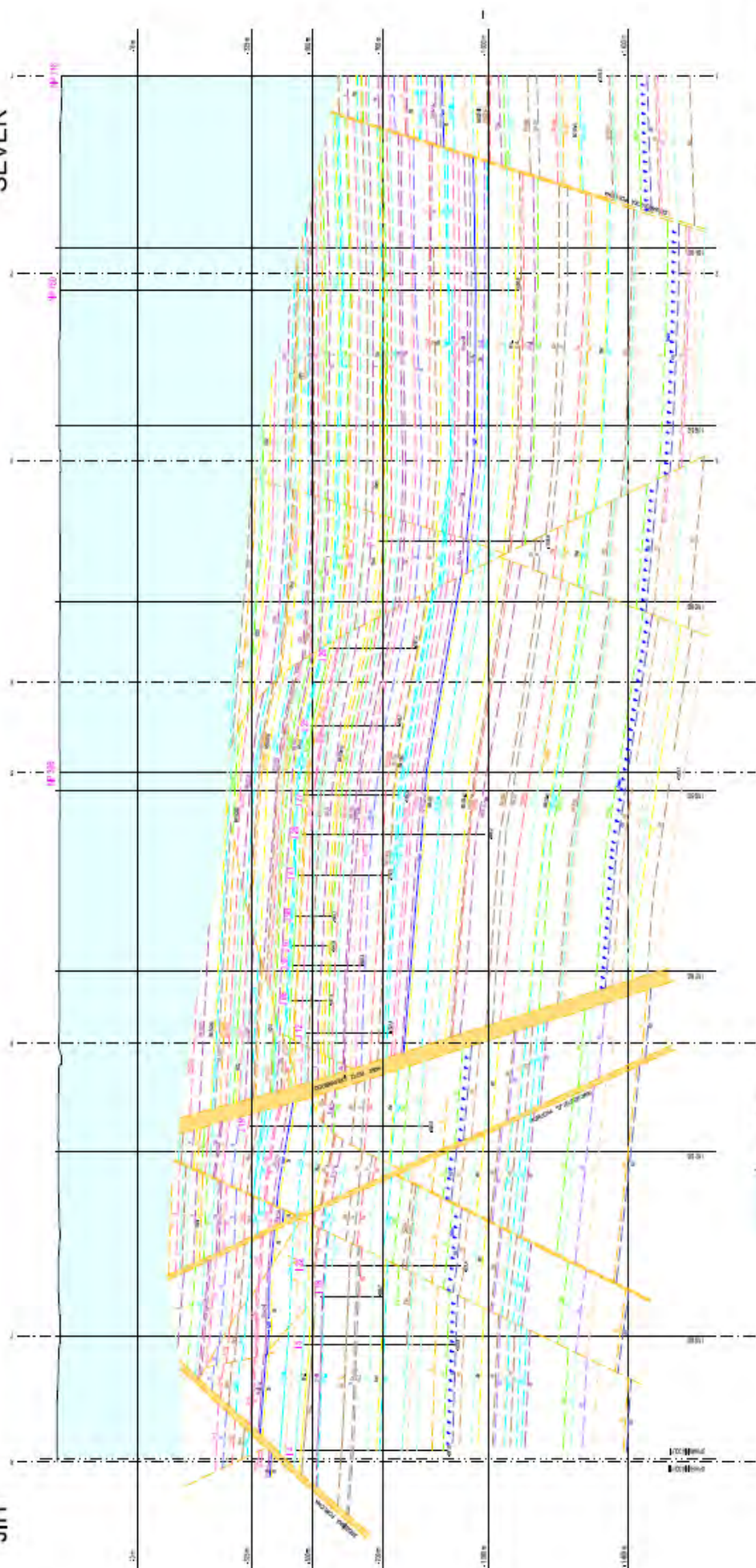


FIGURE 3.3
TYPICAL CROSS SECTION
KARVINA COLLIERY
Ostrava, Czech Republic

Prepared For

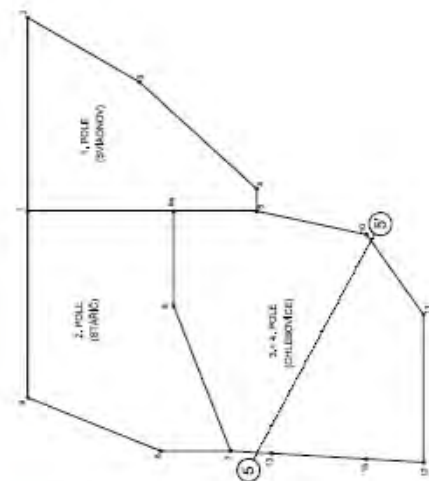
NEW WORLD RESOURCES PLC

John T. Boyd Company

July 2014
Not to Scale

EVIDENCE ZÁSOB ČERNÉHO UHLÍ V DOBYVACÍM PROSTORU KARVINA DOŁY I		Vertikální sez B - B'	
	TĚŽEBNÍ ORGANIZACE: OKS a.s., Dřevařská EXPLORACISTY: 3.7.2008 MĚŘNÝ MAP: 1:6300	PHILON:	
		ZPRACOVÁNÍ	DODANÁ VÝKRESY ZÁSOB, OKRESY, GAZ 2008

Note: Cross section map provided by OKD



LEGENDA:

	všetky jaskynské		priepokladový proteín dŕže
	všetky svrchné ľudové		ovčierý proteín dŕže
	všetky spodné ľudové		erozia
	všetky svrchné paleolitické		
	všetky spodné paleolitické		

FIGURE 3.4
TYPICAL CROSS SECTION
PASKOV COLLIERY
Ostrava, Czech Republic

Prepared For

NEW WORLD RESOURCES PIC

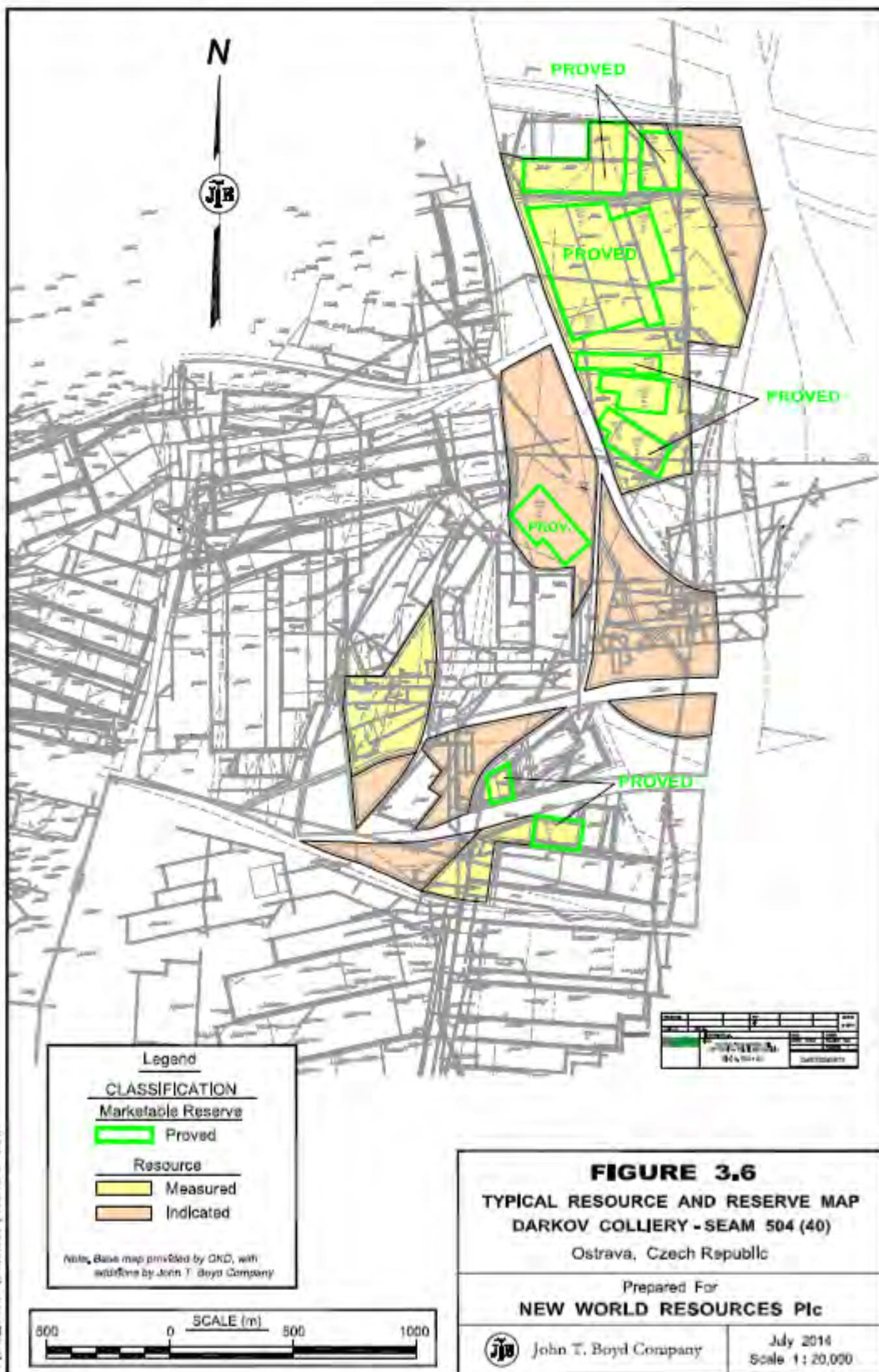


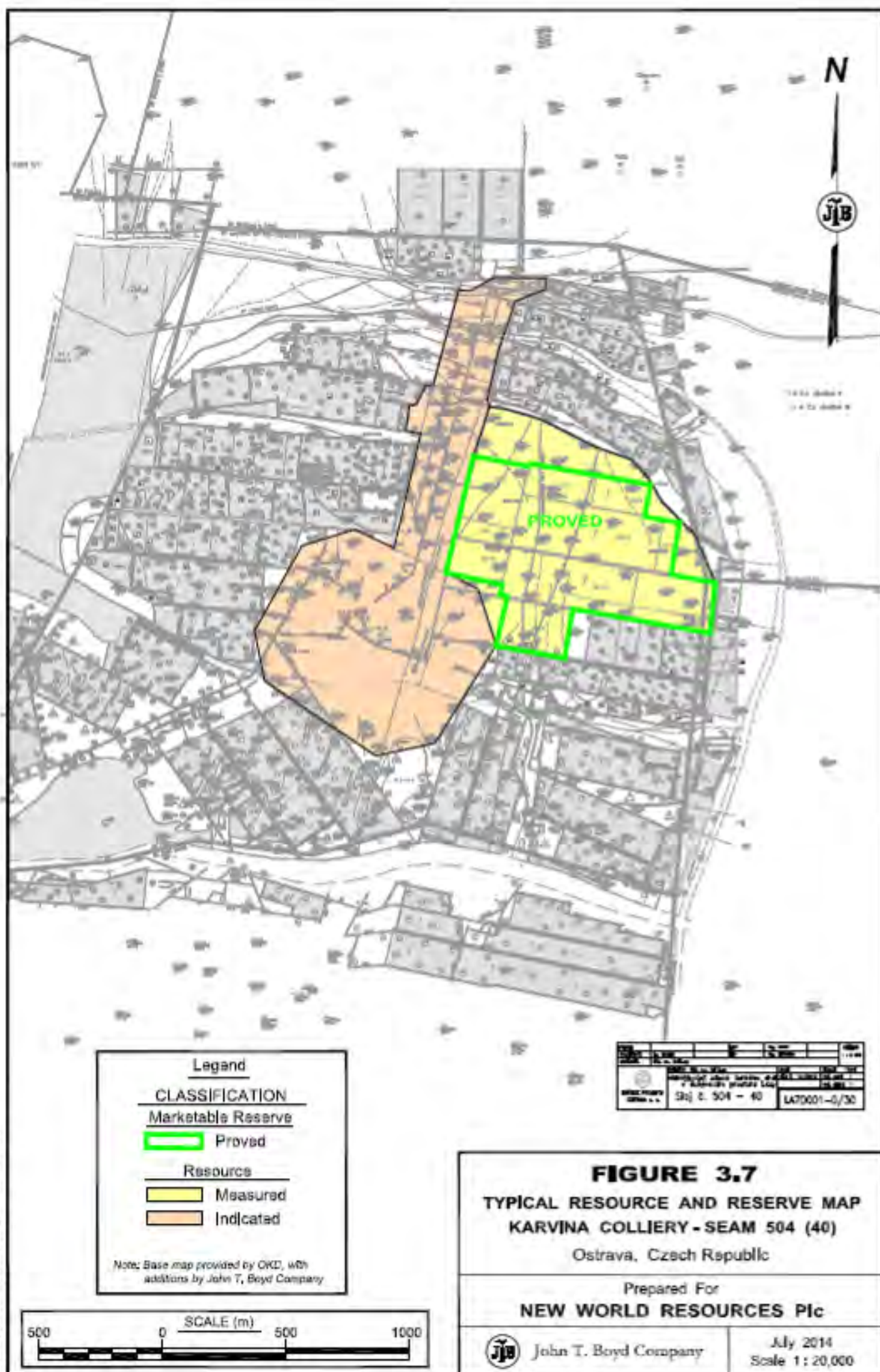
John T. Boyd Company

July 2014
Not to Scale

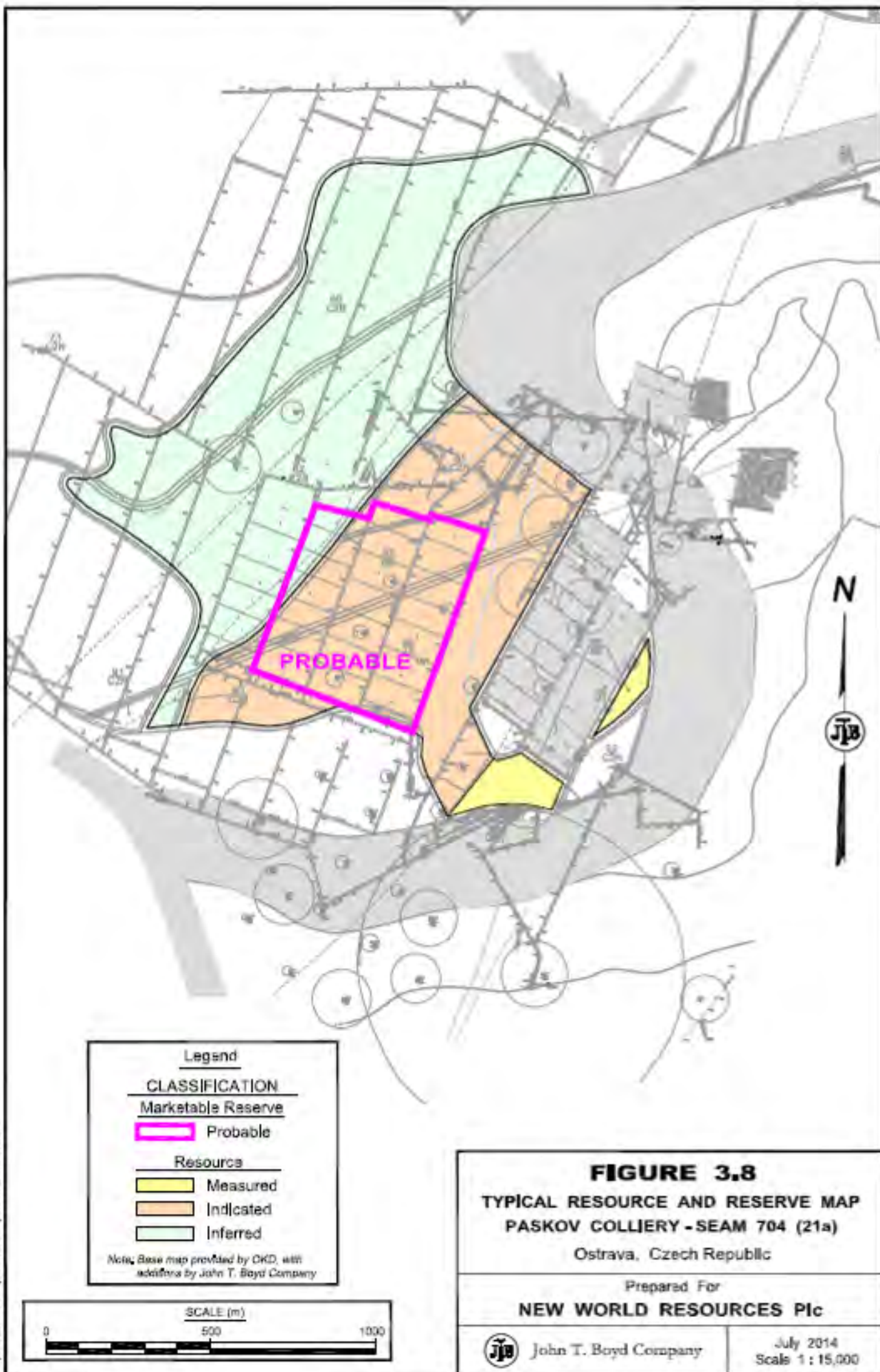
[illegible]

Note: Cross section map provided by OKD





P:\CAD_GROUP\3160.009\FIGURE 3-7.DWG



4.0 CURRENT OPERATIONS

4.1 Introduction

Historically, the Ostrava-Karvina district in the Czech portion of the Upper Silesian Basin has been the center of the hard (black) coal mining industry in the Czech Republic. The OKD mines are located in this district immediately south and west of the town of Karvina. Boundaries of individual mine complexes can encompass up to 40 km².

Under its OKD subsidiary, NWR presently operates four deep mine complexes near Karvina (see Figure 1.1 and 1.2). Some complexes consist of two or more interconnected mines, resulting from mine consolidation and closures in the mid 1990s. Both metallurgical (coking) and thermal (steam) quality coals are mined and processed. A detailed discussion of product quality is provided in Chapter 5 – Coal Processing. The combined 2013 production of all the operations was approximately 8.8 Mt (including sludge and PCI coal) from approximately 12.7 Mt ROM coal mined (~70% average yield). Procedures used to estimate ROM feed are outlined in Chapter 3 of this report. ROM average yield for the complexes is illustrated below:

	Average Yield (%)
Karvina	70.3
Darkov	80.7
CSM	68.5
Paskov	49.5
Composite	69.5

Approximately 50% of the product sold was coking coal (a reduction from 60% in 2007, based on current market conditions). The remaining coal is supplied as a thermal (energy) product to electric power producers in the Czech Republic and elsewhere. OKD exports coal primarily to Austria, Poland, Slovakia, and Germany, with most product shipped via rail transportation. This ratio is expected to continue through 2023 when the reserve base at Darkov is scheduled to be depleted.

Historical production for 2012 through Q1 of 2014, and 2014 forecasted production is summarized below:

Mining Complex	Production Tonnes (000)			2014 Budget
	2012	2013	2014 (Q1)	
Production				
Karvina	4,160	2,621	686	3,250
Darkov	3,230	2,748	547	2,350
CSM	2,870	2,475	733	2,680
Paskov	946	863	235	850
Total	11,206	8,706	2,201	9,130
Processed*				
Coking	4,991	4,273	1,195	4,554
Thermal	5,865	4,185	934	4,283
PCI	350	342	97	453
Total	11,206	8,800	2,226	9,290

* Figures do not match reported production, as a result of coal inventory.

All mines are extracting coal from multiple seams using LW extraction methods. The upper seams are mined first, and the mining sequence progresses deeper as upper seams are depleted. Mining conditions and the overall geological settings are complex in comparison with coal reserves mined in the United States, Australia, and South Africa, but are typical of coking coal elsewhere in Europe, including Poland and Germany. However, OKD has extensive experience with mine design and operation in such conditions, and has a historical track record of consistent performance.

4.2 General Description

OKD operates four mining complexes. Mining operations are located throughout the Karvina coal basin mining district, and are identified as: Karvina, Darkov, CSM, and Paskov.

OKD's mining complexes are mature in age, dating back to the 1960s or before, and are similar in setup and design. Some operations were originally developed in the 1800s and have continuously operated for over 100 years. These complexes have similar operational structures, mining techniques, mine infrastructure, transportation and preparation processes, management styles, and departmentalized chain of command.

Each mining operation is largely a self-contained stand-alone coal production unit in terms of surface facilities and functions required to support underground operations, including various workshops, engineering facilities, and office facilities. Coal

preparation facilities are shared by the operations to facilitate the proper cleaning of the coals to meet customer specifications. Infrastructure and physical plants are substantial to accommodate the extended depths of the underground workings, the number of operating units below ground, and the total number of employees on site.

The mines employ full extraction LW mining techniques. Underground roadways that define each LW panel are developed ahead of extraction, enabling retreat LW mining. This (retreat LW) is more productive than advance LW mining that is often used elsewhere in Europe and Asia, where the development gateroads and LW extraction face advance simultaneously and without the benefit of advance knowledge of underground mining conditions (as compared to pre-developed roadways under the retreat LW plan of operation). Typical of all LW mines, the unit cost to drive the underground roadways is significantly higher than the unit cost of LW extraction. Each mine has multiple operating LW extraction faces. There are usually one to three faces that are in the process of being liquidated (recovered and relocated to another location) at any time, while other faces are in active coal production. The upper coal seams are always mined first, with operations becoming progressively deeper as upper seams are depleted and efforts focus on exploitation of the lower seams. LW moves typically require three months to dismantle, move, reassemble, and prepare equipment for resumption of coal mining in a new LW panel. Time periods for LW moves are predicated on many factors including the development of the subsequent LW panel block, the size and amount of the LW equipment to be disassembled and transported, and the distance that the LW equipment must be transported.

The dimensions of LW panels (face length and panel length) are one of the most significant factors that influence the cost of coal production in a mining operation. In practicality, the larger the panel, the greater the recoverable tonnage in the panel, which enables development costs and other fixed expenses to be spread over more production. Panel sizes are frequently determined by the presence of faulting and other inherent geological conditions. As a result, the OKD LW panel sizes are highly variable, and in many cases are considered small by European standards (Germany, United Kingdom) and very small compared to world standards (United States, Australia, China, South Africa). The desirable coal quality characteristics within NWR's output allows for the extraction of these small blocks. Individual LW panels may contain as little as 60,000 tonnes, and are rarely larger than 400,000 tonnes. In comparison, thick seam mines in the United States or Australia are designed to recover up to 5.0 million recoverable tonnes in an individual panel, with 2 million recoverable tonnes being a typical average.

The decision to mine a specific panel may be dictated by technical factors, such as the need to extract a small panel to avoid undue pressures in underlying workings.

The OKD mines utilize single-entry gateroads on each side of a LW panel, which is consistent with European mining methods. In contrast, Australian and American mines use multiple entry gate roads, with adjacent panels sharing common sets of gates.

Mining activities and associated equipment range from modern to conventional. The LW faces in thicker seam conditions normally employ modern technology, including powered roof supports (shields) and double-ended ranging shearers. Labor-intensive and more rudimentary technology is used in several LW panels in thinner seams (from 1.3 m to as thin as 0.7 m), where hand-set hydraulic props are employed (Paskov Mine) to support the roof. Where seam thickness does not permit the use of shearers, ploughs are used to cut the coal. The typical productivity of the LW faces operating in thin seam conditions ranges from 300 to 900 tonnes per day. Thick-seam faces (up to 5 m seam thickness) can achieve production rates that approach 3,000 tonnes per day when operating in better mining conditions.

The areal extent of actual mine workings is extensive, consisting of active and abandoned underground workings, and the infrastructure to support these areas. The mines are developed using levels or floors, wherein a main roadway system is constructed and utilized to extract coal that may be as much as 200 m below the level. All mines have multiple levels and ongoing development/extraction activities are spread over multiple areas. Conveyor belts and underground rail cars are utilized to transport coal to the hoisting shafts. Belt systems, in conjunction with underground storage/surge bunkers, and hoisting facilities are designed to accommodate the volumes of coal produced from the LW mining units.

Transportation systems for men and materials were developed over decades to support mine operations. Accordingly, transportation systems have restrictions on size and weight of applicable mine supplies and equipment due to the confines of the underground entries. OKD's mining plans and projections reflect the time and effort required to assemble and disassemble equipment as it is moved between working sections.

Mine planning, design, and engineering activities are executed in great detail commensurate with the age of the mines, the complexity of the geology, and the depth of the workings. The geological conditions and established infrastructure limits the flexibility of mine planning. It is recognized by OKD that unpredictable, but inevitable, adverse conditions will periodically be encountered. OKD compensates for adverse geological conditions and avoids undue operational shortfalls by maintaining multiple working units at any given time. Mine management reported that although individual production units may encounter problems, shortfalls are generally avoided by maintaining sufficient development ahead of LW operations. If one LW face must

be prematurely abandoned due to adverse mining conditions, it can be relocated to a developed new area.

Total current employment at the OKD operations is approximately 12,219 persons, including contractors (a 20% reduction from 2012). The work force at each mine ranges between approximately 2,400 and 3,600 total persons, contractors and direct employees combined. The contracted workers are typically experienced Polish or Ukrainian miners. Typical mine operating schedules are four shifts per day, seven days per week with the crews changing at the working faces. This schedule compensates for significant travel times to the working sections and results in three 6-hour production shifts and one 6-hour maintenance shift per day. The table below shows historic employee-power levels at the mines including contractors.

	Total Employment		
	2012	2013	2014 (Q1)
Karvina	4,741	4,225	3,568
Darkov	3,598	3,200	2,951
CSM	3,839	3,436	3,248
Paskov	<u>3,111</u>	<u>2,945</u>	<u>2,452</u>
Total	15,289	13,806	12,219

The utilization of contractors varies on a mine by mine basis. OKD employs 3,027 contractors, representing about 25% of the total workforce. There is an economic incentive to utilize contract miners given the lower total cost (approximately one-third the pay rate of US miners), combined with their ability to achieve comparable (or superior) productivity as compared to OKD direct employees. Additionally, the availability of experienced Czech miners in the Ostrava – Karvina region is declining. Some contract teams are particularly well suited for specific development or production assignments. Contractors also provide mine management with flexibility in managing peak work loads for short-term or specialized projects.

Coal is processed (washed) at OKD owned and operated CPPs, which are located at the mine site or offsite (in the case of Paskov). Thermal and coking coals are segregated throughout the mining, coal washing, and sales process. Raw coals are washed in separate facilities depending on type (thermal versus coking). The washed product is dispatched to customers by rail. Coarse reject material is typically used for reclamation and throughout the Ostrava – Karvina region for road building and other industrial activities. This reduces the volume of material directed to coal refuse disposal areas.

A CPP is operated at each of the four mine complexes. At some mines where an underground interconnection exists, a portion of the ROM material is segregated and

transported underground to be processed at the adjoining mine's preparation plant. Most of the equipment and technology being utilized is comparable to typical eastern European CPP designs. While equipment is not regarded as "state-of-the-art", as compared to current western processes, the plants have proven to be reliable and capable of supporting current production levels. A more detailed discussion of the processing facilities is provided in Chapter 5 of this report.

The mines operate within a defined geographical area. Rather than extending outward, mines sustain production by accessing deeper seams within the defined boundaries on an ongoing basis. Multiple seams are being extracted at varying depths, which at present, can exceed 1,000 m below sea level. Subsidence of the overlying strata and land surface occurs as the LW panels are extracted. As the seams are recovered in order of increasing depth, subsidence occurs repeatedly in the same areas on the surface. Throughout the history of some mines, cumulative subsidence from multiple events has exceeded 30 m of total surface deformation in some areas. Accordingly, subsidence events are not regarded as unusual or unanticipated by the communities surrounding the mines. Given this general knowledge, few "high value" surface structures are built on mine property (or are contemplated) that could compromise the operational or financial performance of the existing mines. New mines will be subject to increased environmental scrutiny relative to subsidence.

NWR recognizes the importance of good community relations, and stressed that they are committed to a responsible and sustainable approach regarding mine subsidence. OKD must negotiate with the owners of surface facilities in order to obtain the subsidence rights for the overlying structures and land. These negotiations, which must take place for each subsidence event, typically occur one to two years before the panels underlying a particular area are to be mined. Technical and managerial staffs have extensive experience in predicting the extent and magnitude of surface disturbances, and the anticipated costs are incorporated in OKD's mining plans and projections.

Historical costs are shown below:

Subsidence Compensation (000 €)						
	2012*			2013 **		
	Reclamation	Mining Damages	Total	Reclamation	Mining Damages	Total
Karvina	1,849	8,326	10,175	3,018	1,994	5,012
Darkov	1,344	1,380	2,724	2,333	423	2,756
CSM	2,199	3,336	5,535	2,413	2,390	4,804
Paskov	207	433	640	331	269	600
Others	24	44	68	1,178	4	1,182
Total	5,622	13,519	19,142	9,273	5,081	14,353

* Exchange Rate: 25.149 CZK

** Exchange Rate: 25.980 CZK

The costs of subsidence mitigation have increased significantly on a unit cost basis as overall production in recent years has declined. Mining plans have been evaluated in detail to control (minimize) these costs moving forward. Significant portions of previous mine plans, specifically at Darkov and Karvina, have been eliminated based on thorough economic analyses of the costs associated with potential surface damage.

4.3 Mine Infrastructure

Vertical shafts provide access from the surface to the underground mine workings. Each mine operates and maintains several vertical shafts along with the associated surface facilities to independently support each mine. Shaft sites can include main portal facilities, ventilation shafts, skip (coal) hoists, person/material hoists, compressed air stations, boiler plants, methane degassing plants, repair shops, bathhouses, and the mine offices. The number of people entering each mine can typically exceed 3,000 persons per day. Surface facilities are designed accordingly.

Underground coal transportation is accomplished by conveyor belt and/or rail haulage, and eventually lifted to the surface using a skip hoist. Conveyor belt widths typically range from 800 mm to 1,400 mm. ROM coal is typically transported by belt conveyor to storage bunkers in strategic locations to alleviate surges to the main skip hoists. A high capacity bunker located at the bottom of the skip shaft absorbs surges and facilitates loading of skip hoist buckets. The skip hoist is normally available 18-hours per day and depending on the site, can hoist ROM coal at rates ranging from 600 tonnes per hour (tph) to more than 1,000 tph. The skip hoist is not typically a restriction in the coal conveyance system.

Due to varying cleaning capabilities of the four active preparation plants, a portion of CSM and Karvina ROM coal (coking) is diverted to the appropriate cleaning facility. CSM diverts its ROM coking coal to the Darkov facility via an underground mine

connection. Karvina diverts a portion of its ROM coking coal to the Darkov facility through a recently completed underground mine connection. Karvina also transports a portion of its ROM coking coal (30,000 to 100,000 tonnes annually) to the Paskov preparation facility via overland rail transportation for processing. The Karvina (Lazy) preparation plant is used to process thermal coal only.

Upon reaching the surface, the ROM coal is screened to remove oversize rock, and transported to the CPP where it is processed according to customer coal quality specifications. The processing plants are located amidst the surface facilities of each mine site, with the exception of Paskov, where the plant is located approximately 7 km from the active mine. It is noted that the oversized mine waste rock material is certified as construction-quality rock, and is used for building roads and highways.

Underground materials and supplies necessary to sustain coal extraction are loaded on the surface into open-sided, or container rail cars and then dropped into the underground mine workings via the person/material hoists. Once underground, the cars are hauled on rail from the shaft bottom area to monorail transfer stations where the loads are transferred onto the monorail system. The monorail carriers are suspended from the monorail and are pulled to their destination by diesel locomotives. The capacities of the monorail systems are typically three tonnes, but loads weighing up to six tonnes may be transported by taking special precautions. Equipment weighing more than six tonnes, including LW shields, must be dismantled for transport and subsequently re-assembled near the working faces.

Personnel are lowered into the mine via person/material hoists on elevator cars referred to as cages. There are typically four decks on each cage. Each deck can accommodate 16 employees. From the shaft bottom, in some mines, rail-mounted person-trip cars are used to transport personnel on the main floor(s). After exiting the person-trip cars on the main floor, employees walk to their respective work sites. In some cases, ski-tows (Darkov Mine) or personnel/monorail carriers are employed to assist personnel travel up inclined entries. In other cases, personnel are required to walk to their work places.

Incoming primary power lines are normally installed through the intake air shafts. The power is distributed at each of the mining levels. Underground power distribution to the working sections is at 6,000 volts. Power is transformed at the head of the section to accommodate section equipment. The majority of the face equipment is powered at 1,000 volts. Most cables are the shielded type, and cable splicing was not observed.

4.4 Longwall Mining

Modern LW technology has been in use for many years and today it is the primary means for efficient, high volume coal exploitation. Requirements regarding mining conditions for efficient LW mining application are rigid. A proper LW setting or application requires a uniform coal seam thickness over a relatively large area, which is undisturbed geologically, and unrestricted relative to surface subsidence and mining rights.

A typical LW with optimal conditions is developed with a series of parallel entries or underground tunnels driven off the main roadways to delineate a rectangular block of coal (the LW panel area). The practice of some OKD mines placing LW panels in smaller areas of reserves divided by faulting (reserve blocks), account for LW panels being planned with irregular geometry. Irregular panel shapes are common, often with the roadways that form the panel either converging or diverging within the panel. In many cases, LW crews will either add or eliminate face equipment as part of normal operations to accommodate the geometric changes within a given panel. These practices have been in place for decades and enable the OKD mines to achieve relatively high reserve extraction ratios in comparison to mines that only utilize rectangular panels.

The dimensions of the LW panels are generally controlled by the inherent geologic conditions, but can also be determined by the amount of equipment available to form the face, and/or the overriding pressures of previously mined seams above the panel. Actual dimensions are variable from panel-to-panel, seam-to-seam, and mine-to-mine.

The working face is set up between the two roadways, perpendicular in most cases, and ranges between 100 m and 200 m in width. Extraction begins after the face is established and equipment is installed. OKD's LWs are set up to facilitate retreating operations, an efficient and effective means of full seam extraction. Roadways are pre-driven on both sides of the panel, and coal extraction begins at the remote end of the panel and advances toward the main roadways, or the mains. Mining advances in a longitudinal direction (along the length of the panel). This (retreat) operating system allows the LW to advance into solid coal while abandoning both the panel area and adjacent roadways in the goaf (mined out area of the panel).

At OKD mines, coal is extracted from LW faces using various types of equipment to complete the same method of production. The purpose of LW extraction is to remove the entire block of coal between two connected gate road development entries. With this method of mining, the roof is permitted to fall behind the active working area. A protective and movable canopy over workers and equipment is installed in the immediate active fall area using equipment that supports the immediate roof over the

coal seam following its removal. In the OKD mines this support is provided by a variety of equipment that is hydraulically pressurized to hold the roof over the miners' work area.

The primary LW roof supports are hydraulic shields, although hydraulic props are still in use in some low seam LWs (Paskov). The cutting equipment used in the OKD mines for LW extraction includes shearers and ploughs.

A shearer is a mechanical cutting machine that is guided on a track over a chain flight conveyor. The use of shearers is generally limited to thicker coal seams (nominally thicker than 1.5 m). The shearer cuts the coal seam using a vertically rotating drum laced with cutting bits as it travels across the coal face. A shearer travels across the LW face at relatively slow speeds, but is able to cut the coal seam up to 70 cm to 90 cm deep in a single pass. A major advantage of the shearer is its ability to cut through rock partings and intrusions into the coal seam (commonly referred to as "wash-outs") with no significant reduction in the production rate. Shearers utilized at OKD mines are either the double-drum ranging shearer, for bi-directional cutting, or single drum shears for uni-directional coal cutting.

A plough is a rigid (non-rotating) cutting device that is also guided on a track over a chain flight conveyor. The plough slices coal 3 cm to 4 cm deep from the coal face as it is mechanically pulled across the face at relatively high speeds. Ploughs are effectively utilized to cut and load coal on the LW faces that have relative low seam heights (less than 1.5 m thick). Although the plough affords the ability to LW mine the lower seams, it is much more vulnerable to rock intrusions in the coal seam ("wash-outs"). Typically, when these "wash-outs" occur on a plough LW face, the plough is incapable of slicing through these rock occurrences. These areas must then be drilled and blasted to allow the plough to advance, thus significantly reducing the production rates of the LW. This is a concern for the mining of the Ostrava Formation seams which are thinner and have numerous "wash-outs" within the seam. The Ostrava Formation seams represent the "thin-seams" in the LOM plans.

Face conveyors and stage loaders are typically used to transfer coal from the face to the panel conveyor belts installed in the roadway.

4.5 POP 2010 Plan

NWR completed a major recapitalization program to upgrade OKD's underground LW and development equipment in 2010 – 2011; this Productivity Optimization Program was termed "POP 2010." The purpose of this program was to enhance the productive capabilities of the mining operations and enable the efficient recovery of current and future reserve areas.

The most visible component of the POP 2010 program was the acquisition of state-of-the-art, fully mechanized LW faces that were subsequently purchased and installed at each of the complexes. The new equipment included modern, high strength supports and cutting equipment (shearers and ploughs). Three thick-seam shearer sets were purchased and are utilized at Karvina, CSM, and Darkov. Six mid-seam shearer sets were also purchased and used at these mines. Mostly refurbished thin-seam plough sets are utilized at Paskov.

NWR also procured new development equipment (roadheaders) to enhance operating performance in critical roadways. Production equipment replaced aging, labor-intensive equipment. Equipment vendors provide significant support and training functions at the mine sites to assist with the transition to the new equipment. The total cost for the first two phases of POP 2010 was slightly more than €300 million.

In discussions with each mine's management, the success of mining the seams less than 1.0 m in thickness has been marginal/poor. As such, these resources have been excluded from future LOM plans. Although mining of the thinner seams with the new low seam equipment has taken place, the inconsistency of these seams ("wash-outs," partings, and severe dips) has led to inefficiencies, higher costs, and in some instances the abandonment of a portion of LW panels.

4.6 Gate Road and Mainline Development

Gate roads, main entry development, and some exploration entries are developed (excavated) using either of the two following general methods of mining:

- Conventional drilling, shooting, and loading methods can be completed in most mining conditions, and have been practiced for many years. This process involves drilling holes into the face of the roadway, loading the holes with explosives, detonating explosives, and loading the blasted rock and/or coal from the cut. This method is labor intensive, but has proven to be well suited to advancing roadways in difficult mining conditions. Typical advance rates average 3 m per day.
- Power loaders are mechanized mining machines that extract coal and rock from the face and load it onto a conveyor belt. After a cut is made, the power loader, sometimes referred to as a road header, is retracted from the cut to allow installation of steel arch roof support. This process of mechanized mining is generally more efficient than conventional development in good conditions. Typical advance rates range from 5 m to 7 m per day.

As the entry is excavated, the exposed roof is supported by installing steel arches, and as supplemental roof bolts, to maintain the stability and integrity of the roadway. The installation of steel arches is labor intensive and requires significant material

resources. Roof support arches are installed on advance following each cut of a development entry. These arches are at times recovered for reuse when the LW is retreating and gate roads are abandoned. In cases where the gate road is to be reused (commonly referred to as a “double gate”), a portion of the arches are removed then reinstalled as the LW face retreats. Steel mesh is installed between the arches to prevent material from falling between the arches. Although the employment of a “double gate” eliminates developing an additional independent gate road to facilitate a LW panel, it is an extremely labor and material intensive process. Also, the “double gate” is not practical in areas where high tectonic stresses are prevalent due to prior mining of the seams above.

In addition to gate road development, crosscuts are driven (commonly referred to as “capex driveage”) through the rock strata to access the lower level (underlying) coal seams. This development work is extremely time consuming and costly, and is commonly capitalized in a mine's budget. Based on the revised mine planning to control future mining costs, a drastic reduction in capex driveage was realized in 2013 and will continue moving forward.

The table below shows the historical development (including capex driveage):

	<u>Total Development (meters)</u>		
	<u>2012</u>	<u>2013</u>	<u>2014 (Q1)</u>
Karvina	16,432	16,900	3,681
Darkov	17,531	14,073	3,575
CSM	16,740	14,032	4,525
Paskov	<u>12,731</u>	<u>7,499</u>	<u>1,324</u>
Total	63,434	52,504	13,105

Following extraction from either a production unit or a development unit, underground transport of ROM coal from the active face(s) is in most cases conducted by belt conveyors. Belt conveyor widths generally range from 800 mm to 1,400 mm, and typically have conveying capacities of 250 tph to 1,500 tph. Belt conveyors are typically supplied by domestic (Czech Republic) manufacturers. Other coal transportation equipment includes chain conveyors, drill carriages, floor rippers, and locomotives with coal cars in tow.

Each mine strictly adheres to a scheduled six-hour daily maintenance shift. This ensures preventive equipment maintenance and increases the availability of mining equipment (including conveyor belts and hoisting equipment) during the three daily production shifts. Most face equipment is rebuilt on an as-needed basis, rather than on a predetermined schedule based upon time in service or tonnes mined. Equipment is thoroughly inspected after each panel is completed and components

requiring major repair or rebuilding are sent outside. Oil samples are taken on a regular schedule and provide maintenance personnel with an indication of the mechanical operating condition of the equipment on an ongoing basis.

4.7 Mine Ventilation

The mines are regarded as “gassy,” with methane liberation potential of 600,000 m³/day. The Paskov Mine is the only OKD operation that is reported to be subject to methane outbursts. Airshafts and fans are used to ventilate the underground mine workings at each mining complex. The underground ventilation systems and related ventilation monitoring systems are considered to be complex when compared to those in other parts of the world. Managerial and technical personnel design and maintain the ventilation systems to a standard that complies with Czech regulatory requirements.

Individual mines utilize multiple shaft sites to facilitate adequate ventilation. Each shaft site has at least one intake and one return shaft. The return shaft is usually equipped with dual axial flow fans, one of which is a backup. Fan diameters and blade settings vary depending on the mine condition and are capable of producing air flow between 185 m³/sec and 280 m³/sec. Ventilating pressures can range from 2,550 Pa to 3,500 Pa with 1,000 kW to 1,500 kW installed power on individual ventilation fans.

In addition to the primary ventilation system, mines operate methane degasification systems to remove methane from LW goafs, coal seams, and associated strata. The systems recover approximately 70,000 m³/day of methane. The recovered gas is used in-house for heating, with the excess gas production sold to outside customers.

Nitrogen injection limits spontaneous combustion potential in the goaf areas and, if required, can also be used to fight mine fires. The first use of nitrogen in the OKD mines occurred in February 1949 after the explosion and mine fire on a LW face in the Hubert Seam at the Doubrava Mine. The knowledge obtained through the use of nitrogen at Doubrava has since been used with success by mine rescue teams. In April 1993, a central nitrogen pipeline was opened, connecting the OKD mines and the Mittal Nova Hut Ostrava steelworks, which produces nitrogen as a by-product during the separation of oxygen from air in the steelmaking process. The output of the central nitrogen pipeline during prevention mode is about 7,000 m³/hr of gas having a nitrogen concentration of 99%. In the suppression mode, the 45 km pipeline can provide up to 18,000 m³/hr of nitrogen. The total consumption of nitrogen in the Czech mines between 1949 and 2002 was about 623 million cubic meters.

While the ventilation monitoring systems used at OKD are advanced, the quantity of dust and coal particulates suspended in air near the extraction areas are regarded as high by international standards. This is recognized in Czech mining regulations, which limit the cumulative lifetime exposure of respirable dust of an individual to the underground environment. According to mine management, as many as 120 experienced underground miners per year reach the limit of dust exposure and must be assigned a surface position or leave the company. NWR incurs significant social liabilities when workers are retired due to respirable dust exposure.

4.8 Rock Bounces and Coal Outbursts

OKD's mines are susceptible to rock bounces and outbursts. Outbursts are sudden violent bursts of coal (commonly referred to as "coal showers") from a pillar or pillars and may be accompanied with an air or gas blast. The amount of coal ejected in a outburst can be significant (OKD defines the event as 0.5 tonnes). Coal bounces are the result of a sudden release of elastic strain energy stored in the pillars and occur when stresses larger than coal strength are induced. These conditions often occur in non-producing levels of the mine (i.e., other than the level where coal is actually being extracted at the time). Similar to the OKD operations, mines prone to these events typically are deep and have strong and brittle coal, a strong overlying rock stratum, and a strong floor. These events may have devastating consequences on underground structures, causing amongst others, floor heave and roof support damage.

In many cases, the occurrence of bounces can be reduced by utilizing coal extraction techniques and pillars specifically designed for areas susceptible to bumps.

Microseismic detection and drilling yield testing (performed on a daily basis) have proven to be valuable techniques in predicting the location and timing of an imminent bump. Where warranted, holes are drilled into the roof and the strata blasted in order to distress the roof.

These conditions are frequently indistinguishable and the same contributing factors may be present in both cases. Like bounces, gas outbursts can eject large quantities of coal. Factors determining a coal seam's propensity to gas outbursts include: coal seam gas content, coal permeability, geologically disturbed areas containing faults, seam dip, and the strength of the coal seam.

The OKD mines operate at considerable depth. Some combination of the above-mentioned factors occurs at all mines. All OKD mines are susceptible to bumps; however, Paskov is reportedly the only OKD mine prone to gas outbursts. With respect to bump and gas outburst detection and prevention, OKD's engineers and management are knowledgeable in regards to conditions and state-of-the-art

design practices. Certain areas of a mine may be identified as “high risk areas” due to high tectonic pressures. As a result, the number of employees permitted in these “high risk areas” at any one time is limited and closely monitored. While prudent design procedures cannot eliminate the potential for bounces and outbursts, the OKD mines are designed and monitored so as to minimize the likelihood of such events.

4.9 Middlings

The term “middlings” refers to that portion of coal produced by a preparation plant which is of lesser quality (usually due to a higher ash content) than the primary product being produced. For example, in a plant producing metallurgical coal containing 8% to 10% ash, ROM coal material will be initially washed at a lower specific gravity (needed to achieve the desired ash content). The resulting rejects are then reprocessed at a higher gravity to recover the remaining higher ash coal. The recovered secondary coal product is the middlings. This middling product may contain in excess of 30% ash. This material, while not suitable for coke making, may be sold direct as a thermal product, or blended with other washed thermal coals (see Chapter 5 of this report for further discussion).

4.10 Pond Fines (Sludge)

Two of the NWR preparation plants had previously re-processed fine size washing rejects (sludge) which had been disposed (discharged) in a sediment pond. Typical pond fines or sludge consists of high ash reject material from the fine coal washing circuits. Through the use of equipment designed to further process this type of material, NWR is able to generate additional coal product which can then be blended with other products and sold.

4.11 Health and Safety

Based on our site visits, OKD follows strict standards for the general type of hazards encountered within their site-specific conditions. A mine emergency risk management system is established within the Czech mining regulations. Mitigation techniques for principal risk factors (methane, bounces, bumps, etc.) are discussed throughout this chapter. We believe OKD's safety practices are consistent with industry-best standards utilized throughout the world. Health and safety managers, safety engineers, dust prevention specialists, and advisors are present at OKD sites and headquarters.

A summary of reportable operational incidents (fatalities and accidents) experienced at OKD mines in the past three years is summarized below. The frequency of injuries and lost shifts due to accidents are broadly comparable with international competitors, recognizing the large number of employees (ranging from +15,000 to

12,000 total employees per year).

A downward trend in reportable injuries and fatalities is shown below:

	Number by Year			
	2011	2012	2013	1Q 2014
Reportable Injuries (including contractors)	248	238	208	49
Fatalities				
OKD Employees	3	4	2	1
Contractors	2	1	-	1
Total	5	5	2	2
Serious Incident(s)				
CO (spontaneous combustion)	4	8	13	-
Open fire in the mine	1	1	-	-
Underground fire – electrical installation	1	-	-	-
Bounces	10	3	5	2
Coal and gas outbursts	-	2	-	-
Hoists	-	-	1	-
Injuries caused by electric current	1	-	3	-
Death at the company's premises	1	5	-	-
Blasting	1	-	-	1
Fire at the intake-air shaft mouth	-	-	1	-
Total	19	19	23	3
LTIFR*	7.82	7.60	7.45	7.39

* Loss time injury frequency rate with more than 3 lost days/hours worked x 10.

4.12 Karvina Mine

4.12.1 General Description

The Karvina Mine complex is located 25 km north of Ostrava and includes a concession area totaling 32.2 km². The first mining began in the concession area in the 18th century; mining began at Lazy in 1835. Lazy merged with the Dukla and Frantisek mines in 1995. Dukla and Frantisek have since been closed. The original CSA Mine was formed when several small shafts were joined together underground in 1856. The former CSA Mine merged with the Doubrava Mine in 1995 and the Lazy Mine in 2008 to form the current Karvina Mine complex.

Underground roadways connect Lazy to the adjacent CSA Mine. The purpose for the connection is to facilitate ventilation of the Lazy Mine and to separate coking and thermal coal products underground. In the past, Lazy produced primarily thermal products, but has begun to extract coking coal since moving into the deeper Ostrava Formation coal seams. Thermal coal mined at CSA is sent underground to Lazy for processing. NWR has consolidated the management structure and closed the CSA processing facilities to reduce overhead costs.

BOYD staff visited the Karvina complex on 17 December 2013. We completed a tour of the underground mine, observing the 14088 LW face, which had just completed mining the upper bench of the 8.5 m thick 504 (40) Seam as well as surface facilities. BOYD also met with mine management to discuss current operations and future plans. 1Q 2014 mine plan updates were reviewed on a subsequent site visit during May 2014.

Many important factors and decisions in 2013 have impacted the Karvina Mine:

1. The underground connection between the Karvina and Darkov mines was completed. A 1,400 mm wide conveyor belt (capable of transporting 1,500 tph) was installed to transport ROM coking coal from Karvina to Darkov for processing. This allowed OKD to close the deteriorated and costly CSA preparation facility.
2. In order to sustain composite OKD coking coal sales above 50% throughout the next decade, an extension of the Karvina Mine complex is planned. Capital expenditures for overlying land purchases has been authorized and is discussed further in Chapter 8.5.3. The expansion will be located in two areas: Stare Mesto (Old Town) and Orlova – Vyhoda. An environmental impact assessment is in process as the company negotiates with local residents and businesses that will be impacted. It is assumed mining in the expansion area(s) will commence in 2016 – 2017 (based on approvals). BOYD has included this expansion area in our reserve estimates.
3. The decision was made not to extend the depth of the Lazy No. 2 (Karvina) shaft. This prohibits the mining of the deeper seams (seams 436, 424, and 386) which were previously included in the Karvina mining plan and reported reserves.
4. Similarly, a proposed shaft deepening at CSA No. 2 (Karvina) was deemed to be uneconomic and was eliminated from the LOM plan.
5. Areas 10 and 11 coal reserves have been re-classified as an “industrial zone” and mining of this area has been restricted. Mining in Area 18 was originally projected to last until 2035, but will now be exhausted by 2024 due to the imposed mining restrictions.
6. Under current coal prices, mining of the seams less than 1.0 m in thickness is not economically viable. Improvements in coal markets would result in potentially more coal resources being recoverable.

4.12.2 Mining Operations

The following table shows the decrease in historical marketable production and the transition of operations (closure of CSA processing plant and Lazy processing focus on thermal coals).

	Tonnes (000)			
	Actual			2014
	2012	2013	2014 (Q1)	Budget
Production Tonnes (without sludge)	4,010	2,621	686	3,250
Shipped Product Tonnage (Lazy CPP)*				
Coking	683	371	34	60
Thermal	2,995	1,618	425	1,529
PCI	350	342	97	353
Total	4,027	2,331	556	1,942

* Processed tonnage (including transfers within mines)

The majority of Karvina Mine complex's production comes from the six LW units installed in the complex faces with three to four units in operation at any given time. The Karvina Mine was projected to produce 3.55 Mt in 2013. Geological issues (tectonic stresses – particularly in the 140704 LW panel in the thick 405 40 Seam) resulted in numerous bumps which halted production. In addition, adverse conditions were encountered while mining the lower (less than 1.0 m) Ostrava seams and resulted in a temporary suspension of the mining of those seams.

There are 11 development sections normally in operation at the Karvina Mine. Development teams use primarily Polish-made models of AM-50 and Austrian made MR 340 by Sandvik roadheaders when driving gate roads, and use conventional drilling and blasting when driving entries in rock. Two-thirds of the development is accomplished with roadheaders with the remaining one-third using the drilling and blasting method. Development teams are equally trained in both mining methods. Development sections have an average of nine employees per shift. The average advance rate for development (coal seam and rock) was 6 m to 7 m per day, with higher rates normally achieved when operating in thick seam areas. The following table shows the total extent of development work done at the Karvina Mine for the last two years.

	<u>Karvina Development (meters)</u>	
	<u>2012</u>	<u>2013</u>
Operating Drivage	13,565	16,003
Capex Drivage	<u>2,867</u>	<u>897</u>
Total	16,432	16,900

The Karvina mining equipment appears to be well maintained and serviceable. The POP 2010 program has assisted in upgrading aging equipment observed during our visits in 2008. The current plans are considered to be achievable with the current equipment, but capital replacements would provide a greater opportunity to enhance overall performance. Detailed discussion of future production, development, operating, and capital expenditures at Karvina is provided in Chapter 8 of this report.

4.12.3 Labor

Karvina has the largest workforce of any OKD operation. Karvina's productivity, measured in tonnes per person per year, has decreased substantially from historic levels as a result of the geologic issues previously discussed.

The year-end headcount of all employees at Karvina for 2012 and 2013 is shown in the following table.

	Karvina Employment		
	2012	2013	2014 (1st Q)*
OKD Employees			
Blue collar underground	2,788	2,604	2,404
Blue collar surface	557	396	173
White collar	362	319	253
Subtotal - OKD Employees	3,707	3,319	2,830
Contractors			
Blue collar underground	931	815	664
Blue collar surface	-	-	-
White collar	103	91	74
Subtotal - Contractors	1,034	906	738
Total			
Blue collar underground	3,719	3,419	3,068
Blue collar surface	557	396	173
White collar	465	410	327
Total	4,741	4,225	3,568
Tonnes produced (000)	4,160	2,621	2,744
Tonnes (000) per employee per year	877	620	769

* Annualized

4.13 Darkov Mine

4.13.1 General Description

The Darkov Mine is located on the southwest border of the town of Karvina and includes a concession area of 25.9 km². Construction began on the current shafts and surface facilities in 1972 with mining commencing in 1982. The Darkov Mine subsequently merged with the May Mine in 1995. Underground roadways connect the Darkov Mine to the adjacent CSM and Karvina mines.

BOYD staff visited Darkov Mine (Karkov) on 20 December 2013, and observed the 37 912 LW face in Seam 37 (524). BOYD also met with mine management to discuss current operations and future plans. 1Q 2014 mine plan updates were reviewed on a subsequent site visit during May 2014. It should be noted, EIS and municipality authorization renewals are needed by 2017 to sustain operations through LOM planning.

4.13.2 Mining Operations

Darkov is expected to relinquish its position as the largest producer within the OKD portfolio of mines. Underground production has decreased from levels of 2.9 million tonnes per annum (Mtpa) in 2012 to 2.5 Mtpa forecast in 2014 as a result of reserve depletion in the more productive seams. Current mine plans have been revised to avoid an industrial area (due to associated subsidence mitigation costs). Coking coal

accounted for approximately 50% of total output in 2012 and 2013 through the Darkov CPP, with the remaining 50% sold as thermal product.

	Tonnes (000)			
	Actual			2014
	2012	2013	2014 (Q1)	Budget
Production Tonnes (without sludge)	2,970	2,651	547	2,350
Shipped Product Tonnage (Darkov CPP)*				
Coking	1,833	1,711	524	2,051
Thermal	1,725	1,834	301	1,786
PCI	-	-	-	100
Total	3,558	3,545	824	3,937

* Processed tonnage (including transfers within mines)

The majority of the mine's production comes from the four installed (available) LW faces which are typically spread across three coal seams. The LW faces average 3 m to 6 m of retreat per day.

The transportation of coal throughout the Darkov Mine, including coking quality coal conveyed underground from the CSM and Karvina mines, is accomplished with a network of conveyor belts in conjunction with several underground storage bunkers. Underground bunkers (up to 2,000-tonne capacity) facilitate the storage and separation of different quality coals before they are ultimately transported to the surface via the skip-hoist.

In addition to the LW faces, there are 16 development sections (12 roadheaders and 4 drilling/blasting units) at Darkov. Development teams primarily use Polish-made models of AM-50 and AM-75 roadheaders when driving gate roads, and use conventional drilling and blasting methods when driving entries in rock. Darkov employs single gate development, thus requiring the driving of two independent gate roads for each LW panel.

Development teams are equally trained in both mining methods. Development sections have an average of eight employees per shift. The average daily advance rate for development (coal and rock combined) was 7 m per day. The rate of advance is normally higher when drivage is in thick coal seams. The table below shows the total length of development work done at Darkov for the last two years.

	Darkov Development (meters)	
	2012	2013
Operating Drivage	16,000	13,503
Capex Drivage	1,531	570
Total	17,531	14,073

Although Darkov remains OKD's top producing mine, it is now mining the remaining Block 4 and Block 9 reserves of the Karvina formation that are not easily accessible and are less productive. The mine is currently performing development work and exploratory drilling in the "Auxiliary Block" area of the mine with the intent of accessing the deeper Ostrava Formation seams. The Ostrava Formation seams are of coking coal quality, but are thinner and less consistent than the thicker seams of the Karvina Formation. Results of exploratory drilling of the initial Ostrava Formation seam projected to be mined, indicates two 70 cm bands of coal with an 80 cm rock parting between the coal bands – indicating this seam may be marginally economic.

The equipment appears to be well maintained and serviceable. The POP 2010 program assisted in upgrading aging equipment observed during our visits in 2008. The current plans are considered to be achievable with the current equipment, but capital replacements would provide a greater opportunity to enhance overall performance.

Detailed discussion of future production, development, operating and capital expenditures at Darkov is provided in Chapter 8 of this report.

4.13.3 Labor

Darkov's productivity, measured in tonnes per person per year, has remained consistent in 2012 and 2013, and is projected to decline approximately 10% to 15% in 2014. The year-end headcount of all employees at Darkov for 2012, 2013, and first quarter 2014 is shown in the following table:

	Darkov Employment		
	2012	2013	2014 (1st Qtr)
OKD Employees			
Blue collar underground	1,879	1,791	1,710
Blue collar surface	451	348	141
White collar	299	252	201
Subtotal - OKD Employees	2,629	2,391	2,052
Contractors			
Blue collar underground	872	728	809
Blue collar surface	-	-	-
White collar	97	81	90
Subtotal - Contractors	969	809	899
Total			
Blue collar underground	2,751	2,519	2,519
Blue collar surface	451	348	141
White collar	396	333	291
Total	3,598	3,200	2,951
Tonnes produced (000)	3,230	2,748	547
Tonnes (000) per employee per year	898	859	741 *

* Annualized

4.14 CSM Mine

4.14.1 General Description

The CSM Mine is located next to the town of Karvina, along the Polish border and includes a 22.1 km² concession area. Construction and shaft sinking began at CSM in 1958 with mining commencing in 1969. CSM uses the underground connection with the Darkov Mine to convey ROM coking coal to the Darkov preparation plant for processing.

BOYD staff visited CSM on 19 December 2013, at which time we observed an LW face mining the top bench of the 8.5 m thick 504 (40) Seam, as well as surface facilities. During this visit, BOYD also met with mine management to discuss current operations and future plans. Current 1Q 2014 mine plan updates were reviewed on a subsequent site visit during May 2014.

4.14.2 Mining Operations

As shown in the following table, CSM has been the most consistent producer within the OKD portfolio of mines in recent years. Coking quality coal accounted for approximately 60% to 70% of total production in the past two years. Although the percentage of coking quality coal mined increased in 2013, the actual tonnage of coking coal mined decreased slightly. The percentage increased due to the lower total production in 2013.

	Tonnes (000)			
	Actual			2014
	2012	2013	2014 (Q1)	Budget
Production Tonnes (without sludge)	2,870	2,475	733	2,680
Shipped Product Tonnage (CSM CPP)*				
Coking	1,578	1,411	427	1,593
Thermal	1,011	625	173	878
PCI	-	1	-	-
Total	2,589	2,037	601	2,471

* Processed tonnage (including transfers within mines)

The majority of the mine's production comes from the six LW faces. Seam thickness on the active LW faces averages 2.8 m; the faces average 3.5 m to 7 m of retreat per day. All LW faces operate with Eichhoff shearers and employ DBT electro-hydraulic shields for roof support. CSM employs the previously discussed "double-gate" method of LW panel development in areas that are not susceptible to high (excessive) tectonic stresses.

In addition to the LW faces, there are 16 active development sections – 13 roadheader units and 3 conventional drilling and blasting units. Development

sections have an average of seven employees per shift. The average daily advance rate for development units was 6 m to 7 m per day with the roadheader units and 3 m per day with the drilling/blasting units. Advance rates are impacted by seam thickness (i.e., greater in thicker seams). The table below shows the total meterage development work done at CSM for the last two years.

	CSM Development (meters)	
	Actual	
	2012	2013
Operating Drivage	16,200	13,850
Capex Drivage	540	182
Total	16,740	14,032

CSM Mine uses a network of conveyor belts in conjunction with five storage bunkers to transport coal from the production sections to the skip-hoist (18,500 ROM tonne/day capacity), which is located at the CSM-North shaft. A portion of CSM's ROM thermal quality coal is conveyed underground to the Darkov Mine for processing at the Darkov CPP.

CSM Mine management indicated that its 2013 production was hindered by market conditions. CSM's reserve coal quality reports indicate the mine will trend to a higher percentage of thermal quality coal in its future reserves.

In March of 2014, the CSM Mine installed a room-and-pillar section to recover previously bypassed resources. This section utilizes a full face CM with integral roof bolters, shuttle cars, supplemental bolting machine, and scoop car to produce coal. The room-and-pillar mining method (common in western mining) is unique to European mining. Roof bolting, as opposed to steel arches, will be used to support the roof. Although the percentage of seam recovery (typically 50%) with room-and-pillar mining is less than LW mining, it affords the ability to mine small, localized blocks that are not capable of fitting a LW panel. Production is expected to be limited from this section.

The CSM mining equipment appears to be well maintained and serviceable. The POP 2010 program assisted in upgrading aging equipment observed during our visits in 2008. The current plans are considered to be achievable with the current equipment, but capital replacements would provide a greater opportunity to enhance overall performance.

Detailed discussion of future production, development, operating, and capital expenditures at CSM is provided in Chapter 8 of this report.

4.14.3 Labor

CSM's productivity, measured in tonnes per person per year, has remained consistent in 2012 and 2013, and appears to have increased by 20% in the first quarter of 2014.

The year-end headcount of all employees at CSM for 2012, 2013, and the first quarter of 2014, are shown in the following table:

	CSM Employment		
	2012	2013	2014 (1st Qtr)
OKD Employees			
Blue collar underground	2,084	2,023	1,945
Blue collar surface	326	245	97
White collar	285	257	205
Subtotal - OKD Employees	2,695	2,525	2,247
Contractors			
Blue collar underground	1,030	820	901
Blue collar surface	-	-	-
White collar	114	91	100
Subtotal - Contractors	1,144	911	1,001
Total			
Blue collar underground	3,114	2,843	2,846
Blue collar surface	326	245	97
White collar	399	348	305
Total	3,839	3,436	3,248
Tonnes produced	2,870	2,475	733
Tonnes per employee per year	748	720	900 *

* Annualized

4.15 Paskov Mine

4.15.1 General Description

The Paskov Mine is located 20 km south of Ostrava and includes a concession area of 40 km². Construction began at the Paskov Mine in 1960, with mining commencing in 1966. Paskov merged with the Staric Mine in 1994.

BOYD staff visited Paskov on 18 December 2013, at which time we observed the 080 024 LW face operating in Seam 80, as well as surface facilities. BOYD also met with mine management to discuss current operations and future plans. The 1Q 2014 mine plan updates were reviewed on a subsequent site visit during May 2014.

End of 2013 LOM planning had Paskov ceasing production in 2014. However, a Czech government financial aid package relating to social purposes was recently negotiated that will allow for continued operation through 2017. The agreement is predicated on NWR/OKD not incurring losses greater than those experienced in

2013. It is also our understanding that this agreement is subject to the notification to, and approval by, the European Commission.

Although Paskov produces a highly desirable coking coal, the inherent mining and geomechanical conditions limit annual production to approximately 850,000 clean tonnes. Low CPP product yields, numerous “wash-outs” and partings, the inherent dangers of “shower coal” contribute to low productivity and high production costs.

4.15.2 Mining Operations

The table below shows the 2012, 2013, and first quarter 2014 production of the Paskov Mine. ROM coal is transported overland by rail to the nearby Paskov CPP (located 7 km from the skip-hoist shaft) for processing.

	Tonnes (000)			
	Actual			2014
	2012	2013	2014 (Q1)	Budget
Production Tonnes (without sludge)	946	863	235	850
Shipped Product Tonnage (Paskov CPP)*				
Coking	897	779	210	851
Thermal	134	108	34	89
PCI	-	-	-	-
Total	1,031	887	244	940

* Processed tonnage (including transfers within mines)

The majority of the mine's production comes from the five LW faces (four ploughs and one shearer). Two of the LW faces use individually set hydraulic props, while three of the LW faces utilize electro-hydraulic shields for roof support. The Paskov Mine commonly uses the previously discussed “double gate” method during its LW panel development to minimize the need for gate road development.

There are 11 development sections currently in operation at Paskov (no new areas are being developed). The number of development sections is obviously low compared to previous years (as many as 18 development sections were in operation in the past). This is due to the projected closing of the Paskov Mine in 2017. Development teams use conventional drilling and blasting. Development sections have an average of 19 employees per shift. The average daily advance rate for development units (coal and rock) was 3 m per day. The relative thinness of the seams being mined impacts the advance rate. The table below shows the reduction

in development work done at Paskov for the last two years, as mine closure is projected in the near term.

	Paskov Development (meters)	
	2012	2013
Operating Drivage	12,580	7,330
Capex Drivage	151	169
Total	12,731	7,499

Approximately 89% of all coal produced at the Paskov is classified as coking coal, which results in associated higher coal prices. However, during processing a secondary “middlings” (a higher ash thermal coal) product is also recovered and accounts for 11% of the total product tonnage.

Coal seams at the Paskov Mine range from 0.7 m to 2 to 3 m in thickness and are mined at depths up to 1,200 m below sea level. Due to this extended depth of mining, high tectonic stress and pressures are present and have resulted in numerous methane/coal bursts commonly referred to as “shower coal.” These “shower coal” occurrences result in a discontinuance of production in that area of the mine, and pose a substantial threat to the workers.

Paskov was projected to mine 1.1 Mt in 2013. However, geological conditions in the Seam 112 LW, combined with the Seam 63 LW panel not being developed on schedule, resulted in an actual 2013 production of 887,000 tonnes. Due to the prevalent “wash-outs” and rock partings in the thin coal seams, Paskov experienced only a 50% clean coal washing yield from its ROM in 2013.

Paskov transports its ROM coal underground to the Staric shaft skip-hoist using a system of conveyor belts and a 1,000-tonne storage bunker. Additionally, Paskov maintains a rail coal haulage system to transport coal (with locomotives and mine cars) from one remote production area of the mine.

The Paskov mining equipment appears to be well maintained and serviceable. The POP 2010 program assisted in upgrading aging equipment observed during our visits in 2008. As the mine has a limited remaining life, current plans are considered to be achievable with the existing equipment. Detailed discussion of future production, development, operating, and capital expenditures at Paskov is provided in Chapter 8 of this report.

4.15.3 Labor

Paskov has experienced a significant reduction in its workforce as mine closure was originally anticipated in 2014 (less development work). As shown below, the high

operating cost(s) can be directly attributed to Paskov's productivity – which is less than half as productive as the other OKD mines.

The year-end headcount of all employees at Paskov for 2012, 2013, and the first quarter of 2014, are shown in the table below.

OKD Employees	Paskov Employment		
	2012	2013	2014 (1st Qtr)
Blue collar underground	2,039	1,893	1,560
Blue collar surface	283	281	265
White collar	277	280	238
Subtotal - OKD Employees	2,599	2,454	2,063
Contractors			
Blue collar underground	461	442	350
Blue collar surface	-	-	-
White collar	51	49	39
Subtotal - Contractors	512	491	389
Total			
Blue collar underground	2,500	2,335	1,910
Blue collar surface	283	281	265
White collar	328	329	277
Total	3,111	2,945	2,452
Tonnes (000) produced	946	863	235
Tonnes (000) per employee per year	304	293	380 *
* Annualized			

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5.0 COAL PREPARATION PLANTS

5.1 Introduction

OKD utilizes CPPs to upgrade ROM produced at the company mines into coking (metallurgical) and thermal (steam) coal products. Currently (2014) there are four operating CPPs: Darkov, Lazy, CSM, and Paskov. It is our understanding that Paskov is now scheduled to close by the end of 2017. The CSA CPP ceased processing operations as of June 2013. A detailed discussion of plant capacity and utilization is provided in Section 5.5.

In order to prepare our update, BOYD has relied upon our site visit, operational information provided by OKD (to the extent available), our previous reports as well as recent third-party reports.

5.2 In Situ Seam (Raw Coal) Quality

OKD performs quality testing of the in situ coal seam recovered in drill core and in-mine channel samples. Following is a summary of average raw coal quality by mine by product type by coal seam:

Mine	Product Type	Seam	% Ash (dry)	% VM (daf)	FSI	CV - MJ/Kg (daf)	% Sulfur (dry)
CSM	Coking	608 (33a)	21.4	25.9	7.0	36.06	0.64
		606 (33b)	23.1	25.4	7.0	35.76	0.78
		548 (36b1)	16.1	24.3	7.0	35.94	0.61
		530 (37e)	15.6	24.0	6.0	36.32	0.57
		463 (Natan)	14.7	21.8	6.5	35.71	0.53
		461 (Max)	14.7	21.8	6.5	35.80	0.55
	Thermal	512 (39)	18.4	22.6	4.0	35.85	0.46
		504 (40)	15.7	22.2	3.0	35.96	0.45
Darkov	Coking	703 (24b)	16.0	28.3	5.5	36.20	0.58
		686 (25a)	25.0	29.0	5.5	36.10	0.56
		682 (26b)	12.0	28.4	5.0	36.10	0.60
		674 (28a)	28.0	29.3	7.5	36.40	0.57
		652 (29a)	19.0	29.5	6.5	36.60	0.45
		628 (31b)	12.0	27.5	7.5	35.20	0.51
		605 (33 spl)	12.0	25.7	7.5	35.80	0.61
		546 (36b2)	23.0	28.3	5.0	35.80	0.60
		512 (39)	15.4	27.3	5.0	35.97	0.54
		504 (40)	13.1	27.3	5.0	35.80	0.48
		467 (Vaclav)	56.0	25.4	8.0	36.10	0.69
	Thermal	534 (37c)	38.6	25.9	2.5	36.19	0.36
		530 (37e)	12.0	26.8	3.0	36.00	0.48
		524 (37f)	18.0	26.5	2.5	36.60	0.45
		512 (39)	29.0	22.0	3.0	35.50	0.49
		504 (40)	12.3	22.8	3.5	35.60	0.44

Mine	Product Type	Seam	% Ash (dry)	% VM (daf)	FSI	CV - MJ/Kg (daf)	% Sulfur (dry)
Karvina	Coking	804 (16)	22.4	34.9	5.0	34.20	0.52
		747 (17)	26.0	33.6	6.5	35.04	0.61
		735 (19a)	18.0	33.8	6.5	34.87	0.48
		725 (22)	17.0	30.8	5.0	34.85	0.40
		723 (22)	12.8	31.0	5.0	34.80	0.53
		712 (24vl)	21.0	32.1	6.0	34.90	0.56
		711 (24)	22.2	33.2	5.5	35.25	0.55
		707 (24a)	30.9	31.7	6.5	35.60	0.46
		686 (25a)	16.0	35.3	4.0	34.32	0.64
		684 (26a)	44.0	33.7	6.5	35.89	0.63
		680 (26spl)	13.0	32.2	7.0	35.20	0.60
		674 (28a)	16.8	33.2	5.0	34.56	0.55
		649 (29 bspl)	27.9	30.3	6.0	35.63	0.58
		634 (31a)	19.0	33.2	4.5	34.66	0.63
		628 (31b)	19.0	32.5	5.0	34.81	0.49
		626 (31c)	24.0	30.1	6.5	35.47	0.54
		564 (34a)	13.3	29.6	6.5	35.70	0.35
		504 (40)	21.1	28.2	5.0	36.23	0.41
		463 (Natan)	13.8	29.8	7.0	35.94	0.72
		461 (Max)	17.0	31.1	6.0	35.75	0.77
	Thermal	530 (37e)	13.9	27.5	3.5	36.00	0.30
		514 (38)	15.3	27.1	2.0	35.93	0.33
		512 (39)	24.1	28.3	2.0	34.93	0.47
		504 (40)	14.0	29.7	3.0	36.01	0.69
Paskov	Coking	121 (B7)	8.7	19.5	8.0	36.42	0.50
		112 (B4)	6.2	20.0	9.0	36.42	0.50
		842 (22f)	6.5	17.5	7.5	36.40	0.50
		820 (22d)	6.0	15.5	7.0	36.42	0.50
		800 (22b)	5.9	19.0	8.5	36.42	0.50
		772 (21d)	12.5	17.5	8.5	36.42	0.50
		770 (21d)	12.5	17.5	8.5	36.42	0.50
		740 (21a)	10.0	14.2	5.0	36.42	0.50
		631 (17b)	5.9	14.0	5.0	36.42	0.50
		630 (17b)	6.7	16.6	7.0	36.42	0.50
		590 (16a)	12.5	20.0	9.0	36.41	0.50
	Thermal	802 (22b)	5.9	15.7	6.5	36.42	0.50
		741 (21a)	7.6	14.4	3.5	36.42	0.50

Following is an average of raw coal quality by mine by product type by CPP:

Mine	Product Type	CPP	%Ash (dry)		%VM (daf)		FSI		CV - MJ/Kg (daf)		%Sulfur (dry)	
			Avg	(Range)	Avg	(Range)	Avg	(Range)	Avg	(Range)	Avg	(Range)
CSM	Coking	CSM	16.8	(12.5-22.0)	23.4	(21.8-25.3)	7.0	(6.3-6.9)	35.89	(35.1-36.1)	0.59	(0.50-0.64)
	Thermal	CSM	16.2	(14.1-20.0)	22.2	(21.7-22.5)	3.0	(2.5-3.5)	35.94	(35.8-36.2)	0.45	(0.37-0.50)
Darkov	Coking	Darkov	16.3	(12.0-21.4)	27.3	(26.7-27.7)	5.5	(4.9-6.5)	35.87	(35.7-36.1)	0.51	(0.48-0.55)
	Thermal	Darkov	15.0	(12.0-22.0)	23.3	(22.8-24.8)	3.5	(2.8-3.5)	35.71	(35.6-36.1)	0.44	(0.43-0.47)
Karvina	Coking	Paskov	20.0	(16.0-26.9)	31.5	(29.8-33.4)	6.0	(5.3-6.0)	35.30	(34.9-36.0)	0.54	(0.49-0.61)
	Thermal	Lazy	15.1	(11.9-23.0)	28.5	(27.9-32.2)	2.5	(2.0-3.2)	35.91	(35.4-36.1)	0.52	(0.41-0.59)
Paskov	Coking	Paskov	7.8	(7.0-8.5)	17.8	(17.3-18.5)	8.0	(7.3-8.0)	36.40	(35.9-36.9)	0.50	(0.45-0.60)
	Thermal	Paskov	6.8	(6.0-10.0)	15.0	(14.0-15.5)	5.0	(2.5-5.0)	36.40	(35.9-36.9)	0.50	(0.45-0.60)

5.3 Products

OKD produces multiple coal products from their CPPs. Typical quality ranges for each coal produced by CPP is shown in Table 5.1, following this text. A summary of the products follows.

5.3.1 Coking Coal

OKD's primary source of revenue is medium volatile coking coal. During 2013, OKD CPPs produced approximately 4.2 Mt of coking coal. The following is a summary of 2013 coking coal product quantity and quality by CPP:

CPP	Tonnes	Moisture (%)	Ash (% dry)	Sulfur (% dry)	Volatile Matter (% DAF)	FSI	Dilation
Darkov	2,008,245	9.20	6.2	0.36	26.7	6.0	52
Lazy	39,591	7.50	6.5	0.19	28.6	3.0	6
CSM	1,410,945	8.40	6.5	0.44	24.8	7.0	+80
Paskov	779,456	10.20	8.5	0.58	18.5	7.5	33
	4,238,237	9.10	6.7	0.43	24.6	6.5	

DAF = Dry ash-free

5.3.2 Thermal Coal

All ROM production is subject to primary rock screening initially. Except for Paskov CPP which only produces coking coal, all OKD CPPs produce multiple thermal coal products and where ROM and product coal qualities permit, a portion of the ROM by-passes the washing process (sold as a raw coal product). The following shows 2013 thermal coal production and quality by CPP:

CPP	Tonnes	Moisture	Ash	Sulfur	Heat Content (MJ/kg)	
		(%)	(%, dry)	(%, dry)	DAF	AR
<u>Washed Thermal</u>						
Darkov	312,654	8.20	6.20	0.43	36.31	30.12
Lazy	883,113	8.04	6.51	0.35	35.87	29.74
	1,195,766	8.09	6.43	0.37	35.99	29.84
<u>Raw Thermal</u>						
Darkov	842,237	8.60	21.70	0.38	35.46	24.36
Lazy	656,373	7.40	19.90	0.37	35.04	25.00
CSM	496,259	5.80	19.90	0.50	35.56	25.84
	1,994,869	7.51	20.66	0.41	35.35	24.94

DAF = Dry ash-free

AR = As-received

5.3.3 Middlings

In addition to the coking and washed/raw thermal products, all of OKD's CPPs produce a middling product. In these cases, the ROM is initially washed to recover the primary (lower ash) product, then the rejects are rewashed at a higher specific

gravity to recover higher ash coal material (middlings) not recovered during the initial processing. For example, in a CPP producing coking coal containing 6% to 8% ash, the middlings product may typically contain in excess of 35% ash. This material, while not suitable for coke making, may be sold direct as a thermal product, or blended with other thermal coals. Typical quality for the middlings products produced in 2013 are as follows:

CPP	Tonnes	Moisture	Ash	Sulfur	Heat Content (MJ/kg)	
		(%)	(%, dry)	(%, dry)	DAF	AR
Darkov	461,072	8.7	37.7	0.35	34.49	18.76
Lazy	212,002	10.5	38.7	0.34	33.32	17.43
CSM	119,967	7.7	38.0	0.43	34.26	18.71
Paskov	105,503	4.6	40.1	0.52	34.94	19.28
	898,544	8.5	38.3	0.38	34.24	18.50

DAF = Dry ash-free

AR = As received

5.3.4 Pond Fines (Sludge)

Rejects from the CPPs fine coal washing circuits are discharged into ponds. Typical pond fines or sludge consist of high ash reject material which contains varying amounts of coal (depending on the efficiency of the fine coal washing circuitry). This material can be recovered from ponds or cells, and re-processed.

Coking coal quality sludge is refloated and added back to the coking coal products. Thermal coal quality sludge is added back to thermal products and high-ash (+40%) is sold as a specialty product.

5.4 Plant and Process Description

5.4.1 Darkov

The Darkov CPP commenced operation in 1987; modifications were made to close the water circuit in 1994. The CPP incorporates two parallel circuits, each having a design capacity of 800 tph (rock screening) and 750 tph processing. ROM is segregated underground (by product, coking and thermal coal) via separate belts and bunkers. ROM material is hoisted to the surface where the ROM material is screened at 40 mm. The 500 mm x 40 mm coarse size ROM is initially processed in two dense media vessels (Drewboy Inclined Wheel Separators) to remove coarse rock (i.e., dense media vessels reject). This rock material is then conveyed to ground storage and subsequently truck hauled to rock dumps. This material is either used for mine surface reclamation or is sold at a nominal price for road construction material.

The recovered dense media vessel product is crushed to 40 mm top size and combined with the 40 mm x 0 ROM from the initial screening. This (40 mm x 0 mm)

size fraction is delivered to the raw coal bins (combined capacity of 27,000 tonnes) located ahead of the CPP. Additionally, a 300,000 tonne capacity raw coal stockpile area is available to store the minus 40 mm raw coal.

Typically, the thermal quality ROM is crushed and sized, with approximately 60% to 65% of the ROM sold raw and the remaining ROM washed in the CPP. At times, depending on customer specifications, some 40 mm x 20 mm coal may be washed and blended with thermal coal shipments.

The 40 mm x 0 ROM designated for washing is wet screened at 1 mm and 0.3 mm. CPP washing circuitry includes:

Size	Circuitry
40 mm x 1 mm	Jigs – four in total with two operating at any time, each unit has two sections – one for initial ROM processing to recover higher ash product, and the second section used to rewash rejects (from the first section) to recover middling product.
1 mm x 0.3 mm	Hydrocyclones (four 500 mm diameter units) and Spirals (eight spiral sets of three units per set).
0.3 mm x 0 mm	Flotation, five banks of five 8.3 m ³ cells, followed by four 180 m ² disc vacuum filters for concentrate.

The dewatered froth product is combined with the larger clean coal fractions prior to shipment. The thermal drier at Darkov is currently not in service due to high operating costs associated with its use.

Flotation tailings are directed to a 36-m diameter thickener from which the underflow is pumped to slurry pond(s). The current capacity remaining in the slurry ponds at the Darkov CPP is not sufficient to ensure the long-term operation of the plant. Material in the Doubrava lagoon is currently being re-processed by Darkov. Darkov is also preparing slurry ponds for reuse by dredging and pumping the solids to a spiral circuit.

Lazy coking coal is currently processed at the Darkov CPP. The Darkov CPP is equipped with bins and feeders to allow blending of raw, middlings, and thermal clean coal to match the customer's size and quality specifications. Approximately 50 to 55 tonnes of clean coal are loaded into each rail car and weighed at the plant loadout. Generally, train lengths are determined by: (1) the customer's instructions, (2) the capacity of rail siding(s) at the shipment's destination, and/or (3) capacity railway regulations as stated by Czech Railway Regulations and Standards. The Darkov CPP receives ROM material from the skips seven days per week. Coal

processing is scheduled 20 hours per day, six days per week. Typically 28 hours per week are allocated for maintenance.

Total employment (operations and maintenance) at the plant is 313 persons, of which 296 are workers and 17 are management and technical employees. The workforce is divided into three or four shifts based on specified needs.

BOYD estimated the Darkov CPP operated at an overall average yield of 70% during 2013 (excluding, raw unprocessed sales). Darkov product coal quality for year 2013 is shown below:

Product	Product Tonnes	Moisture	Ash	Sulfur	Heat Content (MJ/kg)		Volatile Matter	FSI	Dilation
		(%)	(%, dry)	(%, dry)	(daf)	(AR)	(%, daf)		
Thermal	312,654	8.20	6.20	0.43	36.31	30.12	-	-	-
Coking	2,008,245	9.20	6.20	0.36	-	-	26.7	6.0	52
Middlings	461,072	8.70	37.70	0.35	34.49	18.76	-	-	-
	2,781,971								

Additionally during 2013, the Darkov CPP produced 850,000 tonnes of unwashed thermal product referred to as dust (typically less than 20 mm). Average quality of the dust product was: 8.4% moisture, 22% dry ash, 0.38% dry sulfur, and heat content of 35.5 MJ/kg (dry ash free basis) and 24.4 MJ/kg (as received basis).

5.4.2 CSA

The CSA CPP commenced operation in 1952 and was the oldest operating CPP within OKD. Due to poor structural integrity and its age, the CSA CPP was decommissioned on 30 June 2013. Coking coal normally washed at the CSA CPP is now sent to the Darkov CPP for cleaning.

5.4.3 Lazy

The Lazy CPP commenced operation in 1960 and modifications continued to be made thereafter, although no significant updating of equipment or processes have been undertaken. The Lazy CPP ceased processing coking coal in significant quantities in circa 2008 and at the end of 2019, the plant is currently scheduled to close. The Lazy CPP currently washes thermal coal from the Karvina Complex and transports raw coking coal to the Paskov CPP for processing. ROM thermal coal from the Karvina Mine is transported to underground bunkers near the Karvina skip. The skip is rated at 800 tph and can operate up to 20 hours per day. As production has declined in recent years skip utilization is no longer a constraint. Once Paskov CPP closes in 2017, Lazy coking coal will be washed at either the Darkov CPP or the CSM CPP.

ROM material is initially scalped at 200 mm, and the +200 mm (mainly rock) is discarded. This material is used for mine reclamation work and as road construction material.

The minus 200 mm raw coal is conveyed to raw coal ground storage or to raw coal bins, located ahead of the plant. The thermal quality raw coal feed can be screened at 20 mm prior to processing. The minus 20 mm is bypassed and sold directly (without processing) as dust coal. The minus 200 mm raw coal can also be screened at 30 mm with the coarse (200 mm x 30 mm) washed in primary and secondary heavy media vessels. The primary vessels float products are sized with the top size (200 mm x 50 mm being sold directly or further crushed based on customer thermal specifications. The secondary vessel product is crushed and reports to middlings bins. Fine coal (30 mm x 0 mm) is processed by water-only cyclones and heavy media cyclones. Ultra-fine coal (<1 mm) is processed in a water based fine coal cyclone (Hirst separator) and is de-watered by hyperbaric disk filters and centrifuges. The Lazy CPP does not employ a froth flotation circuit.

The Lazy CPP is equipped with bins and feeders to allow blending of raw, middlings, and various thermal coals to match the customer's size and quality specifications. Approximately 50 tonnes of clean (washed) coal are loaded into each rail car. Rail cars are weighed at the plant loadout prior to dispatch from the site. The size of trains is governed by: (1) the capacity of rail siding(s) at the shipment's destination and (2) the customer's instructions.

The Lazy CPP typically operates five days per week. Coal processing is scheduled 20 hours per day. Typically 48 hours per week are allocated for maintenance.

Total employment (operations and maintenance) at the plant is 176 persons, of which 164 are blue collar workers and 9 are management and technical employees.

The Lazy CPP generally produces a thermal coal product. The approximation of yield numbers cannot be performed at this time, due to the inclusion of unprocessed coal dust. Production and representative coal quality statistics for 2013 are shown below:

<u>Product</u>	<u>Product</u>	<u>Moisture</u> <u>(%)</u>	<u>Ash</u> <u>(%, dry)</u>	<u>Sulfur</u> <u>(%, dry)</u>	<u>Heat Content (MJ/kg)</u>		<u>Volatile</u> <u>Matter</u> <u>(%, daf)</u>	<u>FSI</u>	<u>Dilation</u>
	<u>Tonnes</u>				<u>(daf)</u>	<u>(AR)</u>			
Thermal	883,113	8.04	6.51	0.35	35.9	29.7			
Coking	39,591	7.50	6.50	0.19			28.6	3.0	+6
Middlings	<u>212,002</u>	10.50	38.70	0.34	33.32	17.43			
	1,134,705								

During 2013, the Lazy CPP also produced approximately 660,000 tonnes of unwashed dust (less than 20 mm) of the following quality:

Moisture (%)	Ash (%, dry)	Sulfur (%, dry)	Heat Content (MJ/kg)	
			(daf)	(AR)
7.4	19.9	0.37	35.04	25.00

The Lazy CPP is now scheduled to cease operations during 2019. At that time, thermal coals currently processed at the Lazy CPP will be shifted to Darkov CPP.

5.4.4 Paskov

The Paskov CPP is located at the old Paskov Mine, approximately 8 km from the active mine (Staric) portal. At the Staric site, ROM material is hoisted from underground to the surface. ROM is initially screened at 200 mm. The +200 mm material is discarded as rock refuse and used for reclamation, sold for road construction, or directed to the coarse refuse area. The minus 200 mm material is screened at 80 mm, with the 200 mm x 80 mm reporting to a Bradford breaker. The breaker rejects report to refuse, and recovered product is crushed to 80 mm top size and combined with the minus 80 mm from the screening operation. All 80 mm x 0 mm material reports to raw coal bins awaiting shipment to the CPP site. Raw coal transportation in rail cars to the plant is provided by NWR Transport.

The Paskov CPP commenced operation in 1970. In 2013, approximately 90% of the plant's output was a coking product and the remaining 10% a middlings product.

The Paskov CPP incorporates two parallel circuits, each having a design capacity of 375 tph. As production declined in recent years, processing capacity is not considered a constraint. Coarse coal (80 mm x 15 mm) is washed in primary and secondary heavy media vessels producing coarse washed coking coal and middlings products. Mid-size coal (15 mm x 0.5 mm) is processed in jigs, and the fines (0.5 mm x 0 mm) report to froth flotation. The froth product is dewatered in hyperbaric filters (four) and blended with the larger fractions prior to shipment. Flotation tailings are directed to a thickener (42-m diameter) from which the underflow is pumped to a series of slurry pond(s) or lagoons.

Coarse refuse is either sold for road construction material or deposited in the refuse disposal area.

The rail cars used to ship clean coal have a capacity of about 57 tonnes each. The size of trains is governed by: (1) the capacity of rail siding(s) at the shipment's destination and/or (2) the customer's instructions.

Coal processing at the Paskov CPP is scheduled four days per week (Monday, Tuesday, Thursday, and Friday), 20 hours per day. As the underground production has declined, the plant is under utilized, allowing approximately 72 hours per week to be allocated for maintenance work. The facilities employ 148 workers (136 workers and 12 supervisory and technical personnel).

BOYD estimated the Paskov CPP operated at an average overall yield of 46% during 2013. Paskov CPP production and representative coal quality statistics for 2013 are shown below:

Product	Product Tonnes	Moisture (%)	Ash (% dry)	Sulfur (% dry)	Heat Content (MJ/kg)		Volatile Matter (% daf)	FSI	Dilation
					(daf)	(AR)			
Thermal	-	-	-	-	-	-	-	-	-
Coking	779,456	10.2	8.5	0.6	-	-	18.5	7.5	33.0
Middlings	<u>105,503</u>	4.6	40.1	0.5	34.9	19.3			
	884,959								

5.4.5 CSM

The CSM CPP commenced operation in 1971; hyperbaric filters were added in 1993. The plant incorporates two parallel circuits, each having a design capacity of 500 tph. The skip tower houses two skips, having a combined capacity of 1,000 tph. Near-term ROM production will mirror recent operating performance, therefore processing capacity is not considered a concern. Upon arriving at the surface, ROM material passes over a 100 mm scalping screen and picking belt. Oversize material is conveyed to a Bradford breaker for further sizing. Scalped rock material and breaker rejects are loaded in trucks or rail cars and used for mine reclamation work. Undersize material (100 mm x 0 mm) is segregated by product type and stored in raw coal bunkers (4,200 tonnes) or placed in a 30,000 tonne reclaimable stockpile. The CSM CPP produces coking, thermal, and middling products. The following discussion refers to only one of the two identical/parallel circuits.

Incoming thermal quality ROM is screened at 30 mm. Minus 30 mm raw coal is bypassed directly to the thermal product coal bunkers (800 tonne capacity) as ESP. Oversize material (100 mm x 30 mm) is comingled with 100 mm x 0 mm coking quality ROM stored in raw coal stockpiles and/or bunkers, and available for further processing to produce coking and middling products.

Coking coal production at the CSM CPP begins with screening of the 100 mm x 0 mm raw coal at 15 mm. The 100 mm x 15 mm fraction is processed in primary Drewboy heavy media vessel. Primary vessel float reports to clean coking coal bins at the loadout (2,600 tonne capacity), and the underflow (rejects) reports to a secondary Drewboy for reprocessing. The secondary float product is crushed to 15 mm x 0 mm and reports to middlings bunkers or can be recirculated to the primary

Drewboy separator. Underflow from the secondary Drewboy is placed in waste rock bunkers (600-tonne capacity).

The smaller size fractions are further processed and added to the coking coal product bunkers. The 15 mm x 0 mm raw fraction is screened at 1 mm. The 15 mm x 1 mm size fraction is processed in one of four heavy media cyclones (500 mm diameter). The 1 mm x 0 mm raw coal is wet screened at 0.25 mm with the coarse reporting to 20 triple start spiral concentrators. The 0.25 mm screen undersize (0.25 mm x 0 mm) reports to froth flotation. Cyclone and spiral concentrates are dewatered by centrifuges. Flotation concentrate is dewatered by hyperbaric disk filters before combining with the coarse clean coal in the coking coal bunkers. Reject from the cyclones and spirals is added to the waste rock bunkers, while the flotation tailings are concentrated in a 26.5 m diameter Dorr thickener. Thickener sludge is discharged into a lagoon.

The CSM CPP is equipped with bins and feeders to allow blending of the plant's products to meet customers' size and quality specifications. Individual (57-tonne capacity) rail cars are weighed at the plant loadout before leaving the CPP site. Generally, trains are made up of 25 to 30 cars, according to the customer's instructions. In many cases, the size of trains is governed by the capacity of rail siding(s) at the shipment's destination. The plant also has clean coal ground storage facilities with a capacity of 60,000 tonnes.

The CSM CPP operates continuously on a 24-hour schedule, 7 days per week. Maintenance is performed during 12 allocated hours weekly and during the idle periods as needed. Total employment at the plant is 213 (199 workers and 14 supervisory and technical personnel).

BOYD estimates the CSM CPP averaged a 62% overall yield during 2013 (excluding, raw unprocessed sales). Production and representative coal quality statistics for 2013 are shown below:

Product	Product Tonnes	Moisture (%)	Ash (% dry)	Sulfur (% dry)	Heat Content (MJ/kg)		Volatile Matter (% daf)	FSI	Dilation
					(daf)	(AR)			
Coking	1,410,945	8.4	6.5	0.4			24.80	7.0	+80
Middlings	119,967	7.7	38.0	0.4	34.25	18.71			
	1,410,945								

Additionally, CSM produced approximately 500,000 tonnes of unwashed thermal coal in 2013 with the following average quality:

Moisture (%)	Ash (%, dry)	Sulfur (%, dry)	Heat Content (MJ/kg)	
			(daf)	(AR)
5.8	19.9	0.50	35.56	25.84

5.5 CPP Operating Hours

BOYD reviewed and summarized the recent (2013) operating hours at the OKD CPPs as follows:

CPP	Operating Hours		Availability (%)	Outages (Hours)				Utilization (%)
				Planned				
				Non-operating		Unplanned	Total	
	Maintenance	Holidays						
Darkov	6,048	6,115	101	260	2,196	189	2,645	70
CSM	7,824	6,650	85	768	168	1,174	2,110	76
Lazy	4,374	4,065	93	1,674	2,712	309	4,695	46
Paskov	2,850	2,460	86	1,820	4,284	196	6,300	28

Availability = Actual Operating hours/Planned Operating hours

Utilization = Actual Operating hours/8,760 hours

As shown, the Lazy and Paskov CPPs operated at low utilization rates during 2013. The Lazy CPP only processes Karvina thermal coals. The Paskov CPP is nearing retirement (2017) and is processing coking coal output from Karvina and Paskov.

Beyond 2019, only the Darkov CPP and CSM CPPs are scheduled to remain in operation. The two plants have a combined capacity of 2,600 raw tph. Based on OKD's projected production level, CPP capacity reduces to 1,000 raw tph after the closure of Darkov in 2023.

5.6 Projected Production and Costs

In the near term, OKD plans to reduce its overall coal preparation capacity. The company will close the Paskov CPP at the end of 2017, the Lazy CPP by 2019, and the Darkov CPP by 2023. Beyond 2023, the CSM CPP will provide all of OKD's processing needs for thermal and coking coals.

In order to make this transition, significant capital investment will be necessary to upgrade the remaining facilities. OKD has provided a summary of major capital

projects by facility for 2014 through 2018. BOYD has categorized the types of capital expenditures planned below:

Project	Projected Capital Investment (million CZK)						Projected Capital Investment (million Euros)					
	2014	2015	2016	2017	2018	Total	2014	2015	2016	2017	2018	Total
Lazy												
Process Upgrades	4.4	3.4	6.0	-	-	13.8	0.163	0.126	0.222	-	-	0.511
Loadout Upgrade	-	-	-	7.0	-	7.0	-	-	-	0.259	-	0.259
Water Treatment	4.0	2.5	-	-	-	6.5	0.148	0.093	-	-	-	0.241
Other	6.8	10.6	8.5	6.5	4.0	36.4	0.252	0.393	0.315	0.241	0.148	1.348
Subtotal	15.2	16.5	14.5	13.5	4.0	63.7	0.563	0.611	0.537	0.500	0.148	2.359
CSM												
Process Upgrade	48.3	53.2	31.5	20.0	-	153.0	1.789	1.970	1.167	0.741	-	5.667
Electrical	-	-	-	-	0.5	0.5	-	-	-	-	0.019	0.019
Rail Loadout	-	-	-	-	14.5	14.5	-	-	-	-	0.537	0.537
Other	12.0	24.8	11.5	11.5	11.2	71.0	0.444	0.919	0.426	0.426	0.415	2.630
Subtotal	60.3	78.0	43.0	31.5	26.2	239.0	2.233	2.889	1.593	1.167	0.970	8.852
Darkov												
Process Upgrade	38.0	54.0	38.5	-	9.0	139.5	1.407	2.000	1.426	-	0.333	5.167
Electrical	1.5	-	-	-	6.0	7.5	0.056	-	-	-	0.222	0.278
Structural	-	9.5	5.0	-	-	14.5	-	0.352	0.185	-	-	0.537
Water Treatment	-	-	6.0	28.0	-	34.0	-	-	0.222	1.037	-	1.259
Other	16.7	22.5	24.5	19.0	25.0	107.7	0.619	0.833	0.907	0.704	0.926	3.989
Subtotal	56.2	86.0	74.0	47.0	40.0	303.2	2.081	3.185	2.741	1.741	1.481	11.230
Total	131.7	180.5	131.5	92.0	70.2	605.9	4.878	6.685	4.870	3.407	2.600	22.441

OKD plans to spend approximately €22 million in capital improvements at their CPPs between 2014 and 2018. The majority of the spending is for improvement of processes, material handling, and process control. As the Paskov CPP operates with low levels of utilization and is expected to be closed in the next few years, no capital spending is projected.

It is our opinion that additional capital may be required, particularly at the CSM CPP beyond 2018. Beyond 2023 it will be necessary for the CSM CPP (OKD's only remaining CPP at that time) to improve plant efficiency and maintain the current level of operation (approximately 6,000 to 6,500 hours per year) in order to meet planned product output levels. In order to quantify the need for increased capital at CSM, detailed study over the next few years would be required.

OKD has provided 2013 historical and projected (2014 through 2028) CPP clean coal product tonnages and associated costs. OKD costs and production have been summarized in Table 5.2, following this text.

Following this page are:

Tables

- 5.1: Typical Product Coal Quality Ranges
- 5.2: Projected Coal Preparation Plant Cash Operating Costs (Nominal Currency)

TABLE 5.1
TYPICAL PRODUCT COAL QUALITY RANGES
Prepared For
NEW WORLD RESOURCES Plc
By
John T. Boyd Company
Mining and Geological Consultants
July 2014

Coal Product	NWR Abbreviation	Moisture (%)	Ash (% dry)	Sulfur (% dry)	Heat Content (MJ/kg)		Volatile Matter (% DAF)	Free Swelling Index	Dilation	Size Consist (mm)
Darkov CPP Thermal Thermal Dust Middlings Metallurgical	ESP	7.5 - 10.0	6.5 - 8.5	0.5 - 0.6	35.3	26.4	26.0			50 x 0
	EPP	9.0 - 21.0	12.0 - 17.0	0.5 - 0.6	35.0	23.7	27.0			1 x 0
	HP	9.0 - 11.0	20.0 - 23.0	0.5 - 0.6	34.4	24.0	27.0			20 x 0
	PK	12.0 - 15.0	37.3 - 49.0	0.6 - 0.8	32.4	17.0	29.0			20 x 0
	UVPK	10.0	7.5	0.6		28.3	25.5	5.0	25	50 x 0
CSM CPP Thermal Dust Middlings Metallurgical	ESP	9.30 - 11.0	7.0 - 8.5	0.5 - 0.7	36.0	29.4	26.0			30 x 0
	HP	7.0 - 9.0	21.5 - 25.0	0.5 - 0.6	35.5	25.0	25.0			25 x 0
	PK	9.0 - 12.0	40.0 - 45.0	0.5 - 0.6	34.4	18.0	28.0			20 x 0
	UVPK	10.5	8	0.7		28.2	25.5	6.0	60	50 x 0
Lazy CPP Thermal Thermal Thermal Thermal Thermal Dust Middlings Metallurgical	ESP	7.5 - 10.0	6.5 - 8.5	0.5 - 0.6	35.3	29.4	30.0			30 x 0
	EPP	19.0 - 21.0	12.0 - 17.0	0.5 - 0.6	35.0	23.7	30.0			1 x 0
	ETP	4.0 - 5.0	6.5 - 7.5	0.6 - 0.7	35.2	30.5	30.0			200 x 50
	ETP	5.0 - 6.0	6.5 - 7.5	0.6 - 0.7	35.2	30.2	30.0			50 x 30
	ETP	5.0 - 6.0	6.5 - 7.5	0.6 - 0.7	35.4	30.4	30.0			30 x 10
	HP	9.0 - 11.0	20.0 - 23.0	0.5 - 0.6	34.4	24.0	31.5			20 x 0
	PK	12.0 - 15.0	37.3 - 49.0	0.6 - 0.8	32.4	17.0	33.0			30 x 0
	UVPK	10.5	9	0.6		27.5	30.0	2.5	-15	50 x 0
	PK	5.0 - 8.0	42.0 - 47.0	0.7 - 0.8	33.5	17.6	23.0			30 x 0
	UVPK	10.5	8.5	0.7		28.7	18.5	6.0	10	80 x 0

TABLE 5.2

**PROJECTED COAL PREPARATION PLANT
CASH OPERATING COSTS (NOMINAL CURRENCY)**

Prepared For

NEW WORLD RESOURCES Plc

By

John T. Boyd Company

Mining and Geological Consultants

JULY 2014

Cost Center	Historical 2013	2014	2015	2016	2017	2018	2019	2020	2021	Projected 2022	2023	2024	2025	2026	2027	2028
Product Tonnes																
Coking	4.24	3.35	3.92	4.46	4.08	3.46	2.71	2.20	2.21	1.48	0.40	0.37	0.26	0.24	0.19	-
Thermal	4.09	3.23	4.38	3.74	3.47	2.64	2.25	1.50	1.49	2.17	2.47	2.17	0.63	0.74	0.71	0.16
PCI	-	0.36	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-
Total	8.33	6.94	8.80	8.70	8.05	6.60	5.47	4.20	4.20	4.15	3.36	1.50	1.50	1.50	1.40	0.16
Cash Operating Costs (millions CZK)																
Transport costs	54.34	23.77	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining material	154.27	187.37	155.04	149.21	138.96	129.49	116.97	95.19	88.06	83.23	73.77	33.82	33.82	33.82	32.24	22.78
Material total	154.27	187.37	155.04	149.21	138.96	129.49	116.97	95.19	88.06	83.23	73.77	33.82	33.82	33.82	32.24	22.78
Electricity	370.03	306.35	250.99	242.51	232.22	222.73	210.16	195.94	188.79	183.94	174.45	141.99	141.99	141.99	140.41	130.91
Maintenance	45.59	84.01	77.24	74.32	69.13	64.34	58.00	50.83	47.23	44.78	40.00	23.63	23.63	23.63	22.84	18.05
Other services	614.01	562.42	477.45	460.85	437.38	415.72	387.06	301.92	285.61	274.56	252.90	126.18	126.18	126.18	122.57	100.91
Labor	360.67	334.27	285.38	275.86	262.86	251.12	235.61	181.53	172.31	166.44	154.70	78.40	78.40	78.40	76.30	64.56
Taxes and fees	6.68	7.46	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47
Other Costs	(2.25)	(24.39)	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11	8.11
Total	1,757.61	1,668.63	1,415.73	1,366.54	1,294.10	1,227.49	1,139.36	935.19	884.63	850.78	784.17	452.43	452.43	452.43	441.19	374.58
Cash Operating Costs (million Euros)																
Transport costs	2.01	0.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining material	5.71	6.94	5.74	5.53	5.15	4.80	4.33	3.53	3.26	3.08	2.73	1.25	1.25	1.25	1.19	0.84
Material total	5.71	6.94	5.74	5.53	5.15	4.80	4.33	3.53	3.26	3.08	2.73	1.25	1.25	1.25	1.19	0.84
Electricity	13.70	11.35	9.30	8.98	8.60	8.25	7.78	7.26	6.99	6.81	6.46	5.26	5.26	5.26	5.20	4.85
Maintenance	1.69	3.11	2.86	2.75	2.56	2.38	2.15	1.88	1.75	1.66	1.48	0.88	0.88	0.88	0.85	0.67
Other services	22.74	20.83	17.68	17.07	16.20	15.40	14.34	11.18	10.58	10.17	9.37	4.67	4.67	4.67	4.54	3.74
Labor	13.36	12.38	10.57	10.22	9.74	9.30	8.73	6.72	6.38	6.16	5.73	2.90	2.90	2.90	2.83	2.39
Taxes and fees	0.25	0.28	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
Other Costs	(0.08)	(0.90)	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Total	65.10	61.80	52.43	50.61	47.93	45.46	42.20	34.64	32.76	31.51	29.04	16.76	16.76	16.76	16.34	13.87
Cash Operating Costs (Euros/clean tonne)																
Transport costs	0.24	0.13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining material	0.69	1.00	0.65	0.64	0.64	0.73	0.79	0.84	0.78	0.74	0.81	0.84	0.84	0.84	0.85	0.57
Material total	0.69	1.00	0.65	0.64	0.64	0.73	0.79	0.84	0.78	0.74	0.81	0.84	0.84	0.84	0.85	0.57
Electricity	1.65	1.64	1.06	1.03	1.07	1.25	1.42	1.73	1.66	1.64	1.92	3.51	3.51	3.51	3.71	30.30
Maintenance	0.20	0.45	0.33	0.32	0.32	0.36	0.39	0.45	0.42	0.40	0.44	0.58	0.58	0.58	0.60	4.18
Other services	2.73	3.00	2.01	1.96	2.01	2.33	2.62	2.66	2.52	2.45	2.79	3.12	3.12	3.12	3.24	23.36
Labor	1.60	1.79	1.20	1.17	1.21	1.41	1.60	1.60	1.52	1.49	1.70	1.94	1.94	1.94	2.02	14.95
Taxes and fees	0.03	0.04	0.03	0.03	0.04	0.04	0.04	0.06	0.06	0.06	0.07	0.16	0.16	0.16	0.17	1.50
Other Costs	(0.01)	(0.13)	0.03	0.03	0.03	0.05	0.05	0.07	0.07	0.07	0.09	0.20	0.20	0.20	0.21	1.88
Total	7.81	8.91	5.96	5.82	5.95	6.89	7.72	8.25	7.80	7.59	8.64	11.17	11.17	11.17	11.67	86.71

Notes:

1. An accounting change occurred during 2013. Costs for this year have been annualized based on September through December data.

2. Thermal tonnes include raw coal products as well as screened but unprocessed dust.

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6.0 ENVIRONMENTAL OVERVIEW

6.1 Introduction

In compliance with the JORC Code 2012 guidance document, BOYD has prepared an environmental overview of the active coal mining and processing operations of OKD.

The mining complexes are often amalgamations of several adjoining mines via underground connections and brought into one management group:

Mine Complex	Approved Mining Licenses	License to Mine Granted	Areal Extent (km ²)
CSM	Louky	30 Oct 1984	22.11
Darkov	Darkov	11 March 1977	5.08
	Karvina Doly II (Gabriela)	12 February 1964	9.34
	Stonava	12 December 1960	11.51
			25.93
Karvina	Karvina Doly I	1 October 1979	16.62
	Doubrava CSA	4 October 1961	9.54
	Lazy	8 April 1961	6.07
			32.23
Paskov	Staric	18 December 1962	42.52
			122.79

All of the mines are interconnected in a manner that allows the ROM from one mine to be transported into another and be hoisted above ground from that mine's shaft and hoist. The inter-mine movement of coal is done for operational logistics reasons (both mining and processing). There are also several seams of coal that are mined within each mine, with each having unique qualities – typically the higher seams being thermal coal quality and the lower seams with the more desirable metallurgical coal quality. Therefore, coal of a specific nature can be hauled to adjacent mines underground to take advantage of the CPP associated with that mine on the surface, such as a CPP that may be more well-suited to produce metallurgical coal product. However, the interconnection of all mines and essentially all seams results in a mining complex without horizontal or vertical barriers. This can present concerns for ventilation networks, mine water pool boundaries, and safety in the event of an explosion or other catastrophic occurrence. It may lead to a circumstance whereby the mine openings will discharge water upon closure and flooding of the mines, or the continuous operation and maintenance of a particular mine solely because the ventilation and pumping of that mine is required to keep others from flooding or contributing to a gaseous environment in an adjacent mine.

BOYD was not provided with any reporting specifically relating to the environmental status of the organization.

This overview is limited to the four mining complexes described earlier. Subsidence (surface settlement) remains a significant concern for the foreseeable future. As a mature (brownfield) mining area, subsidence has occurred at the OKD operations for many years. Surface settlement of over 30 m has been experienced. Based on our knowledge, mine wastes from the CPPs are used to backfill subsided areas in an attempt to reestablish to some degree the original surface configuration. In some cases, the structural damage is substantial and often complete. Due to extensive mining in the region, both areally and at multiple depths, the failure of mine pillars and breaking of mine roof rock, with subsequent subsidence, is expected to continue well into the future whether the mines remain active or not (although, the majority of subsidence occurs within a year of cessation of mining). OKD is well aware of subsidence impacts and plans accordingly, including the purchase of surface lands in advance of mining when warranted.

6.2 Past Environmental Challenges

The historical environmental damages are manifest in ground water pollution, soil contamination, mine waste dumps and their consequences; structural and topographic damage due to subsidence; and mine water discharges. Environmental studies were conducted between 1997 and 2002 on 52 sites associated with OKD. The evaluation of the studies as prepared by the National Property Fund of the Czech Republic (NPF), the Ministry of the Environment, and the Czech Environment Inspection determined that in most cases the damage was minor to non-existent. They determined that reclamation of historical environmental damage was only required at eight locations:

- Karolina.
- Cerny Prikop (aka Cerny Potok).
- Trojice Coking Plant.
- Svoboda Coking Plant.
- Jan Sverma Coking Plant (KJS).
- Lazy Coking Plant (former).
- Chemical Waste Storage at KJS.
- CSA Coking Plant.

OKD joint stock company became the legal successor to the state-owned OKD a.s. by incorporation on 21 January 1991 according to Decision No.208/1990 made by the Ministry of Economy of CSFR, reference number 1804/401 dated 29 December 1990.

OKD's registration is in the Companies Register maintained by the Regional Court of Ostrava, Section B, Insert Number 122.

On 18 April 1996, the predecessor of OKD ("Former OKD") entered into an agreement (Environmental Agreement No. 131/96) covering the Former OKD environmental reclamation obligations, placing the burden of compensation for such obligations on the NPF. The intent was to cover environmental damage that was incurred prior to privatization of OKD. The outlay from this compensation agreement was limited to CZK 27.8 billion (US\$1.37 billion in 2014). The rights and obligations of the NPF under this agreement passed to the Ministry of Finance of the Czech government on 1 January 2006, as did the rights and obligations of Former OKD to the new OKD.

In 2007, the coking operations under OKD were spun off into a new entity, the NWR Coking a.s. On 30 April 2008, NWR Coking was merged into OKK, and OKK subsequently assumed the ownership of the assets described in the Environmental Agreement obligations. The Environmental Agreement was amended on 13 November 2008 to reflect the transfer of the rights and duties of OKD regarding the coking operations to OKK.

Sales agreements between Former OKD and DIAMO, statni podnik (DIAMO state enterprise) took place in 2001 and 2003 whereby the Trojice Mine (part of Trojice Coking Plant), as well as the Odra Mine and Fucik Mine, were transferred to DIAMO. Also, certain burdened properties covered by the Environmental Agreement, namely Cerny prikop, were transferred to RPG RE Land s.r.o. The costs of clean-up at Cerny prikop, the Lazy Coke plant, and the chemical waste storage facility at KJS were fully covered under the agreement. For the remaining sites: Jan Sverma coking plant, Svoboda coking plant and the CSA coking plant, costs of clean-up will be borne between OKK and the Ministry of Finance.

6.3 Infrastructure

Ostrava and the surrounding area have been the center of industry in the Czech Republic for an extended period of time, with mining dating back to the early 1800s. Regional infrastructure to support mining, including the highway and rail systems, have always been the priority for the Czech Republic, as well as industry and financial entities. The Ostrava airport is well served by the airlines.

Hospital and medical facilities are rated good and well supported by local companies. The school systems are also well regarded through secondary and tertiary levels.

6.4 Mining Complexes

CSM consists of the mining lease area known as Louky, which was granted in 1984 by the Ministry of Fuels and Energy. There is a 1987 agreement that allows mining along the border with Poland whereby CSM will pay a fixed amount for anticipated subsidence damage on the Polish side of the border. Coal from Louky is shipped to the adjacent Darkov Mine CPP for beneficiation.

Darkov includes the Darkov Mine, the Stonava Mine (1960), and the Karvina-Doly II Mine (1967). The aerial extent of the complex is shown as 25.93 km². Limits to mining near or under the town of Karvina have been stipulated in an agreement dated 26 June 2001 between the town governing body and the Darkov Mine. According to the approved five-year plan, the CPP at Karvina Mine was discontinued in 2013 and the concentration of mining and coal preparation shifted to the Darkov plant, the newest (1986) and highest nameplate capacity (1,600 tph) CPP of the three operating plants at OKD. This was made feasible by the completion of an underground haulageway connection between the Karvina Mine and the Darkov Mine. Waste rock generated at the CPP as a result of the coal beneficiation process, is hauled via railroad to designated reclamation areas (generally areas subsided due to mining that require fill material to restore previous surface elevation). Although this transportation mode is expensive, it does minimize roadway congestion and wear, and provides for the beneficial use of plant rejects that would otherwise become a landfilled waste.

Mining at the Lazy Mine dates back to 1961. The Lazy CPP is reportedly the least efficient of the three operating OKD CPPs. It was built in the 1960s commensurate with the mining approvals and has experienced little investment in upgrades since that time. Essentially all fine (<0.5 mm) coal is lost to the waste stream and is delivered to waste-holding lagoons. It is BOYD's understanding that these lagoons are now being mined and the fines being added to the newer CPP's feed (i.e. Darkov Mine) for the recovery of coal remaining in these fines rejects. It is reported that the Lazy CPP is due to close in 2017 and all ROM will be sent to the plant at Darkov for beneficiation. LW operations at Karvina were approved 18 July 2003. The aerial extent of the complex is shown as 26.16 km² (6,464.25 ac).

Karvina includes the Doubrava Mine, Karvina- Doly I Mine (aka Jan Karel Mine), and the Lazy Mine. Doubrava began mining in 1961 and Karvina- Doly I began in 1980. OKD reports the Doubrava Mine as closed and the mining sites restored.

Paskov_Mine was given permission to commence operations in 1962. Recent plans (December 2013) scheduled this mine to close at the end of 2014. There were subsequent discussions with the Czech government to continue operation as negotiations continue over closure plans. An interest was expressed in continuing

operation beyond the northern lease boundary. OKD has received approval on this lease extension and received mining permission for the 22B Seam. The Czech government approved an agreement, as announced on 29 April 2014 by NWR, to provide financial support for the closure of Paskov Mine regarding social purposes provided these criteria were met:

1. OKD extends Paskov mining operations until 31 December 2017.
2. The Czech government provides CZK 600 million to cover the social costs of the closure.
3. Should coking coal prices drop below US\$110 per tonne for three consecutive quarters (according to the international hard coking coal benchmark) in the period between 1 July 2014 and 31 December 2017, the agreement is invalid and both parties will renegotiate the agreement in good faith.
4. OKD retains the flexibility to continue mining at Paskov Mine after 2017 should it decide to do so; the agreement also becomes invalid if the net result of the Paskov Mine is positive for at least four consecutive quarters (cumulatively).

This agreement is subject to approval by the European Commission.

6.5 Coal Preparation and Waste Rock

In 2004 there were six CPPs associated with OKD: CSA, Darkov, Lazy, Paskov, CSM, and Karvina. Older plants lacked fine coal recovery circuits, thus sending most of the coal fines to waste storage in constructed lagoons. It is recently that coal recovery operations have been initiated in these lagoons. Coarse size rejects (waste rock) generated from the coal processing operations has been placed in landfills used in the land restoration process to compensate for subsidence events. Four CPPs are scheduled to continue operations: Darkov, CSM, Lazy, and Paskov.

6.6 Environmental Management

OKD does not have an Environmental Management Plan nor formalized environmental policy. Responsibilities for environmental management and compliance are shared between the Environmental Manager, Air and Waste Manager, and the Water Manager. Separately, there is a three-person team responsible for reclamation of mining-disturbed areas. Reclamation work is conducted by contractors.

6.7 Reclamation

In 2012, reclamation projects covering an area of 64.3 hectares were completed. In addition, 76 reclamation projects are currently underway or in some stage of preparation. An increase in the rate of reclamation was attributed to the increased production of waste rock from the mining and coal beneficiation processes. For 2013, 122 hectares were scheduled to be reclaimed, well above the target of 28.6 hectares, due to the increased production of waste rock. It is more typical of mining operations that an increase in coal production generally leads to an increase in areas requiring reclamation. OKD is unique in that an increase in waste rock leads to an increase in reclaimed areas.

The following areas are the focus of waste rock and fine rejects storage, with the anticipation that they will accommodate waste storage until coal extraction halts:

1. Paskov – refuse storage areas (Paskov Odval D and Staric II Stage B) whose capacities at the end of 2013 were considered two to three years at current production.
2. CSM – Louky, Phase 9.
3. Darkov – Pilnok and Solca fine rejects pits.
4. CSM – Fine rejects pits.
5. Karvina – Doubrava fine rejects pits and the waste rock storage area.

The rules regarding reclamation come from the legislation in Article 31 (5) of Act No. 44/1988 (Mining Act), as amended. The 1993 amendment provided for every mining company to create a financial reserve for the reclamation and rehabilitation of land affected by mining, and a mechanism for the gradual drawdown of those monies as reclamation proceeds. As of 31 December 2012, the reserve stood at €13.3 million (approximately CZK 335 million). Projects for reclamation are prepared in a Comprehensive Rehabilitation and Reclamation Plan, which must be approved by the Ministry of the Environment and presented to the District Mining Authority in Ostrava. Projects as completed allow for the drawdown of funds from the account. An exemplary project completed in 2012 is the Golf Resort Lipiny covering 51 hectares. The project involved the local community's input, provides for recreational usage, and creates jobs.

6.8 Environmental Issues

The primary issues regarding the environment at OKD can be categorized as follows:

1. Subsidence due to the mining voids in multiple seams.

2. Mine damages or compensation paid to affected landowners, companies, or individuals affected by subsidence or mining occurrences.
3. Mine waste rock usage.
4. Re-mining and reprocessing fine coal waste storage ponds.
5. Saline mine water discharges.
6. Air quality degradation due to fugitive dust, vehicle emissions, or mining/processing activities.
7. Social implications of mine closures.

Table 6.1, following this text, presents a general overview of current environmental permits at OKD.

Subsidence in the area of OKD mining activities is pronounced due to the number of vertically stacked coal seams that can be and have been mined. The removal of the coal by LW methods leaves large voids into which collapses the overlying rock, expressing itself as surface depressions typically larger in expanse than the mine void. These depressions can cause structural damage by distorting the foundational footings of structures, bending or breaking pipelines, cracking roadways, distorting rail lines, or creating depressions that alter water courses and cause ponds or lakes to form where there were none. The amount and location of subsidence is not easily predictable due to the long history of prior mining (i.e., mining of lower seams where overlying coal seams have been mined). However, the use of LW mining generally allows subsidence prediction to be much more definitive. The subsidence generally follows close behind mining in the case of LW mining, with the subsidence trough reflection on the surface more accurately predictable. Having experienced the effects of subsidence in the past, communities are more proactive in preventing mining by protesting permits in areas where subsidence damage is more likely to occur.

Mitigation is performed by the filling of subsidence troughs once created with mine rock.

Compensation for subsidence damage is based on negotiations with the property owner affected.

Mine rock or mine waste rock is not classified as a waste because it is used to backfill the subsidence depressions. In general, waste rock is used for reclamation projects and is not stored. As such, it is classified as a construction material and does not require permitting of disposal sites. Typically coal mine wastes are associated with pyritic material which is the key factor in creating acid mine drainage.

Special handling of this waste is required. BOYD was not provided information regarding the quality or characteristics of this mine waste rock.

Because of the considerable subsidence which occurs at the OKD mines and the use of mine waste rock as fill material, there are few mine waste dumps at the facilities.

Fine coal wastes are sent to lagoons or constructed ponds. Historically, these fines have included a high percentage of coal since fine coal recovery equipment was not available to earlier CPPs. At present, fine coal storage lagoons are being mined to recover the fines and send them through the new fine coal recovery circuits at the newer CPPs, such as Darkov. Thus reclamation of the lagoons is occurring by elimination.

Saline water discharged from the mines has been an historical occurrence. Due to the exceptional salinity (sometimes approaching sea water concentrations) there is concern for the effects of mine water on the receiving streams. In the past, OKD has had permission to discharge the water from the mines directly into the surface receiving streams at several locations. OKD is not alone in this activity as other miners and the government also have similar discharges. The most recent discharge permit has a limit established for salinity of 27 g/l (27,000 ppm), which is actually quite high considering that sea water has a concentration of 30 to 35 g/l. While OKD claims this is a natural substance and not harming the environment, there is no active program whereby OKD is monitoring the receiving streams to make that determination. One may expect some restrictions in the future, particularly discharge flow rate restrictions based on the flow in the receiving stream. There are indications the Czech authorities are recognizing the potential impact of such discharges. In the case of Paskov Mine, OKD was required to construct a pipeline in order to transport the mine water to a discharge point downstream of major industrial intake devices.

Air quality permits are held in the name of OKD and cover air emissions. There are six permits, one for each locality covering multiple sources of emissions. Monitoring requirements are once per year per source. Continuous or routine monitoring is a more common practice. It is believed that the transport of waste rock via rail, rather than more traditional truck traffic, is a direct consequence of authorities attempting to preserve air quality by limiting truck traffic exhaust emissions and fugitive dust. Other emission points include crushers, conveyor transfer points, open storage areas, loadouts, and haulroads.

Social consequences of mine closure are clearly a concern of the Czech government. The Karvina area has a rich history of mining thermal and metallurgical quality coals and producing metallurgical coke for the refinement of metals. The appreciation of the employment and economic benefits of mining influences the

tolerance for mining related consequences such as subsidence and saline water discharges. This is reflected in the willingness of the government to negotiate the Paskov Mine delayed closure agreement in order to continue employment and maintain the economy in the general area of the mine. As mines and facilities gradually close and are reclaimed, new businesses must arise to fill the void. Reclamation work will provide some longer-term employment. However, the 2012 Sustainability Report states that OKD and NWR employed 18,383 persons, accounting for 9% of the total employment in the Karvina District, and 3% of the Moravian-Silesian Region employment. The report further states that neither the OKD Foundation nor the municipalities which receive donations from NWR, are dedicating funds toward alternative employment development in the area.

6.9 Closure

The following summarizes projected annual mine closure liabilities as reported by OKD:

	MCZK (Nominal Value)				
	CSM	Karvina	Darkov	Paskov	Total
Technical Liquidation	-	644.4	417.8	463.3	1,525.5
Reclamation	543.7	476.8	258.6	299.2	1,578.3
Mining Damages	580.2	415.6	376.7	63.9	1,436.4
Severance Payments	237.6	270.4	144.1	545.6	1,197.7
Social Costs	27.3	31.1	16.5	62.6	137.5
Total	1,388.8	1,838.3	1,213.7	1,434.6	5,875.4

The liabilities are based on the business plan 2014 going forward to 2028.

Following this page is Table 6.1, Environmental Permit Overview.

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TABLE 6.1

ENVIRONMENTAL PERMIT OVERVIEW
OSTRAVA-KARVINA ACTIVE COLLIERIES

Prepared For

NEW WORLD RESOURCES Plc

By

John T. Boyd Company

Mining and Geological Consultants

July 2014

Mine Complex	Permit Type	Permit No. / I.D.	Regulatory Agency	Expiration Date	Comment
Darkov	Air Emissions	MSK 122757/2013	Regional Office MSK Ostrava	none	Approval of the permit VJ Peace 4 Mine Darkov
		MSK 122758/2013	Regional Office MSK Ostrava	none	Approval of the permit VJ Su-Sto III Mine Darkov
		MSK 122756/2013	Regional Office MSK Ostrava	none	Operating permit for thawing rail cars at the Darkov plant
		MSK/30706/2009	Regional Office MSK Ostrava		The decision on emission limits for air pollutants dryer flotation concentrate plant Darkov
	Waste Management	MSK/113460/2011	Regional Office MSK Ostrava	31-Jul-16	Approval to abandon waste separation for all of OKD, as facilities
	Waste Sorting	MSK/174146/2011	Regional Office MSK Ostrava	30-Nov-16	Approval to abandon other categories of sorting waste for all of OKD, as facilities
	Hazardous Waste Management	MSK/113462/2011	Regional Office MSK Ostrava	31-Jul-16	Approval for hazardous waste management for all of OKD, as facilities
	Wastewater Management	MSK 144474/2012	Regional Office MSK Ostrava	31-Dec-16	General Permit to discharge mine water into surface waters of OKD at all locations.
	Mine	MSK 92214/2011	Regional Office MSK Ostrava	31-Jul-15	The discharge of waste water from the Darkov Mine to the water bodies Stonávka
	Plant	OŽP/1202, 1702, 1/2005/Bg	The Municipality of Karviné	31-Dec-14	Permit to discharge wastewater from the wastewater treatment plant auxiliary plant Mine Darkov water bodies Alder
CSM		MSK 192550/2010	Regional Office MSK Ostrava	31-Jan-16	Permit to discharge wastewater from the sewage system Mine Darkov into surface waters Karvinsky-stream
	Permit Change	MSK 42441/2014	Regional Office MSK Ostrava	31-Jan-16	Changing the concentration of pollution allowed from sewage system Mine Darkov into surface waters Karvinsky-stream
	Water Withdrawal	OŽP/96501/Jun/2007	The Municipality of Havířova	31-Dec-18	Permission to withdraw surface water from the waterworks Těrlácko on the watercourse Stonávka
		MSK 120704/2013	Regional Office MSK Ostrava	31-Jul-16	Authorization for wastewater treatment plants north and south, VJ north, VJ south, coal preparation plant
	Air Emissions	MSK/113460/2011	Regional Office MSK Ostrava	30-Nov-16	Approval to abandon waste separation for all of OKD, as facilities
	Waste Management	MSK/174146/2011	Regional Office MSK Ostrava	30-Nov-16	Approval to abandon other categories of sorting waste for all of OKD, as facilities
	Waste Sorting	MSK/113462/2011	Regional Office MSK Ostrava	31-Jul-16	Approval for hazardous waste management for all of OKD, as facilities
	Hazardous Waste Management	MSK 144474/2012	Regional Office MSK Ostrava	31-Dec-16	General Permit to discharge mine water into surface waters of OKD at all locations.
	Wastewater Management	MSK 165259/2009	Regional Office MSK Ostrava	15-Dec-13	The discharge of waste water from the mine ČSM race south to surface waters
		MSK 16966/2013/Ada	Regional Office MSK Ostrava	15-Dec-17	Change to the expiration date of the permit for CSM Mine plant south discharge into surface waters
Paskov		MSK 168886/2013	Regional Office MSK Ostrava	31-Jan-18	The decision to change the values and indicators of pollution from the mine ČSM race south to surface waters
		OŽP/1221, 1/2006/Mi	The Municipality of Karviné	31-Jul-16	Permitted discharge of wastewater into surface water from the WWTP sludge bed locations North Mine ČSM
		MSK 121855/2013	Regional Office MSK Ostrava		Permit for VJ Svadrov, Staříč, Chlebovice, Coal Separating Staříč, thawing rail cars, and coal preparation plant Paskov
	Air Emissions	MSK/113460/2011	Regional Office MSK Ostrava	31-Jul-16	Approval to abandon waste separation for all of OKD, as facilities
	Waste Management	MSK/174146/2011	Regional Office MSK Ostrava	30-Nov-16	Approval to abandon other categories of sorting waste for all of OKD, as facilities
	Waste Sorting	MSK/113462/2011	Regional Office MSK Ostrava	31-Jul-16	Approval for hazardous waste management for all of OKD, as facilities
	Hazardous Waste Management	MSK 144474/2012	Regional Office MSK Ostrava	31-Dec-16	General Permit to discharge mine water into surface waters of OKD at all locations.
	Wastewater Management	12690/2005/ŽPZ/Ada/005	Regional Office MSK Ostrava	31-Oct-09	Permit to discharge waste water from the sedimentation tank Plík 5 Paskov Mine into the watercourse Štůči
		MSK/174705/2009	Regional Office MSK Ostrava	31-Oct-13	The decision to change the values and indicators of pollution - Plík 5 Paskov Mine into watercourse Štůči
		MSK 144498/2013	Regional Office MSK Ostrava	31-Oct-17	Amendment of permit - Plík 5 Paskov Mine discharge into the watercourse Štůči
		MMFM-S 8429/2010/OŽPaZ/Vol	The Municipality of Frýdek-Místek	30-May-20	Permit to discharge from wastewater treatment plants at the Staříč sites into the watercourse Štůči
		MSK 38350/2012	Regional Office MSK Ostrava	15-Apr-16	Permit to discharge from wastewater treatment plants at the Chlebovice sites into the watercourse Vodičná
		OŽPaZ/10711-2/2007/2008 Str/231.2	The Municipality of Frýdek-Místek	31-Dec-18	Use of surface water - permission to impounding, storage and withdrawal for Paskov of v.t. Olešná
	Water Withdrawal	OŽPaZ/5209-4/2007/2008 Str/231.2	The Municipality of Frýdek-Místek	31-Dec-18	Use of surface water - permission to impounding, storage and withdrawal for Paskov of v.t. Vodičná

TABLE 6.1 - Continued

Mine Complex	Permit Type	Permit No. / I.D.	Regulatory Agency	Expiration Date	Comment
Karvina CSA	Air Emissions	MSK 122761/2013	Regional Office MSK Ostrava	none	Approval of permit VJ Doubrava III-Sever, Karvina Mine site, Doub-Sever
	Waste Management	MSK 122764/2013	Regional Office MSK Ostrava	none	Approval of the permit VJ CSA 3 Karvina Mine
	Waste Sorting	MSK/113460/2011	Regional Office MSK Ostrava	31-Jul-16	Approval of the permit VJ CSA 3 Karvina Mine
	Hazardous Waste Management	MSK/174146/2011	Regional Office MSK Ostrava	30-Nov-16	Approval to abandon other categories of sorting waste for all of OKD, as facilities
	Wastewater Management	MSK/113462/2011	Regional Office MSK Ostrava	31-Jul-16	Approval for hazardous waste management for all of OKD, as facilities
	Mine Plant	MSK 144474/2012	Regional Office MSK Ostrava	31-Dec-16	General Permit to discharge mine water into surface waters of OKD at all locations.
	Water Withdrawal	MUOR S 7728/2013/OZPI/JEA	Regional Office MSK Ostrava	30-Sep-17	Permitting the discharge of waste water into the watercourse Orlovská Stružka
	Water Sampling	MUOR S 2563/2014/OZPI/JEA	Municipal Authority Orlova	30-Sep-17	Enabling the change of decision wastewater discharges into a watercourse Orlovská Stružka
		MMK/125100/2008	The Municipality of Karviné	31-Dec-18	Permits for surface water from a watercourse for the purpose of supplying Alder operations plant CSA Mine Karvina
		MMK/152018/2011	The Municipality of Karviné	31-Dec-18	Enabling sampling of surface water from a watercourse Alder
Karvina Lazy	Air Emissions	MSK 122763/2013	Regional Office MSK Ostrava	none	Approval of the permit for VJ 6 Lazy Town
	Waste Management	MSK/113460/2011	Regional Office MSK Ostrava	31-Jul-16	Approval to abandon waste separation for all of OKD, as facilities
	Waste Sorting	MSK/174146/2011	Regional Office MSK Ostrava	30-Nov-16	Approval to abandon other categories of sorting waste for all of OKD, as facilities
	Hazardous Waste Management	MSK/113462/2011	Regional Office MSK Ostrava	31-Jul-16	Approval for hazardous waste management for all of OKD, as facilities
	Wastewater Management	MSK 144474/2012	Regional Office MSK Ostrava	31-Dec-16	General Permit to discharge mine water into surface waters of OKD at all locations.

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7.0 RISK ASSESSMENT

7.1 Introduction

While coal mining operations can be engineered or planned to a precise design capacity or cost structure, they are unlike other industrial facilities in that mines operate under inherent uncontrollable natural and external factors that can prevent the attainment of specific production, cost, and revenue targets. Mining operations are conducted in the earth's strata rather than within a homogeneous and controlled work environment.

There is inherent geologic risk, and mine operators must therefore contend with periodic adverse or variable geological conditions that cannot be fully anticipated in advance of actual mining activity. While the occurrences of these physical conditions are beyond the control of site management, it should not be interpreted that coal mining is inherently high risk. On the contrary, there are established measures that mine operators utilize to minimize the operational and financial impacts associated with such encounters. The OKD mining operations have a demonstrable track record in sustaining consistent and predictable levels of performance.

Assessment of risk associated with any enterprise is largely subjective in nature and relies on the relevant experience of the professional completing the study in the specific industry and operating venue applicable to the subject enterprise. There are three general categories of business risk inherent in a mining operation, namely: geologic, operational, and market. For purposes of this study, we define risk in three general categories of severity, as follows:

- **Major Risk:** A factor that would have a materially adverse effect (15% to 20% or higher) on project cash flow for the risk assessment period, possibly leading to project failure, if the specific risk occurred and was not corrected.
- **Moderate Risk:** A factor that would have significant adverse effect (10% to 15%) on project cash flow for the risk assessment period, if the specific risk occurred and was not corrected.
- **Minor Risk:** A factor that would have minimal or no adverse effect (less than 10%) on project cash flow for the risk assessment period, if the specific risk occurred and was not corrected.

However, equally, or perhaps more, important, is the probability or likelihood that the specific risk will occur. For this study, a risk assessment period is considered with the following probability of occurrence ratings:

- Likely: Event is likely to occur.
- Possible: Event may occur.
- Unlikely: Event is unlikely to occur.

The overall risk assessment combines these two components, severity and probability, to determine the final categorization of risk, as shown below:

Probability of Risk Occurring	Severity (Consequence) of Risk		
	Minor	Moderate	Major
	Overall Risk Assessment		
Likely	Medium	High	High
Possible	Low	Medium	High
Unlikely	Low	Low	Medium

7.2 General Assessment

As compared to processing plant operations, the OKD underground mines incur the greater risks and are the focus of this risk assessment. BOYD has reviewed the internally prepared LOM plans and believes the projected output rates are achievable.

BOYD independently assesses the OKD mining operations to be medium to high in overall risk for the following reasons:

- Supportive of Medium Risk:
 - The operations are located in an established coalfield where general mining conditions are known and necessary infrastructure to support mining and coal marketing are in place.
 - Geologic conditions are well known from decades of prior mining. Coal seams dip at 15 degrees or less, seam splitting and variations in thickness are known to occur. These geologic conditions and the anticipated presence of faulting are recognized in mine plans and assigned productivity levels.
 - Projected coal quality is well known and OKD has established markets for its coals.
 - Internal water handling systems and infrastructure are in place to control water inflow from surrounding strata (inundation risk).

- Coal reserves are well defined by exploration drilling, prior mining experience, and active mining activities; reserve availability is not a risk for the assessment period.
 - As a company, OKD has very experienced management and technical capabilities to successfully operate the mines and to respond to operating interruptions and other event occurrences in a timely, professional, and proactive manner.
- Supportive of High Risk:
 - Continued operating losses resulting from low productivities and high mining costs. Achieving positive financial results is largely predicated on successfully reducing operating costs below historic levels.
 - Depressed market conditions for thermal and coking coal sales are expected to continue in the near-to-medium term.
 - LW subsidence areas, specifically in the Karvina expansion area, must be purchased. Negotiations and timely permit/environmental approvals are necessary to sustain operations and coking coal output.
 - OKD mines experience routine production risks (such as risk for fire and explosions), which all underground coal mine operators experience. However, the operating depths and mine specific parameters (susceptibility for rock bounces and outbursts) place the OKD operations within a high risk category.
 - While not anticipated, naturally occurring events such as flooding due to excessive rainfall or an earthquake, could occur.

The following text provides an expanded discussion of mining-related risks and BOYD's assessment of the OKD risk profile.

7.3 Geologic Risk

7.3.1 General Geologic Risk

On a global basis, the geologic setting, or nature, of the resource areas is judged to be complex, primarily due to faulting. The main geologic factors that impact mining are: faulting, mining depth, massive sandstone and conglomerate strata, and high levels of coal bed methane. However, these risks have been largely defined and mitigated by many decades of prior mining experience.

7.3.2 Unforeseen Geologic Anomalies

Unforeseen geological anomalies could disrupt underground mine operations and require alterations of mining plans. Such an event can result in the cessation of production activities for an undefined but extended period of time (measured in months, and perhaps years) and a corresponding drop in revenue. Likewise, efforts to resume mining operations may result in cash losses during the period in which recovery and redevelopment activity is underway. The coal seams and areas to be mined within the LOM plan, are reasonably defined by prior mining, minimizing the risk of unforeseen geologic anomalies.

It is reasonable to expect that geologic conditions (i.e. faults) will be encountered in future mining, but impact on overall performance is not likely to be material over a long period. OKD is experienced in relocating LW panels and mining around anomalies.

Risk Assessment

Severity: Moderate
Probability: Likely
Overall: Low

7.4 Operational Risks – Naturally Occurring Events

7.4.1 Assessment

Any naturally occurring events would affect the broader region where the mines are operated and the impact would be industry-wide.

Risk Assessment

Severity: Minor to Major
Probability: Possible
Overall: Medium

7.5 Operational Production Risks

There are two primary types of operational risks associated with underground coal mining: production and event. The first category of risk includes those variations in physical mining conditions, mechanical failures, and operational activities that can temporarily disrupt production activities.

7.5.1 Routine Operational Risks

The most common of these are routine operational risks, as follows:

- Roof control issues and roof falls.
- Susceptibility to rock bounces and coal outbursts.

- Poor mining conditions (poor roof, floor, ribs).
- Water accumulations/soft floor conditions.
- Ventilation disruptions and concentrations of methane gas.
- Variations in seam consistency, thickness, and structure.
- Failures or breakdowns of operating equipment and supporting infrastructure.

The preceding conditions and circumstances can adversely affect production, but OKD's mine-level management is experienced and capable in dealing with these risks. The reader should be cautioned that forward mine planning relies on historic productivity parameters and cost experience. As mining progresses into deeper reserve areas, the risk that mining conditions will deteriorate increases.

Risk Assessment

Severity: High
 Probability: Likely
 Overall: High

7.5.2 LW Subsidence

OKD mining operations utilize LW mining practices that by design cause subsidence of the overlying strata. The damage caused by LW subsidence is an issue in many countries and regions where LW mining techniques are utilized, and mining companies are sometimes restricted as to where LW mining operations can be performed. Proper mine design and planning, used by OKD for many decades, can accurately predict the damage from subsidence. While subsidence is a by-product of LW mining, it can be controlled and mitigation actions taken by the mine operator to remediate surface damages. Future real estate purchases and government approvals are concentrated in the Karvina expansion area.

Risk Assessment

Severity: Minor
 Probability: Possible
 Overall: Low

7.6 Event Risks

The second type of major risk is categorized as event risk. Items in this category are rare, but significant occurrences are confined to an individual mine and ultimately have a pronounced impact on production activities and corresponding financial outcomes for that mine. OKD's susceptibility to these risks and historical performance are summarized in this section. Following such events, mines are subject to increased inspection/examinations and subsequent penalties and/or actions imposed by the regulatory authorities. Examples of production-related event risks are:

- Major underground fires.
- Major rock bounces and/or outbursts.
- Explosions.
- Flooding of the underground workings.

7.6.1 Major Underground Fires

The potential for major underground fires is significant in any underground coal mining operation due to the combustible nature of the material being mined and the industrial setting with machinery using combustible diesel fuel and lubrications. The large areal extent of mined out workings and interconnections between mines, would increase the possible impact of an underground fire at the OKD mines. Fires generally occur from explosions (see below), equipment fires, belt conveyor system fires, or spontaneous combustion. Equipment fires rarely result in major mine fires due to on-board extinguisher systems and in-mine firefighting gear. A major event due to an out-of-control equipment fire is a potential, but small risk.

Belt conveyor fires pose a higher order risk due to their extended and generally untended expanse. Belt conveyors by definition have moving parts that can be prone to friction. Monitoring systems and effective belt patrol and maintenance programs are critical to avoiding major events. These practices also result in improved belt availability and performance. Because of the potential for fires, belt conveyors are monitored for products of combustion, and potential event-prone areas such as transfer points have water spray installations designed to engage if a high temperature is detected. Generally these measures are adequate to avoid belt fires, but the potential is always present if the systems are not managed properly.

The last major source of mine fires is spontaneous combustion, which is a common occurrence throughout the world mining industry. Spontaneous combustion typically occurs in areas that are not well-ventilated, where the combination of self-heating and oxygen is adequate to support a sustained heating until a fire breaks out. In well-ventilated areas, the heat is carried away; in tightly sealed areas, the oxygen supply does not support sustained combustion. LW gob areas are especially susceptible to spontaneous combustion incidents. If not controlled, the combustion can inflame the surrounding workings and also ignite methane, if present.

The coal seams at OKD are rated as having moderate probability of spontaneous combustion based on prior events. This is well-recognized by the company and mine plans take this into account. Proper sealing of gob areas and appropriate ventilation designs reduce the oxidation process and prevent spontaneous combustion. Alternately, measures for rendering sealed areas inert, such as nitrogen injection are used. The potential for spontaneous combustion incidents will

remain a significant risk issue, but one that can be minimized with proper planning and good mine management practices.

Risk Assessment

Severity: Minor to Major
 Probability: Possible
 Overall: Low to Medium

7.6.2 Major Rock Bounces and/or Outbursts

In many cases, the occurrence of bounces can be reduced by utilizing coal extraction techniques and pillars specifically designed for areas susceptible to bumps.

Microseismic detection and drilling yield testing (performed on a daily basis) have proven to be valuable techniques in predicting the location and timing of an imminent bump. Where warranted, holes are drilled into the roof and the strata blasted in order to destress the roof.

With respect to bump and gas outburst detection and prevention, OKD's engineers and management are knowledgeable in regards to conditions and state-of-the-art design practices. Certain areas of a mine may be identified as "high risk areas" due to high tectonic pressures. As a result, the number of employees permitted in these "high risk areas" at any one time is limited and closely monitored. While prudent design procedures cannot eliminate the potential for bounces and outbursts, the OKD mines are designed and monitored so as to minimize the likelihood of such events.

Risk Assessment

Severity: High
 Probability: Likely
 Overall: High

7.6.3 Explosions

Coal mine explosions typically are initiated by methane ignitions followed by coal dust explosions. Coal dust itself does not typically ignite, although under certain conditions it is possible. The key to preventing explosions is the prevention of methane ignitions. The OKD mines are all considered "gassy" and methane content typically increases with depth (presenting a higher risk profile in the future). OKD employs mandated precautions and industry standard methods for avoiding methane ignitions, including:

- Monitoring of airway for potential buildup of methane levels.
- Use of flame-proof enclosures for electrical controls and power-related components.

- Use of methane monitors and automatic de-energizing circuits on LW face equipment.
- Ban of personal smoking materials.
- Routine sealing of areas where mining has been completed.

Ventilation systems are designed to effectively remove methane from the mines at concentrations that are intrinsically safe. The underground ventilation systems and related ventilation monitoring systems are considered to be complex when compared to those in other parts of the world. Through these diligent practices, OKD has demonstrated that the risk of explosion can be minimized. Given present practices, the risk of an explosion is low in our view.

Risk Assessment

Severity: Minor to Major
 Probability: Possible
 Overall: Low to Medium

7.6.4 Floods

Risk from floods occurring in the underground mine workings can take two forms. One possibility is the interconnection of flooded workings. These incidents have periodically occurred in every major coal mining country. Due to the extensive mapping and monitoring performed at the OKD operations, the risk is somewhat mitigated.

A second risk arises from the potential inflow of ground water contained in faults and fissures and from surface and ground water entering the mine as a result of LW subsidence. OKD is highly cognizant of the potential disruption to mining activities and is planning appropriate precautions to avoid significant intrushes of water from these sources.

Risk Assessment

Severity: Moderate
 Probability: Possible
 Overall: Medium

7.7 External Risk - Regulation

Various levels of government are involved in the promulgation and enforcement of regulations under which the OKD mines must operate. These include operating standards and requirements, and the payment of fees and taxes. While governmental regulation policies are industry-wide, and beyond the control of OKD, the

company is responsible for operating its mines and facilities in compliance with all relevant governmental regulations.

Based on BOYD's review, we opine that OKD has implemented appropriate environmental protection measures in response to national environmental protection laws. We have not performed an audit of historical regulatory performance.

The ability of OKD to sustain projected output levels over time is subject to government approval and permitting. In the interim, assets will continue to be subjected to economic, political, and legal developments. Passage of more restrictive or onerous government regulations and/or delays in approvals could have adverse effects on future operations. As evidenced by the recent government action to extend the remaining life of Paskov Mine, the government is well-aware of the socio-economic benefit that OKD provides.

Risk Assessment

Severity:	Minor to Moderate
Probability:	Possible
Overall:	Low to Medium

7.8 Market Risk

Achieving OKD cash flow projections over the risk assessment period depends on product sales at prices specified in the company's forward business plans. BOYD has reviewed these plans and concluded that they are generally achievable. We have not identified significant geological or mining-related issues during our review that would prevent the OKD from achieving projected coal output levels in time. However, there is moderate risk that forecasted reductions in costs are not sustainable with declining overall production.

Continued reduction in market prices would have a material adverse impact on financial performance. Such an event would occur if there were surplus alternative coals from other suppliers, or a reduction in demand from OKD's existing customer base. In BOYD's opinion, new competitors are unlikely to present themselves in the current market. However, such an event would directly impact (lower) total company revenues and would further negatively impact the fixed cost structure and sustaining capital investments at individual mines.

Risk Assessment

Severity:	Moderate
Probability:	Possible
Overall:	Medium

8.0 NPV ANALYSIS

8.1 Background

The 2012 Edition of JORC Code requires that the CP provide documentation to demonstrate that the reserves reported in the Mineral Expert Report are “economically mineable.” The JORC Code specifies that *“Economically mineable” implies that extraction of the Ore Reserves has been demonstrated to be viable under reasonable financial assumptions.* Accordingly, BOYD has performed an economic analysis of the NWR operations: coal mining and processing. Our economic analysis incorporates a NPV approach as specified by the JORC Code based on the geological, technical, and operational data presented in this report. It is important to recognize that our NPV analysis is: (1) limited to the active coal mining operations of OKD, and (2) only intended to confirm reported reserves are economically mineable.

8.2 Discount Rate

Our analysis is based on each operation’s projected income (pre-tax cash flow), including internal shared cost centers (headquarters, processing facilities, and service centers). We rely on the LOM planning outlined herein, which is frequently used for similar NPV analyses. The various OKD mining complexes are well-developed and in operation as producing assets.

For the purposes of this exercise, the prepared cash flow is completed on a 100% capital equity (excludes loans), on an unlevered or debt-free basis, and independent of the existing or proposed capital structure.

We have utilized a nominal 13.96% discount rate as directed by NWR, which equates to a real discount rate of 11.73%. We have included multiple discount rates in our sensitivity analysis (ranging from 12% to 15%). Support for this figure is based on our relevant work experience considering the following:

- The NWR mining complexes have had substantial capex spending to modernize mining equipment in recent years, and are fully developed with coal mining and coal processing operations.
- International practice and standards typically specify a 10% to 12% discount rate (e.g., guidelines specified by the US federal government when valuing federally-owned coal lands).

- Additionally, our experience with international stock exchanges have previously accepted (precedent) the use of a similar discount rate(s) when completing discounted cash flow (DCF)-NPV analyses of coal mining companies.

8.3 Major Assumptions

BOYD's NPV analysis is based upon the following major assumptions:

- Material changes in government policies and/or environmental regulation (timely approvals) do not occur during the LOM projection period, and the government permits NWR/OKD to reduce employment based on mining requirements.
- Geological conditions over the LOM plan(s) are comparable to recent operating experience.
- Mining operations are not interrupted by external factors, such as mine accidents that result in extended idle mine periods.
- OKD is successful in reducing operating costs, which do not experience material fluctuations other than occurring as a consequence of variations in seam outputs, variations in seam conditions, and gradual progression of mining into greater depths with expanding mine workings.
- Imposition of government taxes, fees, and other charges does not materially increase over the LOM plan(s).
- The company's capital expenditure program continues as scheduled.
- Company management operating performance remains competent and responsible.
- Force majeure events such as natural disasters do not occur during the forecast period.
- Due to recent operating losses and projected depreciation and amortization charges, and the resulting likelihood that OKD/NWR will not be subject to income tax payment in the near term, we completed our NPV analysis on a pre-tax basis.

8.4 Analysis Procedure

As shown in the following text, production plans, capital expenditures, operating costs, and other economic aspects are outlined. The following economic parameters and assumptions are used to develop our base case NPV model:

1. Annual coal production, operating cost, and capital expenditures are based on the LOM plan provided by NWR, reviewed by BOYD and modified according to our independent analysis of reserves with economic potential.
2. The effects of coal inventory are not included in this analysis.

3. Costs and prices are expressed in nominal Euros, escalated to include 2% annual inflation.
4. Annual cash flow projections are calculated on a pre-tax basis, with capital expenditures deducted in the year incurred.
5. Mid-year discounting is utilized with the nominal 13.96% discount rate.
6. Date of valuation is 31 March 2014.
7. Corporate general and administrative costs (processing, headquarters, and service centers) have been included.
8. Sustaining capital and equipment purchases are based on detailed LOM planning developed by NWR/OKD and reviewed by BOYD.

8.5 LOM Plans

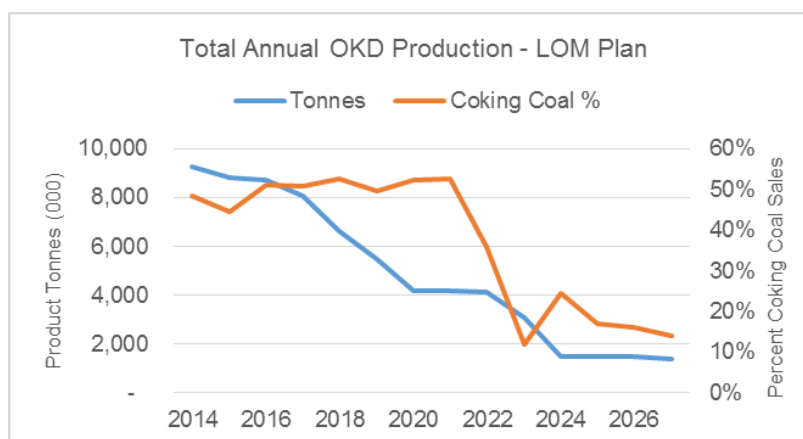
8.5.1 Future Production

BOYD has adjusted internal NWR/OKD LOM planning to match our independent reserve analysis, as outlined below (further detail is provided in Chapter 3):

	Marketable Tonnes (000)			Remaining Mine Life (Years)*
	Coking	Thermal	Total	
Karvina	17,497	7,279	24,776	10
Darkov	6,614	3,754	10,368	6
CSM	9,222	18,981	28,203	15
Paskov	2,859	318	3,177	4
Total	36,192	30,332	66,524	

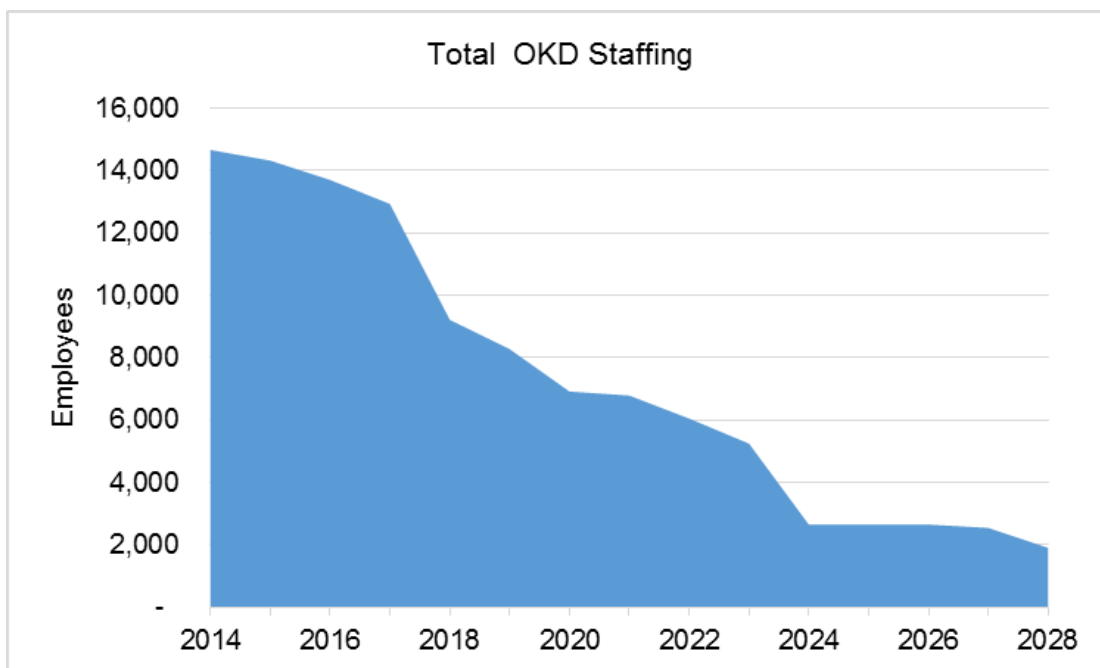
* Subject to extension if future mining economics and/or coal prices support continued operation.

Detailed evaluation and mine planning efforts were undertaken to sustain coking coal sales above 50% for as long as possible. A summary of total future production is provided below. Detailed mine-by-mine production allocation is provided in Tables 8.1 to 8.6 following this text.



8.5.2 Future Staffing

Contract workers will continue to be employed at the OKD operations for mining and development, as discussed in Chapter 4 of this text. Staffing estimates were projected based on actual needs at the mine(s), as reserves are depleted throughout the LOM plan. A focus on reducing the total headcount from existing levels is included in the forward-looking strategic plan (shown below). NWR/OKD staffing projections throughout the LOM plan, with BOYD revisions, are illustrated as follows.



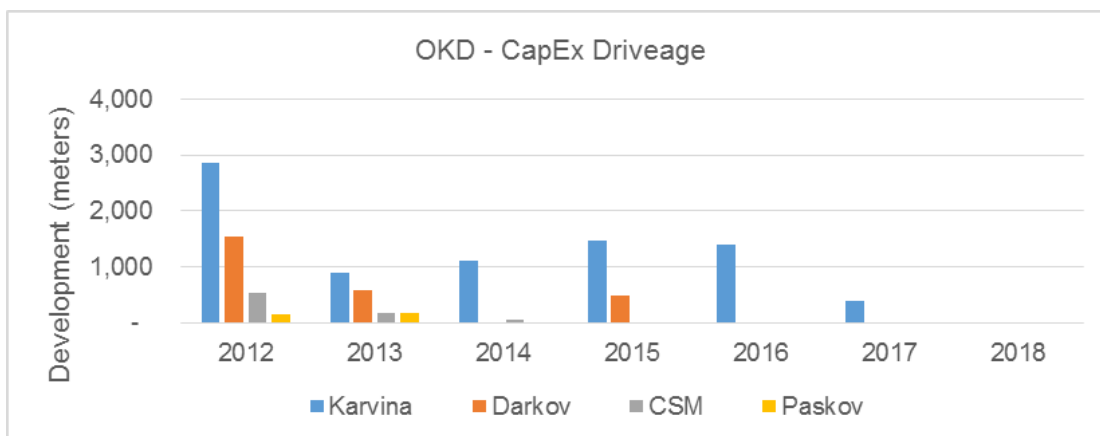
8.5.3 Capital Spending

Approximately €195 million of the total €199 million in the LOM plan capital budget (of which €37 million have been spent) allocated for land purchases are directly related to new project areas at Karvina (accounting for 11 Mt of marketable reserves which are included in the LOM plan). The land purchases projected are capitalized and shown as a specific line item in our NPV analysis.

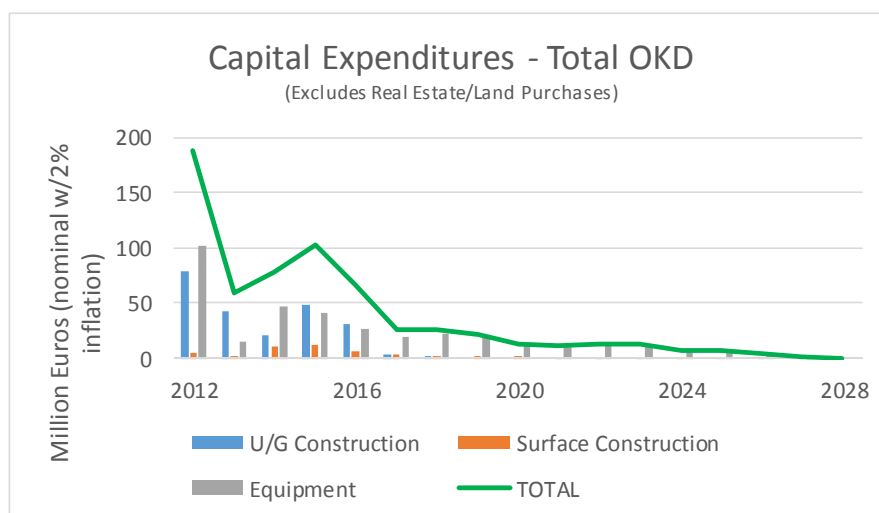
In addition to capitalized land purchases, OKD has three primary areas of annual sustaining capital expenditure: underground construction (development), equipment (maintenance), and surface construction. As a result of recent cost-control measures and revised mine planning, capital spending in 2014 is approximately 40% of 2012 levels.

The results of these plans are discernable when evaluating underground development meterage. This costly development is being substantially reduced to improve financial performance as reserves are depleted and marginal areas are not being pursued (based on economic analysis completed by OKD). There is no

further capitalized development projected in the LOM plan post-2017. The reduction in capitalized development from historical levels in 2012-2013 is illustrated below.



Equipment capital includes rebuilds and replacement of mining equipment, such as roadheaders, longwall shield supports, chain conveyors, and shearers. Surface construction primarily includes sustaining capital and replacement items necessary for coal processing, material handling and surface facilities. Only recently (post-2013) have surface construction items for coal processing facilities been separated as their own cost center(s).



The LOM plans are considered to be achievable with the current equipment, as equipment can be transferred internally within the portfolio of mines as they are shuttered throughout the forecast period. LOM projections show a long-term reduction in sustaining capital to an average of €4.0/tonne (which is a significant reduction from past performance levels €8.0 /tonne in 2013).

8.5.4 Operating Costs

It is BOYD's opinion that the format used by OKD in their internal cost projections follows industry standard cost estimation and reporting practice. Site-specific, individual mine plans were developed based on geologic characteristics in order to arrive at line-by-line cost estimates. Therefore, we consider the estimates to be reliable, as they are based on projected productivity and staffing assumptions (cost control measures). Where appropriate in our opinion, BOYD has adjusted cost estimates provided to us by OKD in order to match our independent resource analysis. However, none of our changes were considered to be material.

Detailed individual mine-site cost analysis is provided in Tables 8.1 through 8.4, following this text. Major cash cost components that drive operating performance at the operations are described, as follows:

- Materials, Supplies, Power, Maintenance, and Other Services – These are the primary consumable items and services that are directly associated with the cost of coal production. Mine operating costs were estimated based on the specific mine layout and productivity/retreat rates provided by OKD/NWR. LW panel dimensions and seam characteristics were used to estimate mining heights, and coal production tonnages. Fixed and variable costs were determined considering factors relating to gateroad development and are derived from several components which vary according to the type of development mining. A majority of materials consumption in LW mines derives from development work. A substantial portion of "Other Services" is related to subsidence mitigation, reclamation, and repairs of damages (outlined further in Section 4.2 of this report).
- Labor (Internal and Contractor) – These costs are defined as all labor-related components associated with employment (including contractors) at the mine complexes. Major labor cost categories include straight-time and over-time wages, salaries, vacation and holiday pay, insurance, medical benefits, and pension/compensation.
- Production Fees/Other – Statutory requirements based on coal extraction.

Shared infrastructure and physical plants are extensive and substantial to accommodate the extended depths of the underground workings, the number of operating units below ground, and the total number of OKD employees. Consequently, these costs represent significant portion of "total costs." Detailed OKD composite cost analysis is provided in Table 8.5, following this text. Major shared cost components that drive operating performance at the operations are described, as follows:

- Internal Transport, Coal Processing, Refuse, and Loading – Moving forward from 2014, all costs related to transportation and handling of ROM tonnage to the processing facility, product tonnage through the loadout and refuse to designated disposal areas are shared amongst the operations. Plant yield, which is the percentage of marketable product in the processed ROM output has a significant impact on the cost per product ton.

- Selling Expenses and General Expenses – Overhead costs (property taxes, insurance, corporate office charges, etc.) are shared amongst the mining operations. Additional categories consist of selling expenses and costs associated with selling expenses, administration and overhead. A significant portion of total cost is based on the selling price of clean coal; the combination of royalties and taxes is applied as a percentage of price at known rates.

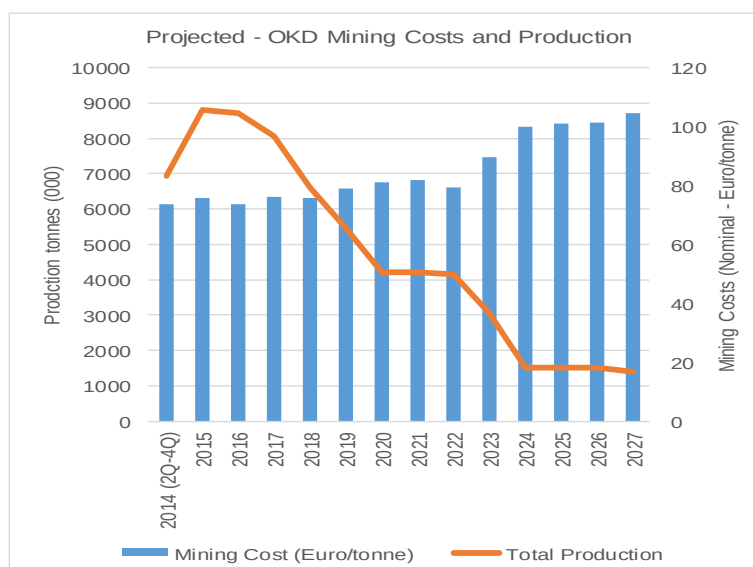
OKD has been aggressive in reducing operating costs, notable examples include the closures of the headquarters in Ostrava (relocated to Darkov) and the CSA CPP.

Efforts to control cost(s) are discernable in the following illustration:

Exchange Rate (CZK:EUR)	25.1	26.0	27.4
	Historic Cash Production Cost(s)*		
	(Euro/tonne)		
	2012	2013	2014 (YTD)
Karvina	69.65	87.37	70.79
Darkov	72.14	66.37	68.73
CSM	78.43	77.70	57.61
Paskov	160.38	153.91	101.92
Composite*	80.65	84.77	75.30

* Includes shared costs (service, HQ, G&A, CPP, transport, etc.)

While the initial cost controls are expected to continue to reduce overall cash operating costs in the near-term, maintaining these costs on a Euro/tonne basis with declining production will require continued diligence. Projected composite OKD cost(s) are shown throughout the LOM plan and illustrated in the following:



8.6 Pricing

The NPV model is based on price assumptions prepared by NWR and reviewed by BOYD. Prices for the first two quarters of 2014 are the actual prices for coal sold by the mines. Third quarter 2014 prices are projected to remain flat from the first half of

the year, while the fourth quarter prices are projected to rise by 5% based on contract discussions and near-term forecasts.

The forecast price for the 1Q of 2015 has not changed from end-of-year 2014. The 2Q, 3Q, and 4Q pricing are based on quarterly forecasts. The quarter-on-quarter rate of change in the price is applied to the 1Q 2015 prices at each mine.

	Price Forecast (Euros/tonne)*			
	2014	2015	2016	2017
Coking Coal	100.84	101.20	108.73	114.27
PCI	71.21	76.65	81.38	86.12
Thermal	55.00	62.02	64.64	65.10

* Assumes 2% inflation

Prices for 2016, 2017, and long term continue to apply percentage adjustments to the 2015 pricing. The annual trends are based on the consensus of six analyst forecasts, including a mix of reports made publicly-available by major investment banks and proprietary reports by other financial entities. The consensus pricing components are shown in the table below. From 2018 onwards, prices remain the same.

Coking Coal						PCI Coal					
Analyst*	(US\$/tonne)					Analyst	(US\$/tonne)				
	2014	2015	2016	2017	Long		2014	2015	2016	2017	Long
A	131	165	180	185	180	A	103	125	136	142	139
B	135	145	150	160	185	B	107	115	120	125	135
C	133	145	155	-	165	C	106	115	122	-	125
D	130	143	-	-	160	D	108	118	-	-	136
E	135	150	165	170	150	E	Not Provided				
F	134	150	-	-	-	F	115	120	-	-	-
Consensus	133	150	163	172	168	Consensus	108	119	126	134	134
EUR/tonne	96	109	118	125	122	EUR/tonne	78	86	91	97	97

Thermal Coal					
Analyst	(US\$/tonne)				
	2014	2015	2016	2017	Long
A	77	85	99	94	106
B	83	85	86	86	85
C	80	83	90	95	95
D	76	80	-	-	95
E	84	82	88	91	85
Consensus	80	83	91	92	93
EUR/tonne	58	60	66	66	68

* Proprietary information, identity of individual analyst firms is considered confidential. BOYD verified numbers shown are correctly reported from each source document.

The constituent prices of the consensus above are presented in current dollars and are shown below with a cumulative 2% annual inflation amount. The year-on-year percent change was then calculated as shown below.

	Price Forecast (US\$/tonne)			
	2014	2015	2016	2017
Coking Coal	133	150	163	172
% change		12.7	8.7	5.5
PCI Coal	108	119	126	134
% change		10.1	5.8	6.3
Thermal Coal	80	83	91	92
% change		3.7	9.6	1.1

These rates of change are applied to actual current prices at the OKD mines, as discussed above. That process yields the prices for composite coking and thermal products as shown on Table 8.6 and in the following table:

	Price Forecast (Euros/tonne)*			
	2014	2015	2016	2017
Coking Coal	100.84	101.20	108.73	114.27
PCI	71.21	76.65	81.38	86.12
Thermal	55.00	62.02	64.64	65.10

* Assumes 2% inflation

As mines are interconnected, ROM is shipped to various processing facilities mainly based on coal quality (product). Table 8.6, following this text, illustrates product tonnage by CPP.

8.7 Markets

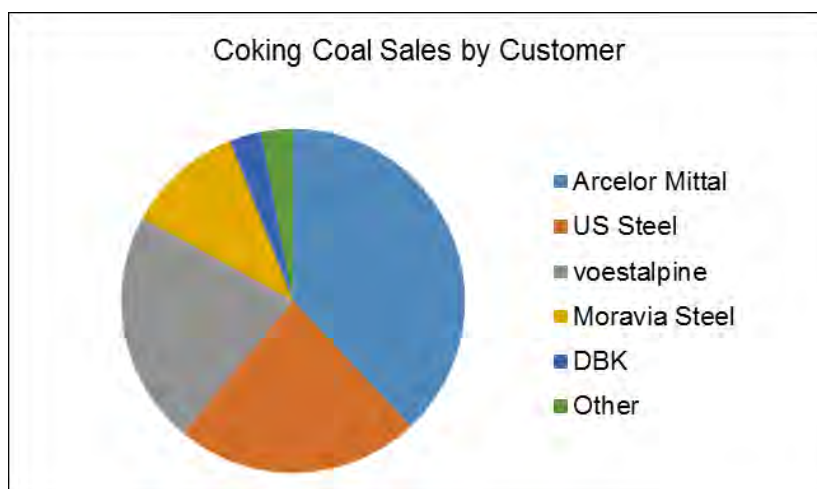
8.7.1 Customers

Coking coal is a worldwide market with millions of tonnes in annual seaborne trade, but OKD's strategic position in central Europe provides a significant transportation advantage to regional customers as compared to overseas competitors. NWR's thermal coal is in demand from regional power producers and industrial heat and power customers. All products are delivered directly to customers via rail, eliminating ocean freight and transloading costs of potential competitors in the Americas and the

Pacific. The customer market is located in the Czech Republic, Slovakia, Poland, Austria, and Germany.



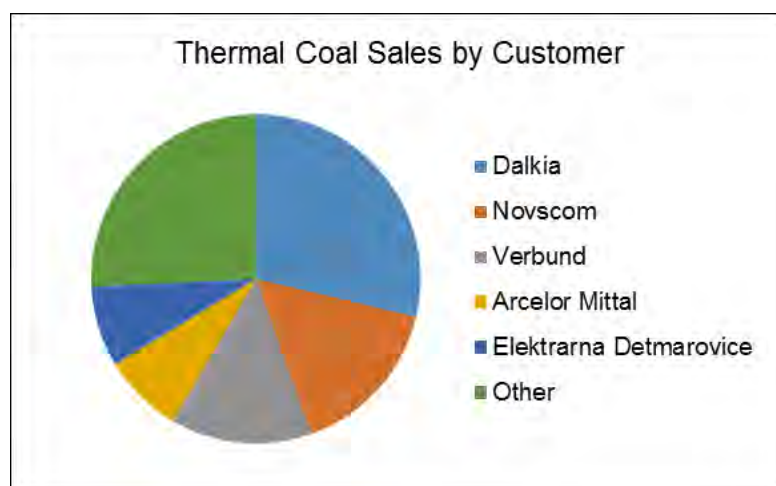
Regional coking coal customers produce both blast furnace coke for use in steelmaking and foundry coke for cast iron. The regional steel production capacity is over 17 Mt, and its output is used in a wide variety of industrial manufacturing, of which car manufacturing is one of the largest. Multinational steel producers are the dominant force in the region, and account for most of the company's coking coal sales. Ninety-seven percent of all coking coal sales in 2013 were to the five largest customers, as shown in the graph below. The remaining 6% of sales were split between two smaller customers.



Thermal coal sales are slightly less concentrated, with the top five customers accounting for 75% of sales in 2013. Thermal customers include utilities, commodity traders, and industrial heat/power users. NWR's thermal customers in 2013 were

located in the Czech Republic, Germany, and Austria. The worldwide thermal coal market is currently oversupplied due to demand falling while supply continues to grow. Worldwide thermal coal supply growth dropped sharply in 2013, but still grew over 4% while utility stockpiles increased during a mild winter. Importing countries such as China absorbed the excess supply at prices below those of the domestic Chinese market, at the expense of domestic production.

The regional thermal coal market of Central Europe is to some extent isolated from seaborne imports due to its geographic isolation from sea ports, but the same macro trends of high supply and weak pricing are present in the region. The tendency of annual pricing, rather than quarterly, provides additional shelter from the volatility present in coking coal markets as well. High natural gas prices in Europe provide confidence that regional coal-fired generation.



Sales of PCI have historically been to two major customers, with US Steel accounting for approximately two-thirds of sales and Voestalpine purchasing the remainder.

NWR and its customer base are largely dependent upon one another. As such, NWR places great emphasis on providing these customers with high-quality coal on a consistent basis at competitive prices. In return, NWR has successfully maintained its market share, which was 19% of the coking coal market in Central Europe in 2013.

8.7.2 Price Basis

The company has structural agreements with coking coal customers that include long-term volume commitments with quarterly price negotiations. While annual pricing for coking coal was once the norm, global diversified mining companies established a new standard in 2011 with quarterly pricing to better reflect inherent market volatility.

Thermal coal is priced on an annual basis. Thermal coal in the region has been stable, with weather being the major market driver in the absence of competing fuels for electricity generation.

8.7.3 Competitors

Poland and Russia are established suppliers of thermal and coking coal. Mining operations in these countries are broadly comparable to the NWR mines in terms of overall geology, productivity, cost, and mining technology. Poland will continue to compete with NWR in its traditional market areas. Given Russia's extended distance to NWR's customers, it is an unlikely threat. While nearby coal-producing countries will constantly be present as alternative suppliers to NWR's major customers and will continue to ship limited tonnage into common markets, they are unlikely to have the ability to undercut NWR's costs.

NWR has limited opportunities to export coal beyond its traditional market due to transportation cost limitations. Conversely, the threat of seaborne coal encroaching upon NWR's markets is minimal since these sources (as Australia, South Africa, and the United States) are unable to compete on a delivered cost basis. Occasional shipments of non-traditional coals occur, but are not a primary threat.

Polish coal production is the main source of competition to the markets serviced by NWR, although limited amounts of coal from Russia and the Ukraine are also shipped into these markets. Most Polish coal production is from aging underground mines in the same coal basin as NWR. The Polish coal industry does not have any material operating cost advantage over the NWR operations. Competition for European markets between NWR and Polish producers is dependent upon the delivered price (purchase price plus transportation cost) from each source.

Russian coal has historically been unreliable in volume and of inconsistent quality. Long-term reliability and volume of Russian exports, are in large measure, contingent upon a suspect mining and coal transportation infrastructure. There are inadequate port facilities to handle coal and provide services such as screening and cleaning. Russia's rail network is generally in poor condition and has experienced difficulties in handling coal shipments. Russian coal exports are significantly disadvantaged in the NWR markets by the remoteness of existing export coal sources and the length of delivery to export ports. Coal shipments to western Europe must travel 6,500 km while coal shipped to the Asian/Pacific market is railed some 5,000 km to the Port of Vostochny. Overall, it is unlikely that NWR is in danger of ceding substantial market share to Russian coal sources in the near-term future.

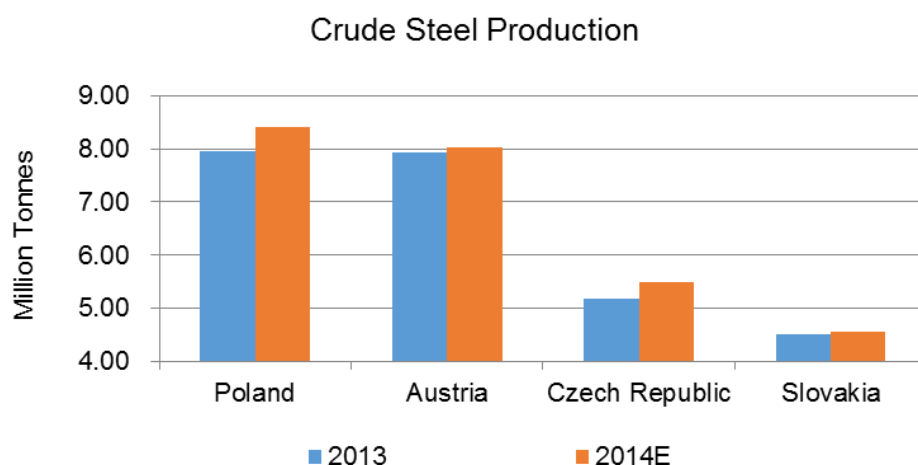
International coal from sources such as the United States, Australia, and South Africa is being imported for blending with local coal in order to improve the coking

characteristics of the blend(s) to increase fluidity. The need for blending is in response to changing quality of regional coal over time and an overall decline in coal production in Europe (central European coals are typically low fluidity).

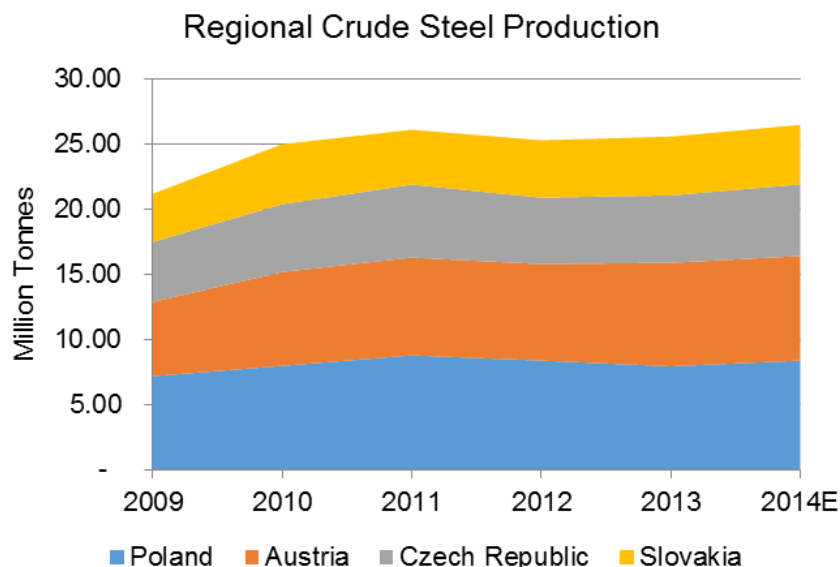
In addition to coking coal, thermal coal from the United States has been increasingly available on the seaborne market due to oversupply of thermal coal within the United States and the abundance of shale gas there. The US thermal coal trading in Europe exerts additional downward price pressure against the background of high utility stockpiles and low electricity demand.

8.7.4 Market Risks

International competitors pose minimal threats. The primary risk to NWR's markets is its customer's ability to reduce blast furnace and foundry production (and therefore coke/coal consumption) and instead use regional steel mills to roll cheaper steel from outside of the region. So far in 2014, such a switch has not occurred and regional steel production has remained stable with modest 4% growth over 2013. The graph below shows the steel production in customer markets for 2013 (actual) and 2014 (estimated based on January through April). The Czech Republic steel output appears to be particularly robust so far in 2014, with an annualized 6.4% increase over 2013.



The 2013-2014 snapshot follows the general trend over the past five years of stability and incremental growth, as shown below.



Market intervention impacted thermal coal markets in 2013 and could continue to do so in the near term, as some governments have persuaded national utility companies to procure coal from local sources. NWR's utility customers in 2013 were located in Germany, Austria, and the Czech Republic. It is possible to see softer demand from German and Austrian customers if those trends continue.

The Large Combustion Plant Directive of the European Union could also limit mid- and long-term demand if coal-fired power plants are closed rather than upgraded to meet the environmental requirements of the Directive. Plants that opted out of complying with the directive must close by 2015. Within NWR's core thermal market, Poland is the only country with plants that have chosen to opt out. A total of 40 power plants with an aggregate generating capacity over 8 GW must close by 2015 under the directive. The closure of these plants, and others across nearby countries such as Slovakia, France, and Romania will result in a steep drop in European coal demand.

8.8 Base Case NPV

As shown on Table 8.6: OKD Composite Results, our total Base Case NPV, as of March 31, 2014, is €63 million. This value only reflects the value of the direct OKD mining operations.

As shown on Table 8.6, the projected Net Pre-Tax Cash Flow is marginally negative in years 2024 through 2028 (end of mine life). While we have not reassessed internal

OKD internal costs to identify possible areas of reduction, BOYD opines that the final years of operation can achieve a cash flow break-even. For this reason, we retained years 2024 through 2028 in our NPV calculation.

8.9 Probable Value Range

To provide guidance on the probable range in value and sensitivity to various NPV analysis inputs and discount rates, we completed the following series of DCF-NPV analyses:

Sensitivity Case	Composite DCF-NV (Euro million)
<u>Discount Rate</u>	
13.96% (Base Case)	
10.00%	63
15.00%	95
	56
At 13.96% Discount Rate	
Sales Price (-10%)	(284)
Cash Cost of Sales	(239)
(+10%)	(111)
Sales Price (-5%)	
Base Case	63
Sales Price (+5%)	237
Cash Cost of Sales (-	366
10%)	411
Sales Price (+10%)	

Following this page are

Tables:

Estimated Operating Costs

- 8.1 Karvina Mine
- 8.2 Darkov Mine
- 8.3 CSM Mine
- 8.4 Paskov Mine
- 8.5 OKD Composite
- 8.6 Discounted Cash Flow Analysis of CPP Product(s)

TABLE 8.1

ESTIMATED OPERATING COSTS
KARVINA MINE
Czech Republic
Prepared For
NEW WORLD RESOURCES PLC
By
John T. Boyd Company
Mining and Geological Consultants
July 2014

Exchange Rate (CZK/EUR)	25.1	26.0	27.4	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
	Historic														
	2012	2013	2014 (YTD)	2015	2016	2017	2018	2019	2020	2021	2022	2023			
Production Tonnes (millions) - excludes sludge (pond fines)	4.01	2.62	0.87	2.58	3.05	3.00	2.70	2.60	2.45	2.20	2.15	1.88			
	Nominal (Euro-millions)														
Cash Costs															
Materials / Supplies	60.3	49.0	10.0	33.2	40.8	36.5	36.8	36.7	35.3	32.7	31.8	28.4			
Power / Fuel	30.5	26.7	4.4	17.4	18.9	18.6	18.4	18.6	18.7	18.6	19.0	19.3			
Maintenance	15.1	12.0	6.3	8.8	17.5	19.5	18.3	18.3	21.7	13.5	13.7	11.6			
Outside Services	41.1	33.0	5.0	19.5	23.9	24.0	23.8	24.0	24.0	23.3	23.7	23.4			
OKD Salary and Welfare	64.6	81.5	15.6	49.6	60.6	56.6	57.0	57.2	56.3	49.7	49.2	41.8			
Contractors	27.7	21.5	4.5	15.1	17.8	16.6	16.0	16.0	15.4	14.5	14.4	13.8			
Production Fees / Other	10.0	8.2	1.7	5.3	7.9	5.4	4.6	4.4	4.3	4.3	4.4	4.6			
Subtotal - Cash Costs	279.3	228.9	47.4	148.7	187.4	177.2	175.0	175.1	175.8	156.6	156.2	142.6			
	Projected														
	2012	2013	2014 (YTD)	2015	2016	2017	2018	2019	2020	2021	2022	2023			
Cash Costs															
Materials / Supplies	15.04	18.33	14.98	12.85	13.37	12.18	13.62	14.12	14.43	14.88	14.46	13.20			
Power / Fuel	7.61	10.20	6.58	6.77	6.20	6.21	6.80	7.15	7.63	8.44	8.63	8.96			
Maintenance	3.76	4.59	9.39	3.42	5.75	6.48	6.88	7.02	8.86	6.13	6.22	5.38			
Outside Services	10.25	12.59	7.50	7.59	7.82	8.00	8.80	9.21	9.80	10.59	10.78	10.90			
OKD Salary and Welfare	23.59	31.11	23.21	19.33	19.87	18.88	21.10	22.01	22.89	22.57	22.37	19.46			
Contractors	6.91	8.20	6.85	5.88	5.85	5.93	5.93	6.15	6.28	6.91	6.66	6.42			
Production Fees / Other	2.50	2.37	2.48	2.05	2.58	1.79	1.69	1.69	1.75	1.95	1.99	2.14			
Subtotal - Cash Costs	69.65	87.37	70.79	59.00	61.44	59.08	64.83	67.36	71.75	71.17	71.00	66.46			
	NOTE: Non-Cash items and Depreciation are excluded from this analysis (CIP costs were included in Mine Costs, prior to 2014)														

*** MINE SITE COSTS ONLY: shared service, headquarters, administrative, coal processing and transport costs illustrated in Composite Table 8.5

TABLE 8.2

ESTIMATED OPERATING COSTS

DARKOV MINE

Czech Republic

Prepared For

NEW WORLD RESOURCES PIC

By

John T. Boyd Company

Mining and Geological Consultants

July 2014

Exchange Rate (CZK/EUR)	25.1	Historic		26.0	27.4	Projected				27.0	27.0	27.0	27.0
	2012	2013	2014 (YTD)	2014 (2Q-4Q)	2015	2016	2017	2018	2019	2016	2017	2018	2019
Production Tonnes (millions) - excludes sludge (pond fines)	2.97	2.65	0.55	1.80	2.30	2.25	1.90	1.40	0.72				
Nominal (Euro-millions)													
Cash Costs													
Materials / Supplies	42.7	32.8	7.0	22.9	28.4	26.3	21.9	17.5	6.0				
Power / Fuel	27.9	24.7	4.3	14.4	19.8	19.4	18.5	16.8	14.5				
Maintenance	13.9	10.5	4.1	5.9	14.5	13.9	14.1	9.3	3.8				
Outside Services	33.6	27.7	4.6	15.8	19.9	20.0	19.3	18.1	15.2				
OKD Salary and Welfare	70.0	61.3	12.0	38.1	46.0	44.2	40.4	36.0	16.9				
Contractors	25.8	19.3	5.1	15.2	18.2	16.8	13.7	10.8	4.8				
Production Fees / Other	0.5	(0.5)	0.8	4.1	6.2	6.0	3.1	2.9	3.2				
Subtotal - Cash Costs	214.3	175.9	37.8	116.4	153.0	146.7	131.0	111.5	64.5				
Projected													
	2012	2013	2014 (YTD)	2014 (2Q-4Q)	2015	2016	2017	2018	2019				
Nominal (Euro/tonne)													
Cash Costs													
Materials / Supplies	14.37	12.38	12.66	12.69	12.33	11.71	11.53	12.50	8.45				
Power / Fuel	9.38	9.34	7.76	8.00	8.61	8.64	9.73	12.03	20.34				
Maintenance	4.66	3.97	7.44	3.29	6.32	6.18	7.40	6.62	5.31				
Outside Services	11.30	10.46	8.30	8.77	8.67	8.90	10.17	12.92	21.30				
OKD Salary and Welfare	23.55	23.13	21.91	21.12	19.98	19.66	21.28	25.70	23.58				
Contractors	8.68	7.27	9.20	8.41	7.93	7.46	7.22	7.74	6.65				
Production Fees / Other	0.19	(0.17)	1.46	2.26	2.70	2.66	1.62	2.09	4.51				
Subtotal - Cash Costs	72.14	66.37	68.73	64.55	66.54	65.21	68.95	79.61	90.14				

NOTE: Non-Cash items and Depreciation are excluded from this analysis (CPP costs were included in Mine Costs, prior to 2014)

*** MINE SITE COSTS ONLY: shared service, headquarters, administrative, coal processing and transport costs illustrated in Composite Table 8.5

TABLE 8.3

ESTIMATED OPERATING COSTS
CSM MINE
Czech Republic
Prepared for
NEW WORLD RESOURCES Plc
By
John T. Boyd Company
Mining and Geological Consultants
July 2014

Exchange Rate (CZK:EUR)	Historic																		
	2012	2013	2014 (YTD)	2014 (2Q-4Q)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
	25.1	26.0	27.4	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	
											</								

NOTE: Non-Cash Items and Depreciation are excluded from this analysis (CPP costs were included in Mine Costs, prior to 2014).

*** MINE SITE COSTS ONLY: - shared service, headquarters, administrative, coal processing and transport costs illustrated in Composite Table 8.5

M:\ENGL\4051165-0000\MP\Report\Costs & Performance\Table 8.3 (CZK)

TABLE 8.4

ESTIMATED OPERATING COSTS
PASKOV MINE
Czech Republic
Prepared For
NEW WORLD RESOURCES Plc
By
John T. Boyd Company
Mining and Geological Consultants
July 2014

Exchange Rate (CZK:EUR)	25.1	26.0	27.4	27.0	27.0	27.0	27.0
	Historic			Projected			
	2012	2013	2014 (YTD)	2014 (2Q-4Q)	2015	2016	2017
Production Tonnes (millions) - excludes sludge (pond fines)	0.95	0.86	0.24	0.63	0.85	0.85	0.85
Nominal (Euro- millions)							
Cash Costs							
Materials / Supplies	33.7	22.1	3.5	16.9	20.8	18.5	11.0
Power / Fuel	18.0	17.5	3.3	11.3	14.4	14.3	12.9
Maintenance	8.9	8.6	1.0	4.3	5.8	3.9	2.8
Outside Services	14.5	12.0	2.5	8.8	11.3	11.5	11.0
OKD Salary and Welfare	64.2	60.4	11.5	35.4	48.1	45.6	40.6
Contractors	12.7	11.2	2.0	6.0	8.3	8.0	8.2
Production Fees / Other	0.4	0.6	0.1	1.0	1.2	1.2	1.2
Subtotal - Cash Costs	152.4	132.4	24.0	83.7	109.8	103.0	87.7
Nominal (Euro/tonne)							
	2012	2013	2014 (YTD)	2014 (2Q-4Q)	2015	2016	2017
Cash Costs							
Materials / Supplies	35.51	25.73	15.11	26.88	24.48	21.78	12.91
Power / Fuel	18.97	20.38	14.24	18.03	16.95	16.88	15.20
Maintenance	9.32	9.96	4.09	6.87	6.84	4.62	3.29
Outside Services	15.31	13.95	10.60	14.10	13.32	13.49	12.91
OKD Salary and Welfare	67.54	70.19	48.90	56.45	56.55	53.65	47.81
Contractors	13.36	12.99	8.70	9.58	9.71	9.43	9.61
Production Fees / Other	0.38	0.72	0.29	1.52	1.36	1.39	1.41
Subtotal - Cash Costs	160.38	153.91	101.92	133.43	129.21	121.22	103.16

NOTE: Non-Cash Items and Depreciation are excluded from this analysis (CPP costs were included in Mine Costs, prior to 2014)

*** MINE SITE COSTS ONLY: shared service, headquarters, administrative, coal processing and transport costs illustrated in Composite Table 8.5

M:\ENQ_WP\3160.009\WP\Report\CH 8 Tables.xls\Table 8.4 (OKD)

TABLE 8.5

DISCOUNTED CASH FLOW ANALYSIS
 CPP Product(s)
 Czech Republic
 Prepared For
 NEW WORLD RESOURCES Plc
 By
 John T. Boyd Company
 Mining and Geological Consultants
 July 2014

Exchange Rate (CZK/EUR)	2014 (2Q-4Q)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Production Tonnes (millions) - excludes sludge (pond fines)	6.94	8.80	8.70	8.05	6.80	5.47	4.20	4.20	4.20	4.15	3.36	1.50	1.50	1.40	1.40	0.16
CPP Product Tonnes (millions)																
Coking	3.35	3.92	4.46	4.08	3.46	2.71	2.20	2.21	1.48	0.40	0.37	0.26	0.24	0.19	0.16	-
Thermal	3.23	4.38	3.74	3.47	2.64	2.25	1.50	1.49	2.17	2.47	0.63	0.74	0.76	0.71	0.71	0.16
PCI	0.36	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-
TOTAL	6.94	8.80	8.70	8.05	6.60	5.47	4.20	4.20	4.15	3.36	1.50	1.50	1.50	1.40	1.40	0.16
Sales Price - Composite (Euro/tonne)																
Coking	100.84	101.20	108.73	114.27	116.56	118.89	121.27	123.69	126.17	128.69	131.27	133.89	136.57	139.30	139.30	-
Thermal	55.00	62.02	64.04	65.10	66.40	67.73	69.09	70.47	71.88	73.32	74.78	76.28	77.80	79.36	80.95	80.95
PCI	71.21	76.65	81.38	86.12	87.84	89.60	91.39	93.22	95.08	96.98	98.92	100.90	102.92	104.98	106.98	-
TOTAL	77.90	80.31	88.19	91.36	94.35	95.14	96.09	101.22	94.09	83.37	66.62	64.31	65.58	66.82	68.02	83.02
Total Operating Costs (Euro/tonne)																
Coal Sales - Revenue (Euros - million)	541	707	767	735	623	520	416	426	390	280	145	141	143	136	13	13
Total Operating Costs (Euros - million)	510	665	639	609	496	428	337	338	317	268	145	146	148	142	24	24
Pre-Tax Cash Flow (Euros - million)	30	42	129	127	127	92	79	87	73	12	(0)	(5)	(4)	(7)	(11)	(11)
Capital Expenditures (Incl real estate)	72	131	119	113	26	22	14	12	13	13	8	7	5	2	-	-
Net Pre-Tax Cash Flow (Euros - million)	(42)	(88)	10	14	101	71	66	75	60	(0)	(8)	(12)	(9)	(9)	(11)	(11)
Discounted Cash Flow at 13.86%	(40)	(75)	7	9	58	36	29	29	20	(0)	(2)	(3)	(2)	(2)	(2)	(2)
Cumulative DCF	(40)	(115)	(108)	(98)	(41)	(5)	24	53	73	73	71	68	67	65	63	63

M:\BNO_VFP3\162\229\VP\Report\CH 8 Tables.rtf Table 8.5 (CZK)

APPENDIX A

**STATEMENT OF
JORC COMPETENCY**



John T. Boyd Company

Mining and Geological Consultants

Chairman

James W. Boyd

President and CEO

John T. Boyd II

Managing Director and COO

Ronald L. Lewis

Vice Presidents

Richard L. Bate

Robert J. Farmer

James F. Kvitkovich

Russell P. Moran

Donald S. Swartz

John L. Weiss

William P. Wolf

Managing Director - Australia

Ian L. Alexander

Managing Director - China

Jisheng (Jason) Han

Managing Director – South America

Carlos F. Barrera

Assistant to the President

Mark P. Davic

Pittsburgh

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www.jtboyd.com

7 July 2014

File: 3160.009

New World Resources Plc
Jachthavenweg 109h
1081 KM Amsterdam
The Netherlands

J.P. Morgan Securities plc
Canary Wharf
London E14 5JP
United Kingdom

Attention: Mr. Marek Jelinek
Chief Financial Officer
New World Resources Plc

Competent Person's Consent Form

Competent Person's Report (Report)

Consultancy Services

Mineral Expert's Report

Ostravo-Karvinske doly

Active Mining Operations

Czech Republic

FOR

NEW WORLD RESOURCES Plc

July 2014

Statement

We,

Ronald L. Lewis

Paul D. Anderson

confirm that we are the Competent Persons for the Report and:

- We have read and understood the requirements of the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition), and ESMA requirements.
- We are Competent Persons as defined by the JORC Code, 2012 Edition, having five years experience that is relevant to the style of mineralisation and type of deposit described in the Report, and to the activity for which we are accepting responsibility.

- We are Registered Members of the *Society for Mining, Metallurgy, and Exploration, Inc.*, a 'Recognised Professional Organisation' (RPO) included in a list promulgated by ASX from time to time.
- We have reviewed the Report to which this Consent Statement applies.

We are full time employees of John T. Boyd Company.

We have disclosed to the reporting company the full nature of the relationship between ourselves and the company, including any issues that could be perceived by investors as a conflict of interest.

We verify that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in our supporting documentation relating to Mineral Resources and Ore Reserves.

Consent

We consent to the release of the Report and this Consent Statement by the directors of:

New World Resources Plc and J.P. Morgan Securities plc



Signature of Competent Person (**Ronald L. Lewis**):

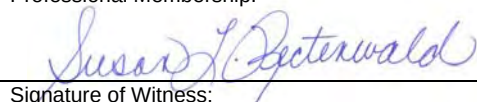
7 July 2014

Date:

Society for Mining, Metallurgy, and Exploration, Inc.
Professional Membership:

1900720RM

Membership Number:



Signature of Witness:

Susan L. Rectenwald

Printed Name and Address
123 Link Avenue
Pittsburgh, PA 15237



Signature of Competent Person (**Paul D. Anderson**):

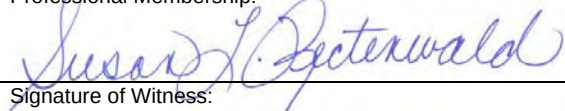
7 July 2014

Date:

Society for Mining, Metallurgy, and Exploration, Inc.
Professional Membership:

65000

Membership Number:



Signature of Witness:

Printed Name and Address
123 Link Avenue
Pittsburgh, PA 15237

APPENDIX B

JORC CODE, 2012 EDITION TABLE 1 REPORT TEMPLATE

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	- Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. - In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	- See Section 3.2 - See Section 3.2 - See Section 3.1
Drilling techniques	Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	See Section 3.2
Drill sample recovery	- Method of recording and assessing core and chip sample recoveries and results assessed. - Measures taken to maximise sample recovery and ensure representative nature of the samples. - Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	- See Section 3.2 - See Section 3.2 - See Section 3.2
Logging	- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. - Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. - The total length and percentage of the relevant intersections logged.	- See Section 3.2 - See Section 3.2

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled.	• See Section 3.2 • See Section 3.2 • See Section 3.2 • See Section 3.2 • See Section 3.2 • Not applicable
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• See Section 3.2 • NA for coal • See Section 3.2
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	• See Section 3.2 • See Section 3.2 • See Section 3.2 • See Section 3.2
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	• See Section 3.2 • See Section 3.2 • See Section 3.2
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• See Section 3.3 • See Section 3.3 • See Section 3.2
Orientation of data in relation to	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	• See Section 3.2

Criteria	JORC Code explanation	Commentary
geological structure	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	There is no Bias
Sample security	The measures taken to ensure sample security.	See Section 3.2
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	See Section 3.2

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	- Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. - The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	- See Chapter 6 - See Chapter 6
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	See Section 3.2
Geology	Deposit type, geological setting and style of mineralisation.	See Section 3.1
Drill hole Information	- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: - easting and northing of the drill hole collar - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar - dip and azimuth of the hole - down hole length and interception depth - hole length. - If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	There are thousands of drill holes and related analytical data points available for the OKD active mine properties. The amount of data is too voluminous to be included in this report. Its exclusion does not detract from the understanding of this report.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. - Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. - The assumptions used for any reporting of metal equivalent values should be clearly stated.	- See Section 3.3 - See section 3.3 - Not Applicable
Relationship between mineralisation on widths and intercept lengths	- These relationships are particularly important in the reporting of Exploration Results. - If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. - If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	See Sections 3.1 and 3.2
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	See Chapter 3
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	See Section 3.3
Other substantive exploration data	Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	See Section 3.2
Further work	- The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). - Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	See Section 3.2

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	- Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. - Data validation procedures used.	- See Section 3.2 - See Section 3.2
Site visits	- Comment on any site visits undertaken by the Competent Person and the outcome of those visits. - If no site visits have been undertaken indicate why this is the case.	See Chapter 1 and Section 3.2
Geological interpretation	- Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. - Nature of the data used and of any assumptions made. - The effect, if any, of alternative interpretations on Mineral Resource estimation. - The use of geology in guiding and controlling Mineral Resource estimation. - The factors affecting continuity both of grade and geology.	- See Chapter 3 - See Chapter 3 - See Chapter 3 - See Chapter 3 - See Chapter 3
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	See Chapter 3
Estimation and modelling techniques	- The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. - The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. - The assumptions made regarding recovery of by-products. - Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation). - In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. - Any assumptions behind modelling of selective mining units. - Any assumptions about correlation between variables.	- See Section 3.3 - See Section 3.5 - Not Applicable - Not Applicable - Not Applicable - See Section 3.3 - See Section 3.3

Criteria	JORC Code explanation	Commentary
	• Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	• See Section 3.3 • See Sections 3.2 and 3.3
Moisture	• Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	• See Section 3.3
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	• See Section 3.3
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	• See Sections 3.3 and Chapter 4
Metallurgical factors or assumptions	• The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	• See Section 3.3 and Chapter 5
Environmental factors or assumptions	• Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	• See Chapter 6

Criteria	JORC Code explanation	Commentary
Bulk density	- Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. - The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. - Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	- See Section 3.3 - Not Applicable - Not Applicable
Classification	- The basis for the classification of the Mineral Resources into varying confidence categories. - Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). - Whether the result appropriately reflects the Competent Person's view of the deposit.	- See Section 3.3 - See Section 3.3 - Yes it does
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	See Sections 3.3 and 3.5
Discussion of relative accuracy/ confidence	- Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. - The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. - These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	- See Section 3.3 and 3.6 - See Section 3.3 - See Section 3.5
Section 4 Estimation and Reporting of Ore Reserves (Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)		
Criteria	JORC Code explanation	Commentary

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	- Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. - Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	- See Section 3.4 - Resources are inclusive of reserves.
Site visits	- Comment on any site visits undertaken by the Competent Person and the outcome of those visits. - If no site visits have been undertaken indicate why this is the case.	See Chapter 1
Study status	- The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. - The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	- See Section 3.4 - See Section 3.4 and Chapter 4
Cut-off parameters	The basis of the cut-off grade(s) or quality parameters applied.	See Section 3.4 and Chapter 4
Mining factors or assumptions	- The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). - The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. - The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling. - The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). - The mining dilution factors used. - The mining recovery factors used. - Any minimum mining widths used. - The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. - The infrastructure requirements of the selected mining methods.	- See Section 3.4 and Chapter 4 - See Section 3.4 and Chapter 4 - See Section 3.4 and Chapter 4 - Not Applicable - See Section 3.4 - See Section 3.4 - See Chapter 4 - See Section 3.4 - See Chapter 4.3
Metallurgical factors or	The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.	See Chapter 5

Criteria	JORC Code explanation	Commentary
assumptions	- Whether the metallurgical process is well-tested technology or novel in nature. - The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. - Any assumptions or allowances made for deleterious elements. - The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. - For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	- See Section 3.2 and Chapter 5 - See Section 3.2, 3.3 and Chapter 5 - See Chapter 5 - Not Applicable - See Section 3.3 and Chapter 5
Environmental	The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	See Chapter 6
Infrastructure	The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	See Chapter 4 and Chapter 6
Costs	- The derivation of, or assumptions made, regarding projected capital costs in the study. - The methodology used to estimate operating costs. - Allowances made for the content of deleterious elements. - The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products. - The source of exchange rates used in the study. - Derivation of transportation charges. - The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. - The allowances made for royalties payable, both Government and private.	- See Section 8.5 - See Section 8.5 - See Section 8.7 - See Section 8.6 - See Section 8.5 - See Section 8.5 - See Section 8.5 - See Section 8.5
Revenue factors	- The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. - The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	- See Section 8.6 - See Section 8.6

Criteria	JORC Code explanation	Commentary
Market assessment	- The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. - A customer and competitor analysis along with the identification of likely market windows for the product. - Price and volume forecasts and the basis for these forecasts. - For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	- See Section 8.7 - See Section 8.7 - See Section 8.7 - Not Applicable
Economic	- The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. - NPV ranges and sensitivity to variations in the significant assumptions and inputs.	- See Chapter 8 - See Section 8.9
Social	The status of agreements with key stakeholders and matters leading to social licence to operate.	See Chapter 6
Other	- To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: - Any identified material naturally occurring risks. - The status of material legal agreements and marketing arrangements. - The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	- See Chapter 7 - No material agreements were identified - See Chapter 6 and Chapter 7
Classification	- The basis for the classification of the Ore Reserves into varying confidence categories. - Whether the result appropriately reflects the Competent Person's view of the deposit. - The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	- See Section 3.4 - They do - See Section 3.4
Audits or reviews	The results of any audits or reviews of Ore Reserve estimates.	See Section 3.5
Discussion of relative	Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the	See Section 3.6

Criteria	JORC Code explanation	Commentary
accuracy/ confidence	Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	• See Section 3.4 • See Section 3.4



IMC GROUP CONSULTING LIMITED

COVERING LETTER

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30th July 2014

Dear Sirs,

Mineral Expert Report for the Dębieńsko Coal Mine Assets held by NWRK Karbonia S.A.

Purpose of Report

IMC Group Consulting Ltd (IMCGCL) has been commissioned by New World Resources Plc, ("NWR" or the "Company") to prepare a Competent Persons Report on the Dębieńsko coal mine, located in Poland, which is owned by New World Resources, KARBONIA S.A. ("NWRK") a wholly-owned subsidiary of NWR.

IMCGCL understands that this report will be included as part of a prospectus (the "Prospectus") to be issued in support of a balance sheet re-structuring process currently being undertaken by the Company.

This report, which has been prepared by a team of experienced mining professionals, summarises the findings of IMCGCL's review, in accordance with the European Commission's Regulation on Prospectuses No. 809/2004. The report has been prepared in order to satisfy the requirements of a Competent Persons Report as set out in the Prospectus Directive in conjunction with the "ESMA update of the CESR recommendations (ESMA/2013/319)" published by the European Securities and Markets Authority (ESMA) in March 2013 (the "ESMA Recommendations"). In particular, the report is written in accordance with the requirements of Paragraphs 131 – 133, which relate specifically to Mineral Companies and to Appendix I and II of the ESMA Recommendations.

For this report, all reserves and resources estimates, initially prepared by NWRK to Polish standards have been substantiated by evidence obtained during IMCGCL's site visit and observation and are supported by details of historical drilling results, analyses and other evidence and takes account of all relevant information supplied by the management of

NWRK. In respect of Paragraph 132 and Appendix I of the ESMA Recommendations, IMC has restated the resources and reserves reported in this report, in accordance with the criteria for internationally recognised reserve and resource categories of the “Australasian Code for Reporting Mineral Resources and Ore Reserves” (2012) published by the Joint Ore Reserves Committee (“JORC”) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia (the “JORC Code”).

In accordance with the Prospectus Directive and the ESMA Recommendations only Proved and Probable Reserves have been assessed in the valuation contained in the report.

Capability and Experience

This report was prepared by IMCGCL, a subsidiary of DMT GmbH.

IMCGCL is based in Nottingham, England and provides major mining companies, mid-caps, junior mining and exploration companies, financial institutions, governments, law firms and individual investors with advice and solutions to challenges through access to staff experienced in all aspects of the development and operation of mining projects. IMCGCL has extensive experience of carrying out due diligence of mining and exploration companies for the purposes of stock exchange listings and financings.

Scope of Work / Materiality / Limitations and Reliance on Information

This report has been prepared by IMCGCL at the request of the Company and limitations of use apply to this report. The report may be relied upon and used by the Company and its advisors J.P. Morgan Securities, Company shareholders, members of any equity syndicate and their respective legal advisors in connection with the Prospectus and shall not be used or relied upon by any other party, nor for any other purpose, without the written consent of IMCGCL.

For the purposes of Prospectus Rule 5.5.3R(2)(f) IMCGCL is responsible for this report as part of the prospectus and declares that it has taken all reasonable care to ensure that the information contained in this report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in accordance with Item 23.1 of Annex I and 10.3 of Annex III of the Prospectus Directive Regulation.

IMCGCL’s opinion as expressed in this CPR is effective at the date of this report. Parameters used in assessing the assets are shown in the report. Some of these parameters can vary significantly and changes could alter IMCGCL’s opinion subsequent to the date of this CPR.

IMCGCL reviewed the assets in accordance with the scope of work and the exclusions and limitations of the appointment with NWR.

IMCGCL has independently assessed the coal assets of the Company by reviewing pertinent data, including licenses and agreements, resources, reserves, current manpower, environmental issues and the life-of-mine (“LOM”) plans.

The information, conclusions, opinions, and estimates contained herein are based on:

1. A site visit of the property by consultants of IMCGCL (including the CP of this report) between 5th and 7th of June, 2014
2. Information available to IMCGCL at the time of preparation of this report.
3. Assumptions, conditions, and qualifications as set forth in this report.
4. Data, reports and opinions supplied by the Company and other third party sources.

All opinions, findings and conclusions expressed in this report are those of IMCGCL and its sub consultants.

Save as set out herein, IMCGCL does not guarantee the validity or accuracy of conclusions or recommendations based on information supplied by third parties. IMCGCL accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report. The report is intended to be read as a whole, including the Executive Summary and sections should not be read or relied upon out of context.

Independence

IMC has received, and will receive, professional fees for its preparation of this report. However, neither IMCGCL nor any of its directors, staff or sub consultants who contributed to this report has any interest in:

- New World Resources Plc;
- New World Resources, KARBONIA;
- The mining assets reviewed;
- The outcome of re-structuring, including any share offering.

The signatory to this letter, David JF Smith CEng, is a Director of IMCGCL and a Competent Person and takes responsibility for this report on behalf of IMCGCL.

Details of the qualifications and experience of the IMCGCL consultants who carried out the work are in Appendix A to this report.

Drafts of this report were provided to the Company, but only for the purpose of confirming both the accuracy of factual material and the reasonableness of assumptions relied upon in the report.

Inherent Mining Risk

Underground mining is carried out in an environment where not all events are predictable.

Whilst an effective management team can, firstly, identify the known risks, and secondly, take measures to manage and mitigate these risks, there is still the possibility for unexpected and unpredictable events to occur. It is therefore not totally possible to remove all risks or state with certainty that an event that may have a material impact on the operation of a mine, will not occur.

Glossary of Terms

Defined and technical terms used in this report are set out in **Annex C**.

For and on Behalf of

IMC Group Consulting Ltd.

A handwritten signature in black ink, appearing to read 'David JF Smith', with a stylized flourish at the end.

David JF Smith, CEng

Mining Director

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1 EXECUTIVE SUMMARY

1.1 Introduction

IMC Group Consulting Limited ("IMC" or "the Consultant") has been commissioned by New World Resources Plc ("NWR" or "the Company") to prepare this "Competent Person's Report" (CPR) on the coal mining assets owned by NWR Karbonia SA (NWRK). NWRK is a wholly owned subsidiary of NWR.

NWRK is considering the development of an underground mine to exploit the coking coal reserves of the Dębieńsko Area (Dębieńsko Mine or the Project) located in the Upper Silesia Coal Basin in Southern Poland.

The Dębieńsko Project is the subject of this CPR.

NWRK has developed a Pre-Feasibility Study for the Project and this has provided the basis for this CPR.

This report, which has been prepared by a team of experienced mining professionals, summarises the findings of IMCGCL's review of the subject project. IMCGCL consultants visited the site between 5th and 7th June 2014.

1.1.1 Background

The majority of the Dębieńsko area is located within the borders of Czerwionka-Leszczyny town within the Rybnik district. Other administrative units occupy small sections in the eastern and northern parts of the deposit area.

The Dębieńsko deposit neighbours Knurów-Szczygłowice mine in the north-west and in the north, Budryk mine in the north-east and the Bolesław Śmiały deposit in the east.

The nearest towns are Rybnik 10km to the south, Knurów 10km to the northwest, Mikołów 15km to the northeast and Orzesza 10km to the east.

The Project site is centred on the brownfield site of the former Dębieńsko mine, which closed in 2000. The old mine consisted of several mines that were joined together around 1889 to form one large complex. Mining stopped in 2000 and four of the six mine shafts were backfilled. Two shafts remain open and operable and are maintained for the purpose of pumping water from the abandoned works to protect neighbouring mines.

A mining license was granted to "Karbonia PL" in 2008 for a period of 50 years in two stages: construction of mine site by 2018 and production of coal from seams 401/1 to 410 up to a depth of 1,400m for 40 years.

NWRK presently owns two administration buildings rehabilitated by NWRK, which will ultimately be the future centre of operations for the company. These are located on a small parcel of land within the former Dębieńsko mine site.

Significant capital investment would be required to commence production, after an eight/nine year pre-production development and construction programme.

1.2 Geology

The Dębieńsko deposit is located within the Upper Silesian Coal Basin, which is one of the largest in Europe covering an area of about 7,400 km² in southern Poland and the Ostrava-Karvina region of the Czech Republic. It comprises a thick, up to 8,500 m, sequence of Upper Carboniferous sediments, subdivided into four lithostratigraphic units, the Paralic Series, Upper Silesian Sandstone Series, Siltstone Series and Cracow Sandstone Series. The Upper Carboniferous sediments are divided into three distinctive groups on the basis of regional characteristics. These are the Orzesze, Ruda and Siodłowe beds.

The target coal seams for the new project are located in the Ruda Series, which contains a total of 24 documented seams, designated Seam 401/1 to 410, of which 18 seams are considered as being of an exploitable thickness.

In the neighbouring deposits coal rank is observed to change with an increase in depth. The coal seams grouped in Series 300 are known to have thermal coal characteristics whilst the seams in Series 400 and older are known to be semi-soft to hard coking coals.

The deposit is suitable for coal extraction utilising underground longwall techniques. The deposit is classified as Group II under the Polish System, which is defined as simple to moderately complex in terms of its tectonic structure and sedimentological characteristics.

The coal seam structure, thickness and quality are reasonably defined by the exploration programmes undertaken in the past; and the limited mining history at Seam 401/1 and younger seams in the sequence confirms the quality of coal being mined at the time.

The target coal seams are of sub-bituminous to bituminous grade having volatile matter content ranging from 16.0% to 24.41% on a dry, ash free basis. Moisture content of the seams is between 0.65% and 1.42%. The calorific value for the coal seams ranges from 26.0 to 33.0 MJ/kg (daf). Ash content is variable but seam averages range from 2.3% to 9.3% (from the computer model database).

1.3 Resources and Reserves

The resources and reserves of the Dębieńsko Mine area have been estimated by various state geological institutions and more recently by NWRK in line with principles of the classification system used in Poland.

The basis of the Polish classification system assigns resources to clearly defined categories combining measures of confidence of resource identification with criteria of economic feasibility to enable the State to keep balance books of national mineral resources for planning purposes.

In the PFS, resource estimates for Dębieńsko have been reviewed in terms of the nature of evidence to confirm the reasonableness of the existing estimations. The resources were then restated as Measured, Indicated or Inferred resources in accordance with the JORC

Code 2012 - Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code").

The criteria for the estimation of resources is based on coal seams greater than 1.0 m in thickness and with a minimum of 15,000 kcal/kg calorific value and sulphur value less than 2%.

Using these cut off limits, the resources in the seams of interest to NWRK the resources statement of the individual units were reviewed during the PFS and the Coal Resources re-stated in accordance with the JORC Code as shown in Table 1-1.

Table 1-1: Resources at Dębieńsko Mine in Compliance with the JORC Code as of 1 April, 2014

Seam	JORC Based Resources (x1000 Tonnes)			
	Measured	Indicated	Inferred	Total
401/1	6,062	15,579	21,593	43,234
401/2	84	5,425	1,779	7,288
402/1	958	29,422	21,777	52,157
403/1		21,084	21,449	42,533
403/2		18,302	3,661	21,963
403/3		1,117	65	1,182
404/1		13,375	9,787	23,162
404/3		8,828	5,443	14,271
404/4		2,676	5,807	8,483
404/5		4,975	6,518	11,493
404/9		35,727	11,139	46,866
405		45,543	33,950	79,493
406/1		-	2,404	2,404
407/2		3,419	14,593	18,012
407/3		5,659	33,375	39,034
407/4		532	9,213	9,745
408/1		2,461	12,730	15,191
408/2		1,677	16,691	18,368
408/3		2,555	20,094	22,649
408/5		15,777	7,759	23,536
409/1		-	26,692	26,692
409/3		-	13,286	13,286
409/4		-	9,361	9,361
410		-	5,740	5,740
Total	7,104	234,132	314,907	556,143

The life of mine plan prepared by NWRK assumes the majority of production comes from Seams 401/1, 401/2, 402/1, 403/1, 403/2, 404/1, 404/5, 404/9 and 405. Further tonnage is estimated to be extracted from the deeper seams (407/2, 407/3, 408/1, 408/2, 408/3, 408/5, 409/1, 409/3, and 409/4) between 2059 and 2083. This would be subject to the extension of the licensing period beyond 2058 and the approval of Deposit Development Plan under the Polish law and regulations. IMCGCL sees no reason to doubt that this will be granted in due course.

NWRK has estimated a mineable coal resource that is based on a reasonably detailed mine plan and that includes the appropriate mining dilution and mining losses. This has been used in the economic model assessed in this CPR.

Previously a Coal Reserve of 190 Mt (under the JORC Code 2004) has been disclosed by the NWRK. This was based on a MER produced in 2008 by JT Boyd in a course of an IPO of NWR. However, on the basis of the current proposed mine (as set out in further detail in 1.4. below) and at a projected long-term mid-volatile coking coal price of €124.7/t for Dębieńsko coking coal, the Project is marginally sub-economic and this prevents a statement of Coal Reserves in accordance with the JORC Code 2012 being made. IMCGCL notes that at the time of preparation of this report, the estimated price for Dębieńsko mid-volatile coking coal was €101/t.

IMCGCL has fully reviewed the Project and has confirmed that the level of engineering and cost estimation is at a suitable level for a pre-feasibility study and that the project is fundamentally sound. If the coal price increases in the future then IMCGCL expects that it will be possible to state Coal Reserves in accordance with JORC.

1.4 Mining and Present Mine Plan

The coal seams at Dębieńsko Mine have been continuously extracted from the late 18th century until the mine was closed in 2000.

During that period the mine worked 29 of the Orzesze coal seams (from 325/1g to 364/1) and Seam 401/1 of the Ruda series.

The workings of the old mine are currently flooded below -460 masl (approximately 710 mbs) but are continuously dewatered by Spółka Restrukturyzacji Kopalń S.A. – “Centralny Zakład Odwadniania Kopalń” (CZOK- “Central Mine Drainage Department”) to protect the adjacent underground mines from increased groundwater inflow.

The present mine plan for the new Dębieńsko mine envisages extraction of the seams in the Ruda series, between Seam 401/1 at a depth of about 750 mbs and 409/4 at a final depth of approximately 1,400 mbs. The selected mining method is retreat longwall mining.

NWRK has a current extraction license valid until 2058. Over this timeframe Seams 401/1 to 405/0 inclusive will be mined. The current mine plan includes extraction of the lower seams (405 to 409/4) that are scheduled to be mined outside the current licence period and this would require the granting of an extension to the current licence. IMCGCL presently sees no reason why this would not be granted to NWRK in due course.

The mine plan envisages the extraction of 18 target coal seams (nine within the licence period) in descending order, with a target clean coal production rate of about 3.15 Mtpa. This requires a run-of-mine production (ROM) of approximately 5.2 Mtpa. The development plans envisaged by NWRK propose to access the target seams by way of two vertical shafts, Shaft I and Shaft VIII, situated in the centre of the mine site.

NWRK intends to access the target seams by the construction of a new vertical shaft, Shaft VIII, and the re-excavation, refurbishment and deepening of the existing Shaft I. This is an existing brick-lined shaft that has been backfilled to surface.

Shaft I will be used initially as a service and upcast (return air) shaft with Shaft VIII as the downcast shaft (fresh air intake) and for transport of men and materials.

Later in the mine life (by 2035), a further new shaft, Shaft VII, is envisaged being sunk to a depth of 1,344m to provide ventilation and coal hoisting from the deeper levels of the mine.

All of the target coal seams dip at an average of 12°, with thicknesses ranging from 1.2 to 5.0 m at a depth of 750 to 1,400 m.

The proposed mining method is single slice retreat longwall (LW) mining, which is a well known method in Poland and internationally and is well suited for the given conditions.

The length of the panels will typically be between 600 m and 3,000 m, the panel width will be 250 m. Coal cutting will be bi-directional i.e. coal will be cut on each pass of the shearer along the faceline.

Double usage of gate roadways is planned without the use of rib pillars between the adjacent longwall panels. Retreat longwall mining methods are well proven and understood in Poland and are appropriate to the expected conditions. IMCGCL concurs with the selection of this extraction method for the Dębieńsko seams.

A preliminary mine plan and LW panel layout has been prepared for each seam within the licence area and this has been used to estimate a mineable coal inventory. The base date of the plan is 2015 and has been used as the basis for the economic assessment presented in this report.

The estimated run-of-mine (ROM) coal includes internal and out-of-seam dilution from the coal panels plus the waste dilution that will be mined as part of the developments.

Underground development starts in Year 5 (2020) of the Project. Full production from three LWs is envisaged from Year 10 (2024).

The mining license agreement sets limits on the surface subsidence caused by mineral extraction and this restricts the potential rate of retreat of the longwalls. This has been factored into the development of the Life of Mine Plan (LOMP).

The targeted annual production is 3.15 Mtpa of clean coal, which approximates to a tonnage of approximately 5.2 Mtpa ROM. To achieve the planned annual production three longwalls are needed to be simultaneously in operation, assuming a production year of 300 days and face move duration of three months per move. The Company has used acceptable face

advance rates to prepare the LOMP. These vary between 7.5m/d and 2.7m/d in the thickest seams.

The face retreat rates estimated by NWRK for Dębieńsko Mine are in line with those regularly achieved at the adjacent Budryk and Knurów Mines working in comparable conditions under similar subsidence restrictions.

Suitable coalface and roadheading equipment available in the local Polish market has been assumed for the capital estimate. The specifications will need to be refined at the next stage of development.

IMC has examined the current mine plan and is satisfied, based on the current knowledge of the deposit, that it is achievable.

1.5 Mine Infrastructure

1.5.1 Surface

The mine site is approximately 41 km from the city of Katowice which is the location of the nearest international airport, situated 30 km from the city centre.

There is a good existing asphalt minor road system, which surrounds and connects the Dębieńsko mine site to the major road network.

In order to construct the Project, NWRK needs to acquire about 191 ha of additional property for the mine surface complex.

The location and proposed layout of the new and refurbished surface facilities are consistent with an efficient mine layout for the planned tonnages and the Dębieńsko surface design and facilities will principally follow the original mine layout.

There should be sufficient spoil storage area for the Life of Mine (LOM) project on the designated mine refuse area; however this has not been verified in detail at this stage.

The Coal Processing Plant (CPP) will be a new complex, designed to process the planned ROM production and planned for commissioning before the first longwall starts producing coal.

Existing rail dispatch and marshalling yards still exist on site but will require refurbishment and redevelopment for the Project.

NWRK plans to eventually construct three new access shafts (I, VIII and VII) for the Dębieńsko mine, comprising two skip winding shafts and one man/materials shaft complete with associated winding apparatus and insets planned at levels 690m, 850m, 1250m and 1400m deep.

In the initial phase, the old Dębieńsko No1 shaft will be re-excavated and deepened to 944 m depth within about 5 years and will operate initially during pre-production development of the mine as a man/materials winder but will then be converted to a skip hoisting shaft for the start of production. Shaft VIII will be a new 9m diameter shaft to a depth of 1400m and commissioned after 8 years, for man/materials access enabling men and material to be

transported underground. Shaft VII will be constructed much later in the project life to access the deeper reserves.

Power will be supplied to the mine by four separate robust incoming grid supplies derived from independent sources comprising different voltages each with varying capacities, giving a total of 66.2MVA (approximately) available at the mine. At full production the maximum power demand of the mine is estimated to be 36.2 MVA.

The local mine power utilisation network will utilise a local power grid rated at 6kV and will be distributed to various substations located on the mine site (3 phase 50Hz system). The 6kV supply will be transformed down to 3.3kV, 1kV, 0.5kV, 0.4kV and 0.23kV utilisation voltages.

Water requirements are estimated to be 644^{m³}/d. Water will be supplied from return water from the desalination plant, which treats water from the old mine and from the municipal water supply system.

Dębieńsko mine and processing plant are designed for zero discharge and all mine water will be transferred to the existing desalination plant. Domestic waste water will be discharged into the municipal sewage system and process water will be recycled.

1.5.2 Underground

The underground infrastructure has been designed to support mining operations from three longwalls simultaneously together with sustaining LW and capital developments.

ROM coal will be conveyed from the LW faces to twin 3,000 tonne bunkers which will be constructed and located adjacent to the Shaft I and VII to allow continuous skip winding.

The underground conveyor system has been specified at 1200mm wide for face roadways and 1,400mm for main roadways with a proposed ROM tonnage capacity of 16,600 tonnes/day.

The proposed materials transport system is primarily a combination of rail vehicles loaded in the surface stockyard compound and roof mounted suspended diesel monorail locomotive systems underground. This is a standard and familiar method of materials transportation in Poland.

1.6 Coal Preparation

A preliminary flowsheet and coal preparation plant (CPP) has been engineered as the basis for the PFS.

The purpose of the engineering has been to develop a modern processing complex, producing mainly high-quality met grade coking coal with a lesser quality steam grade coal.

No results of any test work needed for CPP design are available for the target Dębieńsko coal seams at the time of this report.

In order to develop a basis for the CPP, engineering information from neighbouring Szczygłowie-Knurów and Budryk Mines working the upper seams in the same suite have been used for Dębieńsko.

The information available from the adjacent mines has been used to simulate the expected ROM coal. This methodology is acceptable for a pre-feasibility, but will certainly require confirmation at the feasibility stage.

This work has been carried out by Seperator-Roberts & Schaefer Sp.z o.o. (SRS).

IMCGCL notes that other quality data and parameters such as sulphur, volatile components, calorific value, coking quality, CRI, Si index, dilation, phosphorus were derived from boreholes samples of the target Dębieńsko seams on a whole seam basis.

Density distribution of individual grain size ranges is required for prediction of recovery and yields of the future plant. The size distribution used by SGS does not appear to be applicable to a soft coking coal (HGI 70 to 90) mined by shearers. In IMCGCL's experience it is to be expected that roughly 60% of the ROM would be less than 10 mm, which is a higher percentage than is currently being predicted by the screen analysis of the reference coal.

The origins of these ROM screen analyses, how the coal was mined and what the Hardgrove Index of the referenced coal was, all need to be confirmed.

Nevertheless, it is most likely that the seams of Dębieńsko mine will, to some extent, correlate to those of the neighbouring mines but this needs to be confirmed by additional sampling from any future borehole core and subsequent test work.

In the absence of any washability data specific to the target seams at Dębieńsko, the CPP design must be considered preliminary and the projected yields to be speculative and viewed as a risk area of the project. Although adopted for the purpose of this report, IMCGCL notes the preliminary nature of this data and yield projections. For the feasibility stage additional testwork investigations will have to be carried out with original material from the target coal seams.

It is proposed that the plant be designed to match the capacity of the shaft, with a theoretical capacity of 1,100 t/h for Shaft I and 980 t/h for the future Shaft VII. On transfer from the shaft, the ROM coal will report to a screening & crushing station adjacent to Shaft I. Bunker storage of 16,000 t will be provided between the shaft and the CPP.

Due to the proposed bunker capacity, the effective capacity of the CPP can be lower. To handle 5.3 Mtpa, design capacity of the plant will be 1,000 t/h only. This capacity considers an availability of 95 % and an overdesign factor of 1.05 and 20 h of operation.

The primary objective of this screening crushing plant is to prepare the ROM coal for the CPP in terms of top grain size. Additionally the screening crushing plant is usually used to remove impurities such as wood and tramp iron, which in the current design is supposed to be done by picking belt, but alternatively could also be done with a rotary breaker.

Process technology selected is standard technology widely used for the beneficiation of similar coals in Poland. The technology is reliable and proven in at least 30 comparable CPPs in the Upper Silesia region.

The basic design features of the selected flow sheet (Annex 30597-PK-M-15 CPP Flow Sheet in the PFS) are as follows:

- Three product heavy media separation of the class 100-10 mm;
- Three product heavy media cyclones for the class 10-0.5 mm;
- Two product spiral separators for the class 1-0.3 mm;
- Froth flotation for the class 0-0.3 mm;
- Closed process water circuit with no effluents to the environment;
- Thickeners for coal sludge and flotation tailings;
- Filter presses for dewatering of flotation tailings;
- For the emergency purpose only the interim clarification of circulating water two settling ponds equipped with a pumping stations to recycle the water to the plant.

However, without knowing the expected size distribution of the ROM IMCGCL cautions that there is no certainty that sufficient capacity of the fines treatment has been provided, particularly in light of the predicted softness of the coking coals. Some adjustment of the proportions fed to the heavy medium bath, heavy medium cyclones and even to the spirals may be needed if the original sizing assumptions are shown to be unrealistic.

The thickener and froth flotation section are the main processing units most at risk from any underestimation of the amount of fines in the ROM.

The clean coal handling system will be based on a batch weighing loading systems, where the coal to be loaded into a wagon is pre-weighed into a container before being “flood loaded” into the rail wagon. This system requires a storage hopper above the loading flask with a capacity of only three rail wagons or approximately 200 tons.

Two longitudinal clean coal storages with a capacity of approximately 65,000 t each and equipped with mechanised stacker and reclaimer system will be used to ground stockpile different qualities of coal.

For the purposes of this report and the financial model on which it is based, a total yield of 61% has been assumed from the ROM feed to the plant and that 95% of the clean coal will be of coking coal quality, with the remaining 5% being thermal coal.

It is strongly recommended that the assumptions made in the pre-feasibility need to be confirmed by laboratory test work before or during the definitive feasibility stage.

1.7 Environmental

NWRK's license covers an area of 31.7km² to a depth up to 1,400m in a region consisting of mixed urban, industrial and agricultural development located in the municipality of Czerwionka-Leszczyny within the province of Silesia, Poland. Agricultural lands and forestry account for 79% of the license area.

Presently NWRK owns administration buildings on a small parcel of land within the site of the former Dębieńsko mine. In order to construct the mine shafts, surface infrastructure, process plant, stockyards and waste storage facility for a new mine, Karbonia requires an additional 190ha of adjacent land.

NWRK has acquired the necessary approvals required at this stage of the Project but planned changes will require a new environmental Decision. NWRK has received a 50-year concession for the extraction of coal and methane, as the accompanying mineral deposits "Dębieńsko 1" (license No. 8/2008). The license is valid for a period of 50 years in two stages for construction of the mine site by 2018 and production of coal from seams 401/1 to 410 up to a depth of 1,400m for 40 years.

As the Project proceeds, additional permits will be required for activities such as facilities' construction, underground water abstraction, releases to atmosphere and operation of extractive waste dumps.

The region surrounding the proposed mine site includes environmental and social features which are susceptible to potential impacts from the mining and processing operations. These include air quality, surface waters, underground water, land surface, natural habitats, cultural monuments, property and the local communities.

The environmental impact of the proposed project is described in a detailed Environmental Impact Assessment (EIA), prepared by the Main Office of Mining Studies and Projects in Katowice, in February 2014. This takes account of updated plans to mine all 18 seams 401/1 to 410, some other planned changes and the delay in the completion of construction beyond 2018. The EIA assesses the magnitude, extent and duration of these impacts during the construction, operational and decommissioning phases. Apart from subsidence effects none of the post mitigated impacts are assessed as severely negative or unmanageable.

NWRK has not yet submitted the EIA and application for the license amendment but indicated that typically 9 months review and consultation is required for a new Decision.

IMCGCL has not carried out a detailed review of 2014 EIA. However the EIA structure, content and methodologies for impact identification and assessment are broadly consistent with internationally accepted Environmental Social Impact Assessments for major mining projects world-wide.

The development will not encroach on greenfield land or result in additional visual intrusion. Apart from subsidence damage to land and property, none of the environmental impacts are assessed as severe or un-manageable.

The social impact is assessed as positive due to employment prospects and economic benefits to the community. Negative effects such as noise, dust and traffic nuisance will require appropriate monitoring and management.

1.8 Capital Costs

A detailed capital expenditure forecast has been prepared by NWRK consisting of two main elements:

- Pre-production capital investment to bring the mine into commercial production.
- Ongoing sustaining capital expenditure including the capital investment required to access lower levels by sinking an additional shaft in the future

Total pre-production capex involves expenditure of some 3,456 million PLN (€833 million) in construction, infrastructure and equipment, which is spread over about nine years. As per the present mine plan used for the pre-feasibility study, construction is scheduled from 2015.

A total of five sets of longwall equipment are planned to accommodate production from three faces simultaneously. Roadheading teams number seven; three on major, capital developments and four to head out faces.

Capital expenditures for equipment, shaft and infrastructure construction are supported by budget quotations received from potential suppliers and as such are suitable for the purposes of a PFS level assessment. Replacement of major items of equipment and an additional shaft are included in the sustaining capital. Generally, replacement assumes that shearers will work for ten years. Shield supports will be replaced after a set number of cycles and on average, this seems to work out at about a twenty year life.

Over the life of the mine, an additional 8,975 million PLN (€2,164 million) will be spent on replacement equipment and other essential items such as a third shaft.

Total capital expenditure over the life of mine is estimated to be 12,430 million PLN or €2,997 million.

All prices shown above are as at current day prices.

In the opinion of IMC, at a PFS level of study, the capital expenditure estimates are adequate for the envisaged pre-production construction and the estimated outputs.

1.9 Operating Costs

The majority of operating costs have been estimated from first principles. Where detail is not available, global comparisons have been made with figures from a number of other appropriate sources.

The life of mine plan average operating cost per tonne as used in the financial model provided by NWRK is as summarised below as PLN/t clean coal and PLN/t ROM:

Table 1-2: Projected Life of Plan Operating Cost per Tonne sold

Average Life of Plan Operating Cost per Tonne Sold	PLN/t	Euro/t
Cost per tonne clean coal	255	61
Cost per tonne ROM	156	38

Again, the costs stated above are at current day prices.

The cost estimates have been benchmarked against production costs from other Polish and Czech operations costs and are considered by IMCGCL to be reasonably reflective of these.

IMC considers the production plans and budgets, with good management, to be attainable, the costs used are reasonable and the method used for estimation is logical.

1.10 Risks

The usual risks that apply to any underground mining project apply to Dębieńsko

These are:

- Geology
- Ground water
- Mineral Resources and Reserves
- Mining conditions
- Process yield and product quality
- Regulatory risk
- Market risk
- Financial

IMCGCL categorises most of the above risks as low. However, the areas that are considered to offer most risk to the Project are process yield and recoveries (low to medium) and medium to high risk for the project economics.

In the case of the process plant, everything has been based on assumptions taken from neighbouring mines. While this is a reasonable approach in the absence of better evidence, there is a risk that the coal quality and yield may be worse than presently envisaged. This risk will be mitigated once testwork on Dębieńsko coal has been undertaken, as is planned by NWRK.

1.11 Economic Analysis

NWRK has provided a detailed discounted cashflow (DCF) financial model with all cashflows expressed as pre-tax. The model is based on reasonably detailed mine planning and cost estimation.

The total production tonnage included in the model is based on the projected life of mine plan of 62 years and involves the mining of about 304 Mt of ROM coal.

The Project requires a large pre-production capital investment and as a result has marginal economics that are quite sensitive to the coal price assumptions.

At the current long-term consensus price for medium volatiles coking coal of €124.7/t assumed by NWR in discussion with IMCGCL, decreasing after 2058 to €121.2/t, the Project is marginally sub-economic.

1.12 Conclusions

IMC has reviewed NWRK's plans for the future mining operations at Dębieńsko, contained within the current draft of the Pre-Feasibility Study (May 2014) being prepared for the Project as well as other documentation provided by NWRK and offers the following findings:

- Based on the long term medium volatiles coking coal prices used in the economic analysis, the Project is marginally sub-economic. With the current level of project definition and cost estimates, the Project would require a marginal improvement in the coking coal price to achieve positive project economics.
- The deposit contains a large Coal Resource available for extraction in the Project, which was originally classified according to the Polish system of resource and reserve classification by NWRK amongst others. This has been re-stated in accordance with the JORC Code by IMC in the PFS as being 234.2 Mt in the Measured and Indicated category with a further 314.9 Mt in the Inferred category.
- NWRK has previously disclosed a coal reserve of 190 Mt, based on a MER from 2008 authored by JT Boyd in the course of an IPO of NWR and these have been registered with the Polish authorities. Although the Polish system takes account of factors that influence the costs of production, unlike all international reporting codes, it does not require the estimator to take account of overall Project economics in determining the reserves. The JORC Code requires that the extraction of coal has been demonstrated to be economically viable in order for Coal Reserves to be stated. In the case of Debiensko and at the coal prices used in the financial model prepared for this report, the Project is marginally sub-economic, so no Coal Reserves in accordance with JORC 2012 can be stated.
- However, IMCGCL considers there are reasonable grounds to believe that with higher coal prices in the future and possibly through the further refinement of the engineering and cost estimates that would likely result from advancing the Project to a Feasibility Study, the Project economics will be improved. Under these

circumstances, Coal Reserves could be stated and IMCGCL would expect them to be of a similar tonnage to those previously disclosed.

- The mine plan presented in this CPR and that provides the financial model is based on an estimated 304 Mt run-of-mine coal.
- Generally, IMC finds that the planned Project development and future operations have been engineered to an appropriate level of detail for a pre-feasibility study and that the estimated costs are similarly reasonably well founded for the current status of the Project.
- The LOMP, prepared by NWRK, extends for a total of 62 years (2083), which is unusually long and IMCGCL notes that projections of mine production and costs so far into the future should be viewed with some caution.
- IMC notes that the long-term mine plan includes the extraction of deeper coal seams that are within the extraction licence held by NWRK but will be worked outside the current timeframe of that licence. However, there are reasonable grounds to assume that an extension of the license will be granted to NWRK that will allow extraction of these seams at some point in the future.
- NWRK has prepared a very detailed mine plan for the initial 15 years of the mine production. IMC concludes that the mine plan has been prepared in sufficient detail to provide a sufficient level of certainty that the projected development and production plan and the associated costs of production are reasonably founded and at an appropriate level of accuracy for use in the financial model.
- The coal production rate is constrained by surface subsidence criteria, which has been factored into the life-of-mine plan in a reasonable way. As a result, the applied coal production rate is well within the performance capacity of the intended coal face equipment.
- The underground mine infrastructure and coal clearance systems appear to have been sized appropriately for the anticipated run-of-mine production.
- The capex estimates are well founded and based on a sufficient level of engineering detail for the current development status of the Project. IMC considers that there may be some opportunities to optimise the engineering and mine layout in the next stage of engineering study, particularly with regard to the shaft construction. Detailed equipment specifications will be required at the next stage of project development in order to refine and confirm the capital allowances for mining equipment.
- A reasonable approach has been adopted for the estimation of the mining operating costs and these have been benchmarked against known costs for other mines in the area. However, IMC notes that the envisaged labour force, whilst below that

prevalent in other Polish coal mining operations, is high in global terms and recommends that this be re-visited in the next stage.

- In order to proceed with the Dębieńsko mine construction and operation NWRK requires a further 191 ha of land, in three separate plots, adjacent to the existing administration buildings. All of this land is previously disturbed by historic mining operations and surrounded by other industrial activities.
- NWRK has deferred acquisition of the necessary land until the feasibility process is further advanced. The risk of NWRK being unable to acquire the land is considered low since it would be of little value other than to the holder of the mining concession.
- The land acquisition costs are included in the financial model.
- NWRK has acquired the necessary approvals required at this stage of the Project but planned changes will require a new environmental Decision. An Environmental Impact Assessment (EIA) was prepared in February 2014 but NWRK has not yet submitted the application and EIA for the amendment. In view of previously granted Decisions, IMC considers it reasonable to assume that the amendments will be approved by the authorities.
- IMC considers that the content, structure and methodologies of the EIA are broadly consistent with international standards for impact assessment of large mining projects.
- The development will not encroach on greenfield land or result in additional visual intrusion. Apart from possible subsidence damage to land and property, none of the environmental impacts are assessed as severe or unmanageable.
- The social impact is assessed as positive due to employment prospects and economic benefits to the community and the local communities are familiar and comfortable with nearby mining operations. The public and local civil authorities are reportedly generally supportive of the Project although IMC has not independently verified this.
- NWRK has made provision for closure rehabilitation of the mine site of approximately €25million in the financial model. IMCGCL considers this to be appropriate to the size and nature of the operation at this early stage of project detail.
- As with any underground mining operation there is some uncertainty over the actual mining conditions that exist at Dębieńsko and not all mining activity is entirely predictable. However, the NWRK mine management team has considerable experience of the likely mining conditions from their employment at neighbouring mines and this should mitigate the potential risks in this area.

- There is some cost risk that the ground support requirements may ultimately need to be heavier than is currently allowed for. However, IMCGCL does not consider that the effect on overall operating costs will materially impact the project economics.
- The risk of high and unexpected inflows of ground water into the workings will be mitigated by the fact that the permeability of the strata reduces with depth and the adjoining old mine workings are intended to be entirely dewatered prior to the start of new production.
- Due to a lack of site-specific coal processing data, the basis of the CPP design in the pre-feasibility study is to a large extent based on assumptions taken from neighbouring mines which are and were mining the seams in the same series. While a higher reject content will have no impact on the capability of the selected technology clearly this does impact on yield and product qualities.
- For the purposes of this report and the financial model on which it is based, a total yield of 61% has been assumed from the ROM feed to the plant and that 95% of the clean coal will be of coking coal quality, with the remaining 5% being thermal coal.
- It is strongly recommended to confirm the assumptions made in the pre-feasibility by laboratory test work during the definitive feasibility stage. At this stage of the project assessment, uncertainty exists as to the likely total yield that will result from the ROM.
- As the project economics are not positive at the current coal price and while it is not possible to state a Coal Reserve for this report, there is little doubt that a considerable coal resource exists at Dębieńsko and that it should be possible to mine this economically, with a marginal increase in coal prices and/or a reduction in the estimated costs of the Project. Although the Project presented in this report demonstrates marginally negative economics, and at the coal price used in this CPR is sub economic, IMCGCL considers that there are reasonable grounds to believe that with further optimisation of the project engineering, the associated costs and a sustained improvement in the long-term coal price the Project would prove to be economic.
- IMCGCL therefore recommends that the Project should be advanced to the next stage of study and further value engineering work should be carried out on the Project with a view to improving the project economics.

2 INTRODUCTION

2.1 Background

IMC Group Consulting Limited ("IMCGCL" or "the Consultant") has been commissioned by New World Resources ("NWR" or "the Company") to prepare a "Competent Person's Report" (CPR) on the coal mining assets of NWR Karbonia (NWRK).

NWR is a Central European hard coal producer. The Company produces quality coking and thermal coal for the steel and energy sectors in Central Europe through its subsidiary OKD, a.s. (OKD), the only hard coal mining company in the Czech Republic.

NWR currently mines in the Czech Republic and has several development projects in both Poland and the Czech Republic, which form part of the Company's regional growth strategy.

Headquartered in the Netherlands, NWR employs around 15 thousand people including contractors. NWR is a UK Plc and a constituent of the FTSE Small Cap index, with additional listings in Prague and Warsaw.

NWR is considering developing an underground mine to exploit coking coal reserves of the Dębieńsko Area (Dębieńsko Mine or the Project) located in the Upper Silesia Coal Basin in Southern Poland.

2.2 Location

The majority of the Dębieńsko area is located within the borders of Czerwionka-Leszczyny town within the Rybnik district. Other administrative units occupy small sections in the eastern and northern parts of the deposit area.

The Dębieńsko deposit borders with Knurów - Szczygłowice mine in the north-west and in the north, Budryk mine in the north-east and finally the Bolesław Śmiały deposit in the east.

The nearest towns are Rybnik 10km to the south, Knurów 10km to the northwest, Mikołów 15km to the northeast and Orzesza 10km to the east.

Multiple asphalt roads connect the deposit area with Knurów, Rybnik, Orzesze and Żory. The most important national roads nearby are - Road 925 connecting Rybnik with Halemba via Stanowice and Bełk, and Road 924 connecting Żory with Knurów and Gliwice via Czerwionka and Czuchów. The A1 Motorway runs across the eastern part of the deposit area. The railway lines Katowice-Rybnik and Gliwice-Żory also pass through the concession area.



Figure 2-1: Location of the Dębieńsko Deposit

2.3 Description of Assets

NWR through its subsidiary Karbonia PL owns the mining rights to the Dębieńsko project, northeast of Rybnik in Poland, the economic viability of which it is presently evaluating.

The project site is centred on the brownfield site of the former Dębieńsko mine, which closed in 2000. The old mine consisted of several mines that were joined together around 1889 to form one large complex. Mining stopped in 2000 and four of the six mine shafts were backfilled. The remaining two shafts are open and operable, but are maintained only for the purpose of pumping the abandoned works to prevent water from infiltrating into neighbouring mines.

The Centralny Zakład Odwadniania Kopalń (CZOK) Branch III District of Dębieńsko, part of Spółka Restrukturyzacji Kopalń S.A. (SRK), manages the infrastructure and shafts used for the pumping and desalination of water from the former Dębieńsko Mine workings to protect nearby operating mines from flooding.

The proposed Dębieńsko Mine would be located in the same area as the previous mine, but in the deeper seams that the original mines did not reach due to technological and practical limitations associated with previous mining equipment and infrastructure.

Presently NWRK owns administration buildings recently refurbished by NWRK, which will ultimately be the future centre of operations for the company. These are located on a small parcel of land within the former Dębieńsko mine site bordered by industrial facilities consisting of:

- MEGAWAT Sp. z o.o. thermal energy plant;
- Dębieńsko Coking Coal Plant, owned and operated by Jastrzębska Spółka Węglowa SA (JSW);
- Land under local authority administration formerly used as a repository for coal processing waste of the former Dębieńsko Mine, presently being re-processed by a third party company;
- Re-vegetated conical spoil heaps from historical mining activities, owned by KW a company established by the State to manage liquidated mine properties.;
- A railway siding and the Katowice to Rybnik rail line;
- Partially derelict buildings and mine workers' houses of the former Dębieńsko Mine under conservation protection Category A under the ownership of KW.

Upper coals seams within the resource area are contained in the strata unit known locally as the Orzesze Unit. The coals in this strata are generally quite thin, fragmented, and quickly pinch and die out. The lower portions of this strata were previously mined in the "old" Dębieńsko mine. Underlying these seams are coals contained within the Ruda (Rudskie) Unit, which are noted to be thick, relatively consistent, and of high quality.

The "old" Dębieńsko mine extracted only one of these seams (401/1) in the very upper section of the strata before mine operations ceased. The resource of interest for the "new" Dębieńsko deposit are seams that are contained within the Rudskie strata, which have not yet been mined and lie below and separated from the "old" mine workings.

Significant capital investment will be required to commence production, presently envisaged in 2022, after an eight year pre-production development programme.

The existing facilities at the site are in a dilapidated state and NWRK plans to replace most of the surface infrastructure with new facilities.

Presently the only property owned by NWRK at the site are the two offices blocks.

A mining license was granted to "Karbonia PL" in 2008 for a period of 50 years in two stages: construction of mine site by 2018 and production of coal from seams 401/1 to 410 up to a depth of 1,400m for 40 years. The license grants permission for coal extraction in accordance with environmental, social and safety constraints of the consent.

The assets analysed in this report are the planned mine, the coal processing plant and the coal handling facilities.

2.4 Ownership and Licensing

The first geological and exploratory work in the Dębieńsko region was conducted at the end of the 18th century. More than a dozen mines were in operation at shallow depths between 1792 and 1898. From 1896 onwards, these mines were merged along with Dębieńsko mining area and production continued without interruption until 2000, when it was closed.

Details of the statutory approvals and permits currently held by Karbonia are summarised in Table 2-1.

Table 2-1: Statutory Authorisations

License/Permit	Authority	Reference No.	Issue date	Validity
Mine license	Ministry of Environment	8/2008	24.06 2008	50 years
Mining agreement			24.06 2008	
Environmental Permit	Governor of Silesia province	Decision Śr/III/66130/85/07	21.02.2008	
Environmental Permit	Mayor of Czerwionka-Leszczyny		25.11.2011	

2.5 Report Preparation and Purpose of Report

This Competent Person's Report covers the Dębieńsko Mine and has been compiled in compliance with the "ESMA update of the CESR recommendations (ESMA /2013/319)" published by the European Securities and Markets Authority (ESMA) in March 2013. In particular, the report is written in accordance with the requirements of Paragraphs 131 – 133, which relate specifically to Mineral Companies and to Appendix I and II of the ESMA Recommendations.

The report has been prepared by IMC Group Consulting Limited in order to provide an independent technical assessment for the NWRK proposed mining operations. NWRK is a 100% subsidiary of NWR.

IMCGCL has been commissioned as independent technical consultants for the preparation of this report. The Competent Persons for this report are engaged as consultancy employees or sub consultants of IMCGCL.

IMCGCL has received fees for the preparation of this report. There is no other corporate or commercial relationship between IMCGCL and NWR nor does any such relationship exist through the individual signatories of this report.

2.6 Sources of Information and Methodology

A site visit to the property by consultants of IMCGCL (including the CP of this report) took place between 5th and 7th of June, 2014.

The report has been compiled following the site visit to the future mine site and the project offices of NWRK. The information and data was supplied by Mr William Schloemer and Mr. Michal Patalong and the NWRK team at site.

The CPR is based on an analysis of a Draft Pre Feasibility Study and other documents that have been used as the basis for the PFS work.

The original mine design was prepared by NWRK and implemented in an engineering study prepared by BSiPG, a Polish consultancy company. The Coal Processing Plant flowsheet is based on the work by Separator Roberts & Schaefer (SRS). The coal handling engineering and surface layout is based on engineering prepared by BSiPG. Several other reports such as estimations and design for shaft sinking of Deilmann Haniel have been used by NWRK.

Additional telephone conversations and email correspondence between IMCGCL and responsible personnel from NWRK took place during May/June 2014 to gain additional understanding and confirmation of project details.

2.7 Team Members and Experience

The Project Director for IMCGCL is David J F Smith who has over 30 years of domestic and international experience in mine consulting, mine contracting, mine engineering, project management and project evaluation.

The Project Manager, Florian Beier, also considered the financial aspects of the project, based upon the financial model supplied by NWRK. Florian Beier has worked as a PM and financial specialist for 15 years in the mining, minerals and consultancy industry worldwide with specific experience of investment and mine purchases.

The geological data was reviewed by David Foster who has more than 40 years of experience as a coal geologist worldwide working in both underground and surface mining environments.

Mining was reviewed by Dirk Wagner, IMC's Senior Project Manager and Principle Mining Engineer with more than 20 years experience in the mining, minerals and consulting industry. He has gained experience in both underground and surface operations and his expertise lies in mine planning, mine design, technical and economic evaluations of underground and open pit mining projects.

The environmental procedures, consents and environmental performance for the present report is reliant on the site inspection and reporting performed by Mr Michael George with over 35 years experience in mineral processing and over 17 years specialist experience in environmental assessment. He has performed services for over eight years as environmental consultant for IMCGCL.

Coal Preparation and Processing was undertaken by Peter Lambert with 35 Years experience in coal preparation and processing.

Infrastructure was undertaken by Stephen Janaway with 30 years experience in the coal mining industry and consultancy as electrical/mechanical engineer, and is experienced in Project Design, Project Management and engineering feasibility studies.

The work of the above experts can be relied upon and their qualifications are attached in Appendix A.

3 GEOLOGY

3.1 IMC's Approach and Methodology for the PFS

The following approach was adhered to in the implementation of the geology section of the PFS for the project:

- A data review on the existing material collated by the Client;
- Site visits between November 2013 and February 2014 to confirm the initial data review findings and collect further data;
- Meetings with the relevant technical personnel from the company and sub-contractor firms at the site;
- Preparation of a resource and reserve statement in compliance with the JORC-2012 Code and;
- Recommendation for future work in order to enhance the understanding of the geological and mining conditions at the site.

Examination of the PFS document and discussions with NWRK staff during the site visit, has led the competent person to agree with the methodology used in the preparation of the document. Examination of the documentation for the PFS shows that the format of the PFS follows that of the JORC 2012 template and hence the CPR also follows the JORC 2012 template with regard to the geology and resources/reserves sections.

3.2 General Findings

3.2.1 Location

The majority of the Dębieńsko licence area is located within the borders of Czerwionka-Leszczyny town within the Rybnik district. Other administrative units occupy small sections in the eastern and northern parts of the deposit area.

The Dębieńsko deposit is bordered by Szczygłowice Mine in the north-west, Knurów Mine in the north, Budryk Mine in the north-east and finally the Bolesław Śmiały deposit in the east.

The mine is well connected by roads, rail and the local airport is located some 50 km north east of the site.

IMCGCL concur with this description having seen the nature of the infrastructure in the area.

3.2.2 Geographical Characteristics

Geographically the deposit is located in a flat topographical area with small elevation differences that range from approximately +230 m to +324 m above sea level where the Ramża Mountain is located in the east. The Bierawka River flows south to north through the central part of the deposit to turn westwards to join the Odra River.

Most of the Dębieńsko deposit area is covered by agricultural lands and woodlands, the remaining part is occupied by residential, industrial and post-industrial zones and other man-made features such as water reservoirs and wastelands.

Industrial and post-industrial areas are situated in the central part of the deposit within the area of Czerwionka and Dębieńsko. These include mine shaft structures, slime separators, mine water desalination plant, and railway sidings.

Again IMCGCL have seen the surface and geographical conditions on the site and are satisfied that the description is reasonably accurate.

3.2.3 Licensing Conditions

The license was granted to "Karbonia PL" in 2008 for a period of 50 years in two stages:

- First Stage; construction of the mine site by 2018:
- Second Stage; production of coal for 40 years:

With regard to the mining, Dębieńsko falls within the control of the Regional Mining Authority in Rybnik. The approved co-ordinates for the area are given in Table 3-1.. IMCGCL notes that it has not undertaken any legal due diligence of the co-ordinates or of the licence.

Table 3-1: Concession Co-ordinates for Dębieńsko Mine

Polygon Point	Easting	Northing	Latitude			Longitude		
			Degree	Minute	Second	Degree	Minute	Second
1207	861953.93	218299.28	50	11	21.9450	18	41	47.2900
1208	861520.70	217560.43	50	11	7.8380	18	41	10.1250
1219	861156.53	216939.35	50	10	55.9780	18	40	38.8870
1220	859737.49	214363.22	50	10	9.7170	18	38	29.3490
1221	858970.54	212970.89	50	9	44.6990	18	37	19.3660
1	858996.44	212414.36	50	9	45.4550	18	36	51.3210
2	855935.89	212434.25	50	8	6.4050	18	36	53.0330
3	854434.58	212756.61	50	7	17.8640	18	37	9.6090
4	853992.04	213271.12	50	7	3.6160	18	37	35.6070
5	854009.40	214786.10	50	7	4.3890	18	38	51.8590
6	855231.41	215606.40	50	7	44.0490	18	39	32.9020
7	856238.55	215964.48	50	8	16.6890	18	39	50.7300
C	857,172.91	217,913.44	50	8	47.1660	18	41	28.7030
D	589,149.02	219,608.53	50	9	51.3090	18	42	53.7510
8181	858,896.65	227,718.17	50	9	43.4410	18	45	30.4600
8180	860,346.68	220,622.40	50	10	30.1750	18	43	44.6480
8190	856,105.31	212,968.42	50	8	11.9670	18	37	19.8920
8189	854,505.01	213,283.68	50	7	20.2200	18	37	36.1240
A	854,473.58	214,603.60	50	7	19.3870	18	38	42.5750
B	856,082.91	215,639.82	50	8	11.6100	18	39	34.4130

This license document highlights that the deposit will be worked by the underground mining method within the boundary outlined above and it grants permission for coal extraction in accordance with the environmental constraints of the consent.

3.2.4 History and Exploration

The first geological and exploratory work in the Dębieńsko region was conducted at the end of the 18th century. More than a dozen mines were in operation at shallow depths between 1792 and 1898. From 1896 onwards, these mines were merged along with the Dębieńsko mining area. From 1922, the site was under Polish administration. After World War II, the coal mine was governed by Rybnickie Zjednoczenie Przemysłu Węglowego (1976), and later on by Zabrzeńskie Zjednoczenie Przemysłu Węglowego.

By 1990, Dębieńsko mine site had obtained autonomy and started operating under the tough economic and financial conditions, taking the form of a joint stock company. On 1 March 1993, it was incorporated into Gliwicka Spółka Węglowa S.A. and continued working until 2000

The Dębieńsko mine has worked 29 coal seams in the past. These include seams from 325/1g, down to Seam 401/1.

The mining area is divided into two main areas: the Northern Zone in the north and Leszczyny Zone in the south. Mining in the past was conducted mainly in the Northern Zone. From 1984, the Leszczyny zone was also mined mainly on Seams 325, 326, 327, 328.

The most reliable data from the Dębieńsko site has been obtained through intensive mining at individual seam levels. This contributed significantly to the understanding of the deposit in detail especially from the tectonic point of view. A number of small and large faults as well as irregularities in seam morphology have been delineated on the basis of this mining activity.

In addition to the seam access through mine workings, the Dębieńsko deposit was also explored by surface boreholes. From the beginning of the 20th Century until the 1980s, boreholes were drilled from surface down to varying depths from a few tens of metres up to 2,290 m.

Some boreholes drilled in 1959 made correlation tenuous. However, more comprehensive data were obtained from 75 boreholes drilled to various depths between 1956 and 1986, which made it possible to identify Seams 325 to 364/1, Seams 401/a to 419 and deeper seams in detail.

In addition, 9 deep holes were drilled between 1982 and 1988. This provided more detailed work on geology, geophysics, and hydrogeology as well as engineering aspects for the assessment of quantity of coal available.

3.3 Regional Geology

The regional geology of the Upper Silesian Coal Basin has been well documented. It has been investigated in great detail due to intensive coal mining spanning more than a century; therefore the overall geological conditions are well established in the region.

This basin is one of the largest in Europe and covers an area of about 7,400 km² in southern Poland and in the Ostrava-Karvina region of the Czech Republic.

It comprises a thick, up to 8,500 m, sequence of Upper Carboniferous sediments, subdivided into four lithostratigraphic units, the Paralic Series, Upper Silesian Sandstone Series, Siltstone Series and Cracow Sandstone Series.

The Coal Measures high in the sequence contain 60 coal seams whilst the lower part of the sequence contains 250 coal seams. The thickness of individual seams can be up to 6-7 m in places. Permian, Triassic and Miocene age igneous intrusions are known to be present and can have an impact on the coal rank locally. The coal is primarily medium to high volatile bituminous depending on the depth, with low ash and sulphur contents.

3.3.1 Local Geology

The geological framework for the deposit is controlled by two stages characterised by an unconformity between the Quaternary – Miocene – Triassic units at the upper levels and the Carboniferous units below.

The higher formations are deposited in an almost perfectly horizontal manner over the lower Carboniferous formations. The top of the Carboniferous strata is an eroded surface and is deposited at the depth from +306 m above sea level (asl) in the eastern part of the area to -303 m (asl) in the southern part. The elevation difference of the Carboniferous top is about 610 m.

The deposit within the mine boundaries includes a number of coal seams from 401/1 to 410 down to a depth of 1,400m. The floor of Seam 410 and the 1400 m depth contour limits the concession.

3.3.2 Stratigraphy

The sediments within the license area belong to Quaternary cover (Holocene and Pleistocene), Neogene (Miocene), Triassic (Buntsandstein) and Coal Measures in Upper Carboniferous. The coal measures are further subdivided into Westphalian B Orzesze (Orzeszkie) Units that comprise Series 300 coal seams; Westphalian A Ruda (Rudzkie) Units which comprises Series 400 coal seams and Namurian B-C age Siedłowe Units which comprises Series 500 coal seams.

The geological documentation prepared for the State Authorities closely follows the division proposed by St. Doktorowicz - Hrebniński and T. Bocheńskiego in 1952 although more advanced divisions is also available for these units (Bojkowski K. and others, 1972).

3.3.2.1 Quaternary

The Quaternary thicknesses vary from 0.5 m in the eastern part to approximately 117 m in the area of the valley of the Bierawka River. It is mainly composed of Holocene and Pleistocene sediments.

The Holocene is represented by recent deposits such as river sediments (sands and silts) and made ground. The river sediments are characterised by their limited distribution and thickness.

The Pleistocene formations consist of glacial and river sediments made up of clays, loams, sands and gravels often interbedded with clay sediments.

3.3.2.2 Neogene – Miocene

The Miocene formations are present only in the north-western and southern parts of the area. Their thickness can reach about 522 m locally and include loams, claystones with interbedded sandstones and sands, as well as gypsum and salt formations. The bottom portion of these units often contains loam and sandy formations with small elements of weathered limestone and quartz pebbles.

3.3.2.3 Triassic

The thickness of Triassic sediments varies from 0 to 65 m. They are represented by dolomitic marls and marly limestones from the higher Röt formation and sandstones and claystones from Lower Buntsandstein formation. The presence of the Triassic formations was found mostly in the western and southern part of the Northern Zone and in the Leszczyny Zone.

3.3.2.4 Upper Carboniferous

Upper Carboniferous sediments were divided into three distinctive groups on the basis of regional characteristics. These are Orzesze, Ruda and Siodłowe beds.

3.3.2.4.1 Orzesze Beds

These beds have been well documented through boreholes and mining activity within the former Dębieńsko mine. They can be found at depths ranging from -610 m to -1550 m. They are present in the entire area of the deposit directly under the Quaternary cover. Their thickness can range from 440 m to 1550 m.

The Orzesze beds are rich in clay formations with subordinate sand formation. Claystones generally form thick layers deposited directly in the roofs and floors of coal seams. Mudstones often interbedded with claystones or silty sandstones are also observed within these beds. The sandstone formations are of variable thickness and are mostly fine to medium-grained with clay and carbonate and rarely silica cement.

Up to 70 seams are present but only 20 seams are documented in detail. These range between seams 325 and 364/1. These seams range between from 0.6m to 2.8 m in thickness and are characterised by large variations in thickness and ash content with frequent seam wedging and splitting.

3.3.2.4.2 Ruda Beds

Ruda Beds were examined in detail from a number of deep boreholes drilled between 1976 and 1988. These boreholes are Dębieńsko Głębokie 1 – 9, Szczygłowie IG – 1, Szczygłowie 15, 17, and 18. Partial information was also obtained during mining activity in Seam 401/1. The total thickness of these units is about 840 m and their lower boundary can be at depths ranging from 1450 to 2000 m.

Sandy layers are present in the Ruda units but these are less prominent (only 16%) high in the sequence from Seam 401/1 to Seam 407 compared to the lower horizons (40%) towards Seam 419. The coal seams are generally thicker (up to approximately 7.2 m) and are more consistent in terms of aerial distribution and quality. From Seam 401/1 to 410 (the zone of interest), 24 coal seams were documented. These are: 401/1, 401/2, 402/1, 403/1, 403/2, 403/3, 404/1, 404/3, 404/4, 404/5, 404/9, 405, 406/1, 407/2, 407/3, 407/4, 408/1, 408/2, 408/3, 408/5, 409/1, 409/3, 409/4, 410.

3.3.2.4.3 Siodłowe Units

Siodłowe units are dominated by medium to coarse-grained sandstones and conglomerates whilst claystones and siltstones are of secondary importance. The total thickness of Siodłowe units can be up to 250 m at a depth ranging from 1,700 to 2,000 m. Coal seams are present and are generally thicker (up to 15 m) than the 400 Series coals. Their morphology and aerial extent are consistent but they do not have any economic significance yet due to their depth of occurrence.

3.3.2.5 Structure

The most important regional tectonic element is the Orłowskie overthrust along the western border of the deposit. The overthrust amplitude varies from 2,200 m to 3,500 m and increases from south to north. The plane of the overthrust is dipped towards west at 30°. The majority of the Dębieńsko area is located to the east of the Orłowskie overthrust. Numerous faults with large throws up to 400 m are also present in the area. In addition, a number of small faults up to 5-10 m were also observed during coal seam extraction in the past.

The main tectonic dislocation is the Bełski "J" Fault with throw from 170 m to 220 m towards the south. This fault divides the area into the Northern Zone and Leszczyny Zone. The Bełski Fault is a large zone of disturbances, in which mining is not possible.

The structural dynamics in the area are described as being more complicated than just the simple separation of tectonic blocks. This is mainly due to the fact that secondary faulting, feathering effect and en echelon characteristics commonly encountered during mining activity in both the former Dębieńsko mine and the surrounding neighbouring mines can determine the extractable blocks.

Current spacing between the limited numbers of boreholes does not allow the delineation of these secondary faults. However the spread of the exploration boreholes indicates the common framework of the structure in the deposit.

Mine workings from previous coal extraction activities in the 300 Series seams and in the sequence above have documented most individual faults encountered during the last 200 years, thus not only contributing to the understanding the dynamics of faulting but also to establishing their morphological characteristics.

3.3.2.5.1 Northern Zone

This zone is characterised by several faults running parallel to each other. In total, seventeen large faults have been identified (named from A through H) with throws of up to 40 m proven by mining in the 300 Series seams and Seam 401/1 in Ruda units. The main directions of the faults are W – E and NW – SE. Each fault has been detailed in the PFS report and the majority are showing throws of greater than 10 m

3.3.2.5.2 Leszczyny Zone

The Leszczyny Zone is located to the due south of Fault L that has a throw of 180-200 m. The zone is divided into 5 tectonic blocks by 4 faults. The faults are of similar characteristics to those in the Northern Zone and their throws vary from 10 m to 400 m.

In addition to these large faults, there are a number of smaller faults with throws of up to 10 m in the deposit which were identified during seam extraction at different higher levels in the sequence. These can be projected like the larger faults to enable structural risk to be reduced in the 400 Series seams.

The overworking in higher seams give structural coverage to some 70% of the Dębieńsko deposit. This being the case and with plans showing the workings in each seam then the structural aspects of the deposit can be classed as proven for that part of the overworked area.

3.3.3 Deposit Type

The deposit type is determined as being an underground mineable deposit that would be suitable for coal extraction utilising longwall techniques from the newly constructed shafts. The deposit is classified as Group II under the Polish System which is simple to moderately complex in terms of its tectonic structure and sedimentological characteristics. The coal seam structure, thickness and quality are reasonably defined by the exploration programs undertaken in the past; and the limited mining history at Seam 401/1 and younger seams in the sequence confirms the quality of coal being mined at the time.

3.3.4 Coal Quality

The coal seams are of sub-bituminous to bituminous grade having volatile matter content ranging from 16.0% to 24.41% on a dry, ash free basis. Moisture content of the seams is between 0.65% and 1.42%. The calorific value for the coal seams ranges from 26.0 to 33.0 MJ/kg (daf). Ash content is variable but ranges from 2.3% to 9.3% (from the computer model database).

Coal assays were conducted on samples from drill cores and from the workings of the former Dębieńsko mine. Analyses were undertaken in the Katowickie Przedsiębiorstwo Geologiczne (KPG) laboratories and Central Mining Institute (GIG) in Katowice both of which are certified to the industry standards by the Ministry of Environment.

Production samples were also analysed in the mine laboratory at the time of the former Dębieńsko mine. The mine laboratory conducted only the basic tests on a large number of samples from coal seams at Series 300 which consisted of proximate analyses, calorific value, and total sulphur which helped to identify the type of coal under the Polish classification.

However, sampling from the coal seams in lower parts of the sequence is limited to the exploration boreholes carried out within the deposit and adjacent mines. Despite the wide spacing between the boreholes, the analysis carried out show little variation for the coal quality.

More specialised tests such as free swelling index, dilatometry, Roga test, plasticity indices, elemental analysis and low temperature carbonisation performance for coking characteristics were undertaken at Geological Enterprises Laboratory (about 90% of the tests) and Central Mining Institute Laboratory (about 10% of the tests).

The average results for various coal quality parameters are given in Table 3-2. According to this table, the majority of coals fall into the Group Index range of 35.1 to 35.2 corresponding to "coking coal" category under the Polish classification.

Coalification in the deposit generally increases with depth, but rank may change locally in both horizontal and vertical directions.

There are no documented petrographic results available from the past analyses. However, according to the Geological Document prepared for the Ministry, the vitrinite content is typically 70-80% whilst the clay minerals, pyrite, quartz, carbonates make up 5 - 10% of the total volume.

There are limited ash chemistry results (Deep Dębieńsko Boreholes 1, 4, 6, 7, 8, 9) and trace elements were analysed from only one borehole, Szczygłowice IG-1.

It is well known from the other parts of the Upper Silesian Basin that some coal seams can be extremely hard to negotiate during coal extraction. Seam 401/2 is recognised as being a hard coal in the neighbouring mines, is known to be harder than the roof measures at Dębieńsko and according to the anecdotal evidence, road headers were occasionally used to extract this coal in the past. Therefore it should be recommended to include the coal brightness profiles as part of the work into the test programme for the new boreholes drilled for the shafts and elsewhere.

Table 3-2: Average Coal Quality Parameters at Dębieńsko (From Computer Model)

Seam	Coal Thickness [m]	Seam Floor [m]	Ash [%]	Specific Gravity [g/c ^{m3}]	Volatiles [%]	Total Sulphur [%]	Roga Index	FSI	Dilatation
401/1	1.43	-844.88	4.55	1.36	23.6	0.71	74	7.4	174

401/2	1.68	-621.64	4.43	1.35	27.9	0.62	76	8.0	221
402/1	1.86	-768.08	7.10	1.36	22.8	0.74	75	7.7	165
403/1	1.37	-848.99	6.77	1.39	24.0	0.63	77	7.7	216
403/2	1.37	-719.74	5.20	1.39	26.1	0.50	81	7.6	206
404/1	1.33	-923.93	7.92	1.44	24.0	0.56	69	7.2	161
404/5	1.41	-754.16	4.76	1.43	24.2	0.39	81	8.5	199
404/9	1.91	-926.36	4.96	1.41	22.9	1.09	68	6.3	76
405	2.80	-980.12	7.74	1.37	19.6	0.34	62	6.6	74
407/2	1.48	-980.25	8.72	1.38	21.2	0.64	70	7.1	102
407/3	1.96	-982.75	4.59	1.42	20.6	0.73	69	7.8	141
408/1	1.34	-879.41	5.60	1.43	21.2	0.50	79	8.3	94
408/2	1.85	-974.96	3.88	1.47	20.0	0.51	79	7.5	103
408/3	1.74	-934.09	5.41	1.46	20.8	1.46	65	7.8	143
408/5	2.21	-931.14	4.92	1.45	22.2	0.57	73	7.9	81
409/1	2.14	-996.75	5.79	1.45	19.7	0.53	72	8.1	57
409/3	1.48	-1010.93	4.22	1.49	18.5	0.46	70	8.3	36
409/4	1.65	-1030.19	4.89	1.81	18.5	0.42	71	7.9	32
Total	1.84	-903.59	5.97	1.42	22.1	0.65	71	7.4	127

3.3.5 Other Geological Considerations

3.3.5.1 Hydrogeology

There are four water-bearing horizons present in the area:

- Quaternary – widespread, virtually over the entire area;
- Tertiary – of local occurrence and small quantities of water;
- Triassic – of local occurrence and small quantities of water;
- Carboniferous – where the mining activity will be pursued.

The Quaternary water-bearing units are composed of sand and gravel glacial sediments, ranging around 10-80m in thickness. These units are divided by a 12.5-45 m thick loam and clay formation in majority of the area creating two aquifer zones: the upper one with 4-29 m thickness and the lower one with 4-50 m thickness.

The Tertiary water-bearing units are only present locally in the northern and southern parts of the planned mining area of the future Dębieńsko mine. Groundwater is present within interbedded sands and gravels as well as sandstones and gypsums within Miocene loam complex. Tertiary formations may contain one to three aquifers of variable thickness from 0.5 to 15 m. Individual aquifers are isolated from one another and from other water-bearing units.

The Triassic water-bearing units are present only near the local beds of sand and sandstones of the lower Buntsandstein (Lower Triassic). The main area of Triassic occurrence is the northern border of the Northern deposit and the middle part of the Leszczyny deposit.

The groundwater in the Carboniferous formations is located within the sandstone layers covered by impermeable units, such as mudstones or claystones. However, mining activity in the past showed that the direct contact was also possible between these aquifers when caving practice applied.

The planned Dębieńsko mine will extract coal from the Ruda beds in which the former Dębieńsko operations had worked only Seam 401/1 at the time of closure. Furthermore, the closest old workings above (364/1) are located within the distance of 30-40 m. Therefore, the groundwater environment for the proposed "Dębieńsko" mine is under a strong influence from the former "Dębieńsko" mine.

Water is being pumped from the old workings by Centralny Zakład Odwaniania Kopalń (CZOK - Central Mine Drainage Department) to protect the adjacent mining operations from increased groundwater inflow. The inflow seems to remain stable (with a slight decreasing tendency). The data collected from the previous years indicate that the amount of water collected slightly decreased in the last few years and ranged from 15.08 m³/min to 9.63 m³/min.

The license area is also under the influence of hydraulic connectivity from the Szczygłowice mine in the west. The maximum allowed water level in the "Dębieńsko" mine workings is at -445 m due to this hydraulic connection. The current inflow into the drained "Dębieńsko" mine is about 10 m³/min. (14,400 m³/day). The total drainage balance of the "Dębieńsko" mine shows mostly waters with low levels of mineralisation. Its use for industrial purpose is restricted due to salinity issue.

The maximum groundwater inflow is observed at the upper mine levels and gradually decreases with depth. The four levels (112 m, 202 m, 310 m and 410 m) received an inflow of 11.36 m³/min (91.5% of the total inflow) whilst the deeper levels (600 m, 690 m and 781 m) received only 1.06 m³/min. of groundwater inflow (about 8.5% of the total mine inflow).

The main reason for the large water inflow to the "Dębieńsko" mine was unfavourable hydrogeological conditions due to numerous discontinuities in the Tertiary formations, where the Carboniferous sediments came into contact with water bearing Quaternary sands (effectively hydrogeological windows).

According to the NWRK team, the water flows into the planned new Dębieńsko mine will be relatively small despite the large water inflow to the abandoned "Dębieńsko" mine. This is concluded from an observed tendency of the inflow to decrease with depth in the "Dębieńsko" mine mainly due to the decreased porosity and permeability of the deeper rocks. This was also supported by the fact that no groundwater was found by the prospecting boreholes drilled over 1,000m depth.

The mine water inflow to the levels of the new Dębieńsko mine is predicted to be:

- Level -800m (from sea level) 0.8 m³/min.
- Level -1000m (from sea level) 0.5 m³/min.
- Level -1150m (from sea level) 0.2 m³/min.

The total inflow into the drainage system of the planned Dębieńsko mine is estimated to be around 2.5 m³/min on average. The inflow may be subject to temporary increases due to accessing into the new parts of the deposit.

It is expected that the fault zones in Carboniferous units do not provide open water pathways. However, ground water inflows are still common in the area. In addition, there is still a possibility of the presence of some water-bearing faults, which will require additional care during mining activity in such areas.

There remains some risk that water accumulated in the abandoned goafs and roadways of the former Dębieńsko mine offer a potential hazard. Low water inflows on the level of 781 m would suggest that such hazards are relatively low.

The Company anticipates that the water accumulated in the abandoned workings of the 401/1 seam will be pumped out by the drainage system of the former Dębieńsko mine before the commencement of mining activity in the area.

3.3.5.2 Seam Continuity

Seam wedging/tapering and splitting and wash-outs are common causes for the disruption of the seam continuity. Wash-outs are quite common in this part of the Upper Silesian Coal Basin. They can be observed especially in the upper coal seams in Group 300. It is also known from the surrounding mines that localised wash-outs can also occur in Group 400. They can completely erode the coal seams in places.

Seam splitting can be observed in Seam 404/1 whilst seam merging can occur in Seam 404/9 and Seam 405 reaching up to 9 m in thickness locally.

3.3.5.3 Rank Variation

A rank variation in the neighbouring deposits is observed with an increase in depth. The coal seams grouped in Series 300 are known to have thermal coal characteristics whilst the seams in Series 400 and older are known to be semi-soft to hard coking coals.

3.3.5.4 Heat Effect

Although there are known igneous intrusions in the other parts of the Upper Silesian Basin, no igneous activity has been documented either in the former Dębieńsko mine or surrounding neighbouring operations. Therefore, heat effect on coal due to igneous intrusions is not expected in the deposit.

3.3.5.5 Mining Under the Historical Underground Locations

The previous mining activity that took place in Series 300 is distant from the proposed working depths therefore the impact from these old workings is expected to be minimal.

3.3.5.6 Subsidence

Subsidence can be a major issue when the multiple seam extraction takes place. At Dębieńsko there are significant infrastructures that are safeguarded by protection pillars as required by mining regulations, and no extraction is proposed to take place under these features. Local subsidence of up to 5-7m at the surface however can be expected in the mining area.

The license conditions stipulate that deformation amount outside the protective pillars cannot exceed Category III under the Polish system. Subsidence modelling is undertaken for the entire mine area to predict the amalgamated subsidence rate for any given location. This initial subsidence modelling exercise has indicated that the subsidence can exceed Category III in some areas locally. In order to prevent exceeding Category III status, further modelling has been undertaken and the current exploitation model and longwall schedule fulfil the requirements of the license. It has to be noted that in accordance with the information provided by the employees of the Company the subsidence calculations can split into 10 years periods and each period is calculated from zero. This solution is in line with the Polish regulations and the latest subsidence model indicates that the subsidence categories do not exceed Category III as demonstrated through schedule adjustment for the panel layouts.

Table 3-3: Polish Subsidence Classification for Underground Mining Operations

Category	Suitability for Mining Development and Expected Damages at Surface		Magnitude of expected deformations		
			T [mm/m]	ϵ [mm/m]	Radius of Influence R [km]
0	Suitable	No protection of surface objects is needed	$T \leq 0.5$	$\epsilon \leq 0.3$	$R \geq 40$
I	Limited suitability	Minor, harmless damage of objects may occur	$0.5 < T \leq 2.5$	$0.3 < \epsilon \leq 1.5$	$40 > R \geq 20$
II		Easily fixable damage on objects may occur	$2.5 < T \leq 5.0$	$1.5 < \epsilon \leq 3.0$	$20 > R \geq 12$
III		Areas requiring protection for surface objects	$5.0 < T \leq 10.0$	$3.0 < \epsilon \leq 6.0$	$12 > R \geq 6$
IV		Areas requiring serious protection for surface objects	$10.0 < T \leq 15.0$	$6.0 < \epsilon \leq 9.0$	$6 > R \geq 4$
V	Not suitable	High probability of occurrence of discontinuous deformations on the surface (sinkholes, etc.)	$T > 15.0$	$\epsilon > 9.0$	$R < 4$

3.3.5.7 Geothermal Gradient

The geothermal conditions of the deposit were determined from nine boreholes and additional measurements taken from the previous workings of the former Dębieńsko mine. The results obtained indicate that average geothermal gradient value is 28.3 m/1°C and is

lower than the geothermal gradient value for Upper Silesian Coal Basin which is about 33 m/1°C.

The geothermal gradient will still be significantly high at the proposed mining depths so mitigating measures such as mobile cooling units and adequate ventilation practices need to be implemented at the working faces.

Table 3-4: Geothermal Gradient Obtained from Boreholes at Dębieńsko

Borehole	Borehole Elevation	Temperature (°C) Measured at Several Depths						
		202m	310m	410m	690m	781m	900m	1000m
DG-1	+254.78	11.1	14.5	17.8	26.4	30.0	34.9	39.5
DG-2	+272.60	-	-	-	28.4	31.0	34.7	38.2
DG-3	+304.90	14.4	16.9	20.1	-	30.6	-	-
DG-4	+286.14	13.3	16.0	19.1	-	31.2	-	-
DG-5	+263.95	13.6	16.1	18.3	27.1	30.3	34.3	38.6
DG-6	+255.96	11.9	14.8	17.8	-	30.8	-	-
DG-8	+271.70	14.4	17.3	19.8	27.3	30.3	34.4	38.3
DG-9	+273.99	-	-	-	26.2	29.6	33.3	36.6

3.3.5.8 Gas

The gas information on the deposit was obtained from the exploration boreholes (Dębieńsko D1-D9, Szczygłowie IG 1, Szczygłowie 15, 17 and 18) and underground mine workings from the former Dębieńsko mine. Gas investigation was conducted at the Methane Research Centre at KWK "Sośnica" in Gliwice. These included the determination of methane, gas chemistry analysis and on-board measurements for carbon desorption properties.

The gas regime at the deposit is governed by two distinctive features, a main monocline in the eastern and central portion of the deposit; and folded structures limited to the site of the Knurowsko-Leszczyńskiej Anticline at the western boundary of the mining area, adjacent to the Orłowski Overthrust. Both regions are intensely cut by numerous faults which assisted the degassing process. However, the methane content still increases with depth in the deposit.

The gas regime at Dębieńsko is moderately complicated.

- The degassed zone characterised by values below 2.5 m³ CH₄/Mg (daf) reaches to a depth of about 650-950m.
- Intermediate zone is characterised by values up to 4.5m³ CH₄/Mg (daf) and is irregular in shape due to partial degassing process.
- High methane zone is characterised by values above 4.5m³ CH₄/Mg (daf). It can be observed in a depth between -420 to -730m in the Northern zone and the depth between -430 to -690m in Leszczyńskiej zone.

The methane content of the seams is given in Table 3-5.

Table 3-5: Methane Content of Coal Seams at Dębieńsko

Seam	Northern Area				Leszczyny Area			
	No of Tests	Seam methane content, $\text{m}^3\text{CH}_4/\text{Mg}$ of PCS			No of Tests	Seam methane content, $\text{m}^3\text{CH}_4/\text{Mg}$ of PCS		
		Min	Max.	Avg.		Min	Max.	Avg.
401/1	28	0.001	9.628	1.091	2	6.577	10.746	8.661
401/2	1	4.801			1	11.410		
402/1	3	6.193	8.856	7.365	3	3.395	5.402	4.618
402/2	1	5.618						
403/1	5	0.620	10.914	4.726	1	11.093		
403/2	2	0.497	5.185	2.841				
403/3	2	6.879	12.932	9.856				
403/4					1	5.406		
403/5	1	9.718			1	4.178		
404/1	4	2.181	7.412	5.005	2	2.947	4.659	3.803
404/3	3	7.537	8.870	8.112	2	3.678	6.281	4.980
404/4	1	3.110			1	3.422		
404/5	2	4.336	9.637	6.462	1	6.462		
404/8	1	8.212						
404/9	2	2.480	12.433	7.457	1	6.427		
405	3	1.690	12.633	6.494	2	2.869	7.107	4.988
406/1	1	7.790			1	6.378		
406/2	2	3.820	5.608	4.714				
406/3					1	5.602		
407/1	1	11.366						
407/2	3	2.500	12.240	6.037	1	6.510		
407/3	2	3.361	5.860	4.611	1	5.292		
407/4	3	2.162	8.473	5.479				
408/1	1	3.138						
408/2	2	1.269	7.991	4.630				
408/3	2	2.359	2.806	2.583				
408/5	3	7.672	9.765	8.656				
409/1	2	8.594	10.776	9.685				
409/3	3	4.572	6.740	5.881				
409/4	1	5.132						
410	1	5.779						

3.3.5.9 Seismicity

Although the impact of seismic activity in the vicinity is negligible, the publicly available data indicates that the region is subject to some seismic activity whose magnitude ranges from 3.0 to 5.1 on the Richter scale. To the present time, these have not caused major disruption to on-going operations in the region.

3.3.5.10 Spontaneous Combustion

The tests conducted on a limited set of samples obtained from the boreholes in past exploration studies indicate that the coals are characterised by low and occasionally medium spontaneous combustion tendency (Group II and III under the Polish standard). However,

according to the Karbonia team, there have been no recorded underground fires caused by the spontaneous combustion of coal during the lifetime of “Dębieńsko” mine.

4 RESOURCES AND RESERVES

4.1 Introduction

The resources and reserves of the Dębieńsko Mine area were re-estimated by the various state geological institutions in line with principles of the system accepted in Poland.

Currently, the system used in Poland requires all reserves to be verified and approved by the relevant state authorities under the Polish Reserve Classification System before their full exploitation. Once the quantity of reserves is determined, it is regularly submitted to the State Authorities (Forms Z1-Z4) for further approval for statistical and tax purposes at the end of each production year as the national legislation requires. Adherence to the standardised national system of reserves and resources estimation is mandatory.

4.2 Categorisation of Reserves and Resources under Polish System

4.2.1 Methodology and Key Criteria

The basis of the Polish classification system assigns resources to clearly defined categories combining measures of confidence of resource identification with criteria of economic feasibility to enable the State to keep balance books of national mineral resources for planning purposes.

To determine the amount of geological data necessary to assign resources to various categories prior to an investment decision, mineral deposits are divided into groups reflecting the form and complexity of mineralisation.

In Poland, mineral deposits are divided into three groups depending on the size, and on variations in form, composition, type of mineralisation and grade. These groups are:

Group 1	deposits characterised by simple geometry and structure, uniform mineralised thicknesses, generally in excess of economically marginal thicknesses, and uniform distribution of grade and deleterious constituents.
Group 2	deposits either characterised by simple structure but showing irregular distribution of grade or deleterious constituents or vice versa. Mineralised thicknesses in such deposits commonly approach the marginally economic width.
Group 3	deposits characterised by complex geometry and structure, highly variable thicknesses and/or grades, and other deposits not falling into Groups 1 or 2.

(After Jakubiak and Smakowski; Classification of mineral reserves in the former Comecon countries; 1994)

The Polish mining legislation defines the mineral deposit as a natural or artificial mineral concentration exploitation which can bring an economic benefit. The economic benefit is not only the ability to generate a profit but also includes social benefits. The greatest terminological difficulties in the translation into English concerned the classification of resources. For instance, it is worthy of notice that no distinction is made in Polish between the terms “reserves” and “resources” and they are expressed by one word “zasoby”.

The principles underlying the Polish system are based on two reference axes, the abscissa indicating increasing degree of “reserve” identification and the ordinate, indicating increasing possibility of economic utilisation of resources.

Resources are classified as Documented Resources and Prospective Resources along the abscissa and Economic and Uneconomic along the ordinate.

4.2.1.1 Documented Resources

Documented Resources are those resources for which parameters, including quantity, quality and depth of occurrence have been investigated on a specified grid base and which are appropriately documented.

Documented resources are further subdivided into Categories A, B, C1 and C2. The density of the exploration grid is a vital element guiding the scope of investigations required for various categories and the regulations regarding this must be adhered to under all circumstances. These categories are: -

Category A: defined with a very high degree of confidence and fully assessed from the economic point of view. Accuracy of resource estimates are regarded as being within 10% of the actual total estimate.

Category B: defined as explored resources with a moderate degree of confidence and the qualities and properties of the deposit are known in sufficient detail to ensure the basic reliability of the project. Accuracy of resource estimates are regarded as being within 20% of the actual total estimate.

Category C1: require further work to improve the determination of their parameters and quality as well as further work into their exploitation and access. Accuracy of resource estimates are regarded as being within 30% of the actual total estimate.

Category C2: similar to C1 above but these resources are usually determined from widely spaced boreholes or outcrops. Accuracy of resource estimates are regarded as being within 40% of the actual total.

Industrial Resources: part(s) of economic reserves selected for extraction in the course of the mine design by taking into account mining losses and dilution.

Un-workable Resources: part(s) of economic reserves not included in workable resources.

4.2.1.2 Prospective Resources

Prospective Resources are divided into prognostic and theoretical resources. Prognostic resources are those that are inferred from indirect indications whereas theoretical resources are those that are expected to occur in a given geological environment but have not yet been discovered.

4.2.1.3 Criteria of “Balance”

Further criteria are also applied to the resources. These are feasibility criteria that define conditions at which the mineral resources could be regarded as being suitable for

commercially justified exploitation, the Criteria of Balance. The criteria defining whether resources are “Balanced” or “Non Balanced” (or “Out-of-Balance”) are complex but can be converted to several easily understood parameters, the most important of which include:

- Minimum quantity of economic resource available for extraction;
- Minimum average quality and/or maximum average content of allowable deleterious constituents;
- Requirements for the physio-mechanical and chemical characteristics of the mineral deposit;
- The effects of mining activity on the surface features hence leaving protective pillars for the surface infrastructure;
- Minimum thickness for the coal seams;
- Allowable maximum depth for workings;
- Stripping ratio of the deposit if the opencast method is chosen;
- Maximum thickness of barren or low grade intercalations.

If deposits attain these criteria within the accepted limits then they are stated as being “In Balance” and all resource figures quoted for the Dębieńsko in this report fall into this category.

4.3 Categorisation of Reserves and Resources under JORC

4.3.1 Estimation Method for Resources and Reserves

The standard adopted by IMCGCL for the reporting of the Reserves and Resources presented in this report is that defined by the terms and definitions given in “The JORC Code 2012 - Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (“JORC Code”) as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (“JORC”).

It should be noted that:

“The JORC Code is a Code for Public Reporting not a Code that regulates the manner in which a Competent Person estimates Mineral Resources or Ore Reserves. The term ‘JORC compliant’ therefore refers to the manner of reporting not to the estimates. Use of the words ‘JORC compliant’ to describe resources or estimates is potentially misleading. The words ‘JORC compliant’ should be interpreted to mean: ‘Reported in accordance with the JORC Code and estimated (or based on documentation prepared) by a Competent Person as defined by the JORC Code’.”

A key objective of the current report is to restate the resources and reserves of Dębieńsko mine undertaken under the Polish system according to the JORC system for public reporting.

The core difference between these two systems is the definition of “reserves”:

- In the Polish system, all assessed tonnages of potentially exploitable coal are referred to as “resources” and divided into two basic groups: Balanced (economic) and Non-Balanced (currently uneconomic) resources/reserves.
- In the JORC system, the term “Reserves” is used and is strictly defined as being only that part of the assessed tonnage of potentially exploitable coal which is demonstrated to be economically mineable and forms part of the well-defined (Measured and Indicated) category of assessed mineral. “Reserves” in the JORC code can only ever be a sub-set of what may be defined as “Measured and Indicated resources” and cannot be generated from the Inferred category of resources due to low level confidence in geological conditions.

The basic defining parameters to assess mineral resources in the ground are uniformly recognised; the formal procedures required by the Polish system may differ somewhat from those suggested by the guidelines of the JORC code, but these differences can be considered immaterial for the purposes of providing confidence to potential investors in a mining company.

Assuming competent and professionally auditable application of the criteria for both systems, there should be no material difference in tonnage estimates for assessment of in-situ coal resources. In both systems initial parameters of potential economic interest are applied through the application of cut-off grade and minimum dimensions of the potential deposit (thickness or width, relative overall tonnage and proximity to adjacent workable deposits). As a general rule the total of economic (balanced) and uneconomic (non-balanced) “resources” of the Polish system is equivalent to the coal resource base (Measured plus Indicated plus Inferred) of the JORC system.

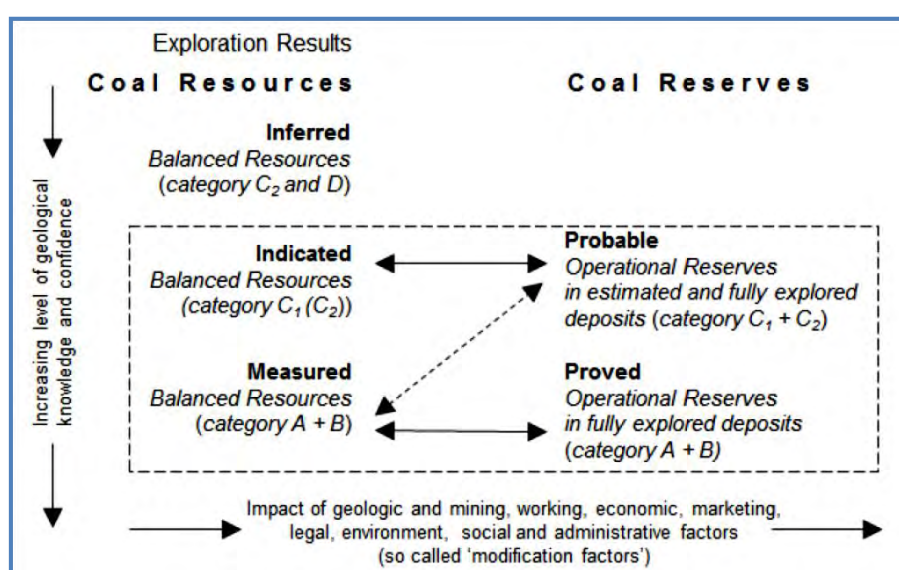


Figure 4-1: Classification of Reserves / Resources and Relationship of Polish Classification Categories with International Definitions (from Niec & Sobczyk, 2013)

The two systems diverge from each other when the resources are converted into the reserves:

- In the Polish system the balanced resources are modified by the application of mining loss factors, based initially on a conceptual mine development and established by a State Committee or Institute through historical statistical assessments from typical operations, and the resulting tonnage is defined as the “Industrial Resource”; this is the figure against which mining operations have to justify extraction of the resources, but in practice the “commercial” or “mineable” coal planned for eventual extraction by each mine may be a significantly different figure (“non-active reserves” are regularly written-off).
- In the JORC system, the relevant part of the coal resource base is up-graded to the status of reserves only where realistic appraisal has been performed to demonstrate that exploitation of the coal is viable and justifiable under reasonable financial assumptions; in practice this means that a mine plan and production schedule have been developed in conjunction with a financial model.

The critical difference is:

- In the Polish system, the “industrial resources” are a global figure which incorporates extraction over the “life of the mine”, determined possibly many decades before their actual extraction without considering the present economic conditions;
- In the JORC system the “reserves” relate to extraction as part of an up to date realistic economic model, which in practice refers only to a production interval of 20-30 years maximum (discounted modelling of mining costs beyond 30 years means that little value accrues to projected operations beyond 30 years).

Current and near-term planned operations are required to demonstrate a realistic and economically viable business plan; this plan should be supported by a production schedule and mine plans which show the location, sequence and mining method for blocks of coal that will be extracted to fulfil the business plan. Once these Measured or Indicated mineable coal resource base (“industrial resources” of the Polish system) is checked within the proposed mine plan and schedule; and the estimates of tonnage and grade are justified by the Competent Person, then these scheduled coal blocks could be restated as reserves in the context of the JORC code.

Converting the Polish based resource categories into JORC based categories’ can be a challenging task. As a general rule the reserves categories established by exploration density will be the main guideline. For those reserves established in the context of the JORC Code, where they are assigned to A or B category in the Polish system based on frequency of points of observation, it generally reasonable to assign them to Proven Reserves after considering the necessary modifying factors. Similarly for the C1 category, it is likely to be appropriate to classify them as Probable Reserves. Likewise, some of the C2 category areas, despite

originally being placed in the lower level of confidence in Polish system, can be put into the Probable Reserves category. However, it should be noted that the actual classification conversion is a judgement that the Competent Person will be required to exercise.

The IMC approach was based on an assessment or confirmation of the balanced reserves within the appropriate categories under the Polish system in order to restate them as coal resources under the JORC code and then to assess the various “modifying factors”, to estimate those resources that could be stated as coal reserves.

When converting the resources and reserves into JORC based categories, all criteria mentioned in Table 1 of the JORC Code need to be followed. These items were cited in Section 4.4.

IMC reviewed the resource figures from Dębieńsko in terms of the nature of evidence to confirm the reasonableness of the existing estimations. The resources were then restated as Measured, Indicated or Inferred Resources under the JORC code on the basis of the criteria suggested by the JORC Code.

Table 4-1: Relationship between Resources for Polish and CRIRSCO Categories

System		Geological Assurance/Confidence Level				
POLISH*	Category	A	B	C ₁	C ₂	D (D ₁)
	Admissible Error Limits	±10%	±20%	±30%	±40%	>40%
CRIRSCO Category		Measured	Indicated			Inferred
*:Modified after Niec and Sobczyk on Coal Seam Resources/Reserves – Polish/UNFC and JORC Code (CRIRSCO) Classifications (Presented at The Expert Group on Resource Classification, Geneva, April 2013)						

4.4 Reporting Criteria for Resources and Reserves under JORC

In the context of complying with the principles of the JORC Code, comments on the relevant sections of “Table 1 – Checklist of Assessment and Reporting Criteria” of the Code should be provided. Any items listed in “Table 1” of the Code not covered in detail or not covered at all, should also be mentioned on an ‘if not, why not’ basis within the Competent Person’s documentation and must be provided where required for significant projects in the Public Report.

This is to ensure that it is clear to the investor whether items have been considered and deemed of low consequence or have yet to be addressed or resolved. As always, relevance and materiality are overriding principles that determine what information should be publicly reported and the Competent Person must provide sufficient comment on all matters that might materially affect a reader’s understanding or interpretation of the results or estimates being reported.

This is particularly important where inadequate or uncertain data affect the reliability of, or confidence in, a statement of Exploration Results or an estimate of Mineral Resources or Ore Reserves. The order and grouping of criteria in Figure 4-1 reflects the normal systematic approach to exploration and evaluation.

4.4.1 Changes in JORC Reporting

At the core of the changes introduced in the JORC Code, 2012 Edition is the enhanced disclosure of the material information prepared by the Competent Person. This change requires that when an Exploration Result, Mineral Resource or Ore Reserve is being Publicly Reported either for the first time, or when there has been a material change, then the Public Report should include detailed reporting of the relevant criteria from Table 1 of the Code.

Such reporting is required to be on an 'if not, why not' basis which means that if the Competent Person has no comment to make about a relevant individual Table 1 criterion, then the report should explain why that criterion is not relevant to the understanding of the Public Report of the Exploration Result, Mineral Resource or Ore Reserve estimate.

The introductory section of Table 1 is also significantly expanded (compared to the 2004 Edition) to reinforce the revised Code's requirements for how and when Table 1 and 'if not, why not' reporting are required.

The changes within the JORC Code, 2012 Edition that are relevant to understanding this requirement for improved reporting of material information are: Clauses 2, 5, 19, 27 and 35 and Table 1.

4.4.2 Nature of the Evidence

4.4.2.1 Exploration and Previous Mining Activity

Upper Silesian Basin has been investigated since the late 18th Century in great detail both in Poland and Czech Republic through exploration campaigns and intensive coal mining activity. The common methods to investigate the basin included borehole drilling, geological mapping and some geophysical surveys and because of this the overall geological information in the area is well established. Existing data also shows that the exploration standards commonly applied in the former COMECON countries have also been employed for the exploration and development of the current mines in the area. As the system from these countries is well organised and prescriptive, the data obtained from the exploration activity is deemed to be reliable.

Although the general dip of the sediments is relatively uniform towards the E-SE, the spacing between the boreholes, especially in C2 locations in the Northern Zone, is wide. As the mine site is also adjacent to a regional thrust feature in the west, the existing borehole spacing does not allow establishment of the structural complexity especially in the proposed panel layouts in C2 areas.

However, previous mining activity in a number of coal seams higher in the sequence has accessed the majority of the faulted blocks and established the general structural framework for the deposit. This can therefore be counted as an additional exploration activity which has assisted in the overall assessment of the resources and reserves in the PFS study.

4.4.3 Mapping

A number of geological maps were compiled by the Upper Silesian Branch of the Polish Geological Institute during late 1950s and early part of 1960s. These maps were based on the work undertaken by various organisations between the late 19th Century and early 1950s.

In the early 1990s, the Geological Institute updated these earlier maps by incorporating all data from geological documentation from over 60 operating coal mines as well as the exploration work from thousands of boreholes including geophysical surveys (mainly seismic and gravimetric profiles) undertaken in the past. The latter maps included new areas that were not incorporated into the earlier maps.

The work involved included unifying the different topographic system available throughout the basin and was based on "1965" system by using the Detailed Geological Map of Poland 1942. To establish the precise locations of boreholes, shafts and seismic profiles and mining property boundaries on the "1965" map, the detailed recalculation of coordinates was necessary for all data points that were determined using other topographic systems.

This data can be accessible and downloadable in ArcGIS format from the Polish Geological web site free of charge. Therefore, IMC concludes that the general geological conditions and structural framework in the region is well established.

4.4.4 Surveying

Survey data at the mine was obtained during the exploration of the deposit and during the working of the coal faces in the former Dębieńsko mine. IMC were informed that the workings at the former Dębieńsko mine were surveyed and updated on a regular basis when the mine was in operation. No confirmation of the survey data was, however, undertaken during the IMC's site visits.

4.4.5 Previous Assessments

A number of detail geological assessments have been undertaken for Dębieńsko deposit throughout the mining history in the area. A summary of the previous investigations are given in Table 4-2.

Table 4-2: Previous Investigations at Dębieńsko Deposit

Date of Approval	Approving Authority	Type of Documentation
z dnia 14.12.1954 r.	Prezesa CUG, KZK/M/580/61	Geological Documentation of Coal Deposit "Dębieńsko"
z dnia 16.09.1960 r.	Prezesa CUG, KZK/M/580/61	Geological Documentation of Coal Deposit "Dębieńsko-Leszczyny"
z dnia 07.11.1973 r. Stan: 01.01.1973 r.	Prezesa CUG, KZK/012/K/3166/75	Geological Documentation of Coal Deposit Coal Mine "Dębieńsko"
z dnia 28.01.1981 r. Stan: 01.01.1979 r.	Prezesa CUG, KZK/012/K/4187/80/81	Geological Documentation of Coal Deposit Coal Mine "Dębieńsko"
z dnia 23.07.1993 r. Stan: 01.01.1989 r.	MOŚNiL, KZK/012/W/6140/93	Geological Documentation of Coal Deposit Coal Mine "Dębieńsko"
Stan: 01.01.1998 r.	Ministry of Environment,	Geological Documentation of Coal Deposit Coal Mine

Date of Approval	Approving Authority	Type of Documentation
dnia 28.12.1999 r.	DG/kzk/ZW/6786/97/99	"Dębieńsko"
z dnia 28.12.2000 r. stan: 31.10.2000 r.	Ministry of Environment, DG/KZK/ZW/7193/2000	Supplement No. 1 (billing) to the Geological Documentation of Coal Deposit "Dębieńsko"
z dnia 30.06.2007 stan na 31.12.2006	Ministry of Environment, DG/KZK- 479-36/7734/7483/07/EZD	Geological Documentation of Coal Deposit "Dębieńsko 1"
z dnia 04.09.2007 stan na 31.12.2006	Ministry of Environment DG/kzk-479-48/7746/7531/07/EZD	Supplement No. 2 (billing) to the Geological Documentation of Coal Deposit "Dębieńsko"
z dnia 07.11.2008 stan na 31.12.2007	Ministry of Environment, DG/KGKZK- 4791-54/7825/6524/08/AW	Geological Documentation of Coal Deposit "Dębieńsko 2"

IMCGCL have examined the latest of these geological assessments and confirm that they are presented in a competent manner and contain all information required by the Polish Authorities.

4.4.6 Borehole Drilling

A number of boreholes were drilled for different purposes in the deposit in the past. However, only nine deep boreholes that pass through the target seams have been drilled within the license boundaries. However, an additional fifteen boreholes from the neighbouring mines have been included in all geological assessments by the Company.

All these holes were drilled by Katowice based geological companies such as Zakład Robót Wiertniczych, Kombinat Geologiczny Południe, Przedsiębiorstwo Geologiczne, Zakład Robót Wiertniczych and Sosnowieckie Przedsiębiorstwo Wierceń Geologiczno-Poszukiwawczych under the supervision of the relevant Polish government departments. The majority of them were drilled in PQ diameter or larger diameters whilst one or two was drilled in HQ or NQ diameter.

The original records of these boreholes including cross sections, seam plans and other documentation related to the drilling activity are kept by the government archive departments and sold individually to the interested parties. Apparently, the Company has only bought the individual copies of the original borehole records and constantly checked their accuracy with the data obtained from the former Dębieńsko mine and neighbouring mine information.

In addition, the available data from the exploration campaigns had always been reviewed and scrutinised by various expert committees; and summaries of the key elements were documented and checked by third party organisations. Historically, these procedures have proved to be thorough and reliable and can be relied upon in this case too.

The details of the boreholes used in the interpretation are given in Table 4-3.

Table 4-3: Boreholes Drilled in Dębieńsko and Surrounding Mines

Site	Borehole	Easting (m)	Northing (m)	Elevation (m)	Length (m)	Depth (m)	Diameter (mm)	Completion Date
Szyb Jan	II	6547660.87	5558143.51	249.16	1513.33	-1264.17	Unknown	15.08.1899
Dębieńsko-Głębokie	DG 1	6549211.27	5560082.86	254.78	1500.00	-1245.22	85 / PQ	08.03.1988
	DG 2	6551400.00	5560022.67	272.59	1726.00	-1453.41	85 / PQ	20.07.1983
	DG 3	6551604.03	5558204.91	304.86	1950.00	-1645.14	85 / PQ	29.06.1984
	DG 4	6552945.62	5557357.36	286.14	2000.00	-1713.86	85 / PQ	13.08.1987
	DG 5	6546080.64	5556722.92	263.95	1888.80	-1624.85	85 / PQ	04.05.1984
	DG 6	6549233.58	5556219.89	255.96	2000.00	-1744.04	85 / PQ	15.04.1987
	DG 7	6550692.63	5555793.80	262.36	2000.00	-1737.64	85 / PQ	17.09.1986
	DG 8	6545099.19	5554813.33	271.68	1922.00	-1650.32	85 / PQ	18.09.1985
	DG 9	6547207.56	5554961.49	273.99	1757.40	-1483.40	85 / PQ	31.08.1985
Czuchów	CZ II	6545422.42	5559922.93	248.64	2239.72	-1991.08	Unknown	26.02.1909
	CZ III	6544583.23	5559908.10	250.00	1290.42	-1040.42	Unknown	-
Ornontowice	OR 34	6553108.67	5561628.13	258.57	1430.00	-1171.43	85 / PQ	27.02.1974
	OR 37	6552037.76	5561125.87	269.43	1486.00	-1216.57	85 / PQ	31.10.1973
	OR 42	6553415.52	5559993.25	287.08	1612.00	-1324.92	85 / PQ	12.11.1973
Szczygłowice	SZIG 1	6547430.54	5560254.98	248.98	1950.00	-1701.02	85 / PQ	01.12.1977
	SZ 1	6547524.03	5561579.03	246.99	1001.00	-754.01	102 ?	29.10.1965
	SZ III	6547143.22	5560221.63	247.70	1001.30	-753.60	85	07.08.1954
	SZ 6	6543835.75	5559386.35	251.58	1000.70	-749.12	102?	07.05.1965
	SZ 7	6544734.95	5559077.68	254.54	1072.00	-817.46	102?	24.02.1967
	SZ VIII	6545999.68	5560991.85	236.30	837.78	-601.48	Unknown	-
	SZ 17	6544404.32	5558471.82	261.68	1350.00	-1088.32	85 / PQ	29.04.1978
	SZ 18	6545631.40	5558180.51	250.23	1300.00	-1049.77	63 / HQ	04.08.1976
	SZ 15	6545694.63	5559279.51	246.48	1289.10	-1042.62	37 / NQ	09.10.1976

The accuracy of the recorded borehole data and the seam plans was tested in the PFS by taking selected boreholes at random and checking against the plans. This proved that the accuracy level was acceptable for a JORC assessment.

There is an 80% core recovery reported in the PFS which was acceptable under the Polish standards at the time. Based on the logs inspected by IMC, however, this is reduced to lower percentages in coal seams. This is especially true for the boreholes drilled in 1950s where the core recovery was seen to be between 60-80% on average.

No core storage or photography existed as this was not a common practice in Poland in the past.

IMCGCL is satisfied that the drilling and coal analyses were conducted to the standards established by the Polish State Authorities in accordance with the national protocols. Despite a limited number of boreholes available and wide spacing between them, the boreholes have reasonably established that the general structural framework at the mine take is quite complex.

4.4.7 Geophysical Wireline Logging

During the inspection of old records, no geophysical logs were located. It was explained that when all the original logs were purchased, no geophysical logs were available from the

governmental institute. The geophysical logs are usually standard with the borehole and they appear to have been mislaid sometime during the archival procedure.

4.4.8 Lithology Logging in Cores

The lithological descriptions in the boreholes were reasonably detailed enough to determine lithological variation in the sequence. Various marine and freshwater fossiliferous marker horizons were also documented in detail. Core recovery values and dip angles were also recorded.

According to the Deposit Development Plan Report by KPGC, the interburden units between the coal seams as well as marker horizons such as prominent coal seams and freshwater fauna were also utilised in overall seam correlation.

4.4.9 Sampling and Coal Quality Assays

Coal quality characteristics in the deposit were initially determined from the borehole core samples during the exploration campaigns, and the findings were confirmed from the samples obtained from the mine workings later on.

All analytical data appears to be of good quality as the samples were analysed by independent laboratories at the time of exploration by using standard industry analytical and quality control procedures.

According to Company, sampling and analytical procedures in Poland are strictly controlled by the Polish Standards and there has been a vigorous check system in place both past and present.

The Company commented that the general practice in both exploration campaigns and mine workings is to obtain and prepare composites and channel samples from the boreholes and mine workings according to the well prescribed methodologies under the Polish Standards. These exploration campaigns also employ usual quality checks such as round robin exercises with the external laboratories and usual calibration procedures on testing equipment. Based on Deposit Development Plan Report by KPGC, the coal seams in the boreholes were sampled and analysed by under the supervision of Biura Dokumentacji Geologicznej Górnictwa Węglowego and Przedsiębiorstwa Geologicznego in Katowice.

A site laboratory was also conducting the daily analyses primarily for ash, sulphur, volatile matter and calorific value when the former Dębieńsko mine was in operation. Therefore, a vigorous coal quality program was implemented at the mine for the coal seams at Series 300 up in the sequence by collecting channel samples from the workings and stockpiles. The results of these analyses were displayed in the mine plans to assist the production plans at the time.

In addition, geological and coal quality information gathered during mining and mine development is used to continually assess geological and mining conditions.

IMC considers the exploration standard to be reasonable and the overall geology in the area is well defined. However there is still a significant gap existing for the coal seams in the

Series 400 especially on C2 areas where the borehole density is insufficient to determine the coal quality variation and trends.

4.4.10 Geological Modelling

Currently, the majority of Dębieńsko mine information has been put into a geological resource estimation model by Polish contracting company Geolisp. The model created in this way utilised all the boreholes, all mine work information from the surrounding areas as well as the surface outcrop data available. In addition, all the known structural discontinuities (faults and folds) and other inputs such as Tertiary cover are used to demarcate the natural boundaries in the field. All areas are measured in each block, which is delineated on the basis of natural boundaries and coal quality parameters. The average coal thickness and density values are also calculated for the blocks based on the input data.

The digitised information included former panel layouts, seam data (thickness, ash, calorific value), roof and floor data, potential danger zones, gas data, structural disturbances (folds, faults and roof falls). Faults with over 10 m throws were included in the modelling exercise and smaller faults were only shown as vector lineaments. However, all faults from the previous workings are yet to be digitised. Each coal seam was modelled on the basis of these larger faults and the faulted areas were excluded from estimations by leaving a zone of 20 m on each side of the fault as operational losses.

Basic triangulation and Linear Kriging was used for the planned seams in order to honour the actual data and avoid over simplification of contouring during smoothing process whilst a linear optimal prediction model was used for the other seams that are not in the production schedule.

IMC queried whether the computerised estimation was comparable to the manual one; and this independent exercise demonstrated that both estimations are comparable to each other within $\pm 0\%$ to $\pm 9\%$ range with the exception of Seam 408/2 and 409/3. The last two seams showed significant differences between them ($\pm 13\%$ and $\pm 21\%$ respectively) due to some errors in the original data which included typing mistakes and double counting.

However, the difference for the overall global resource estimate between two methods, manual and computerised is only $\pm 1\%$.

IMCGCL were given a demonstration of the model which appeared to work reasonably well. Contour maps of some of the seams were examined and data input was noted. It is the opinion of IMCGCL that output from the model can be used in a JORC compliant assessment.

4.4.11 Data Status and Database Integrity

All the available information for the boreholes and coal quality data collected over the years was collated and input into an electronic database. Copies of the data are also stored at the Ministry of Environment Archives in Warsaw so the data security is assured.

The plans, maps as well as cross sections from the previous studies were digitised and stored as picture files and utilised as raster images in the AutoCAD environment if necessary. All

the data examined was in good order and some of the hard copies examined randomly were all readable and well preserved.

It is the opinion of IMCGCL that both the paper and electronic database are well controlled and regulated to a reasonably good standard and that the integrity and validity of the database is assured.

4.4.12 Data Points, Spacing and Distribution

The current spacing between the holes ranges from about 500 m in the south to over 3.5-4 km in the north. The past and present mining activity confirmed the reliability of information obtained from the boreholes certainly within the 300 Series coals.

Measurements obtained from the coal faces or development roads were also added into the spatial data distribution network and information from the coal faces not only confirmed the existing data but also provided additional data points for the data base. However, most of the information to date is from the workings in Series 300 with the exception of Seam 401/1 from Series 400.

4.4.13 Seam Correlation and the Overall Geometry

The Dębieńsko is a multi-seam deposit dissected by a number of faults which significantly complicated the correlation of the seams in the past. Also a number of seam unions and interruptions as well as splitting made it difficult to correlate and identify the seams. Also interburden thicknesses variation between the seams further complicated the correlation task.

Tuff bands are only present in Dębieńsko Głębokie 7 borehole and hence an important correlation tool is denied the geologists. However, more consistent seams, have assisted in the overall correlation exercise and the freshwater fauna located near Seam 407 which was intersected in many boreholes, was found to be a better correlation tool. The other comparative analysis included interburden thickness between seams, seam thickness, seam grouping in series, lithological characteristics of rocks between seams, contour data of the coal seams against the known structure of the deposit as well as against the mined seams and correlation factors.

IMCGCL is of the opinion that the current correlation is the best available and that this correlation will be enhanced when underground drilling is able to be employed as the mine is reopened.

4.4.14 Estimation Methodology

The resource evaluation at the mine in the past has been undertaken a planimeter on the hard copy maps and plans. According to the geological reports, specific density was used in estimations.

The block methodology is now used for the calculations by using the appropriate formulae taking into account the level of mining, thickness distribution, protective pillars, tectonic

zones, outcrop positions, and recognition of the deposit grade boundaries through the relationship between borehole geometry and interpreted bedding geometry for each block by using IGZOP computer software:

$$Q = P \frac{1}{\cos \alpha} md$$

where:

Q: resources in tonnes,

P: surface area of polygon (m²);

α: dipping angle (in case of dip angle not exceeding 15°, adopted index value is 1);

m: average thickness of coal (m);

d: coal density (t/m³).

The resource estimations were examined and IMCGCL sees no reasons in the calculations to assume these are not correct. All areas are measured in each block, which is delineated on the basis of natural boundaries and coal quality parameters, and the coal thickness and density are also calculated for the blocks based on the input data. IMCGCL is of the opinion that this is reasonable and that the methods used to calculate the tonnages are valid.

Randomly selected geological areas, where the original resource estimations and resource categories were assigned, were compared against the estimated figures by the IMC team and the results were found reasonably comparable to each other. In addition, the schedule plans were re-checked by using AutoCAD plans and appropriate Excel spreadsheets. Therefore it was concluded that the seam thickness and the coal density used to calculate tonnages are considered reasonable and compare well with the raw data. The reported recoverable tonnages have taken into account geological and mining losses in the planned exploitation of the blocks.

4.4.15 Geological Database and Geological Interpretation

IMCGCL confirms from the data inspected that all of the borehole and surface mapping data available for this property were used to develop the maps, plans and cross sections. Coal seam correlation was determined from the general seam morphological characteristics as well as freshwater fauna present at certain horizons.

Only three cross sections aligned in north-south directions were generated to interpret the geological structure and the faults detected from both the surface mapping and underground workings were transferred into the existing work plans and updated regularly.

The data provided was sufficient to correlate coal seams, fault strike and displacement between cross sections and borehole intercepts in the coal Series 300. However, the information from coal seams in 400 Series is still irregular as the borehole spacing is not dense enough to delineate the variation in seam morphology as well as the smaller structural discontinuities.

The coal seams were defined in a number of blocks at 1:10,000 scale. From these blocks an average seam thickness and specific gravity for the block area were used to calculate the in-situ tonnage of coal. These estimations were also checked by a number of state committees as part of allocation of resources into the predefined resource categories namely A, B, C1 and C2.

The “balance reserves” under the Polish classification include protective (safety) pillars for shafts and crosscuts and mining area border pillars.

4.4.16 Mineable Thickness and Other Cut-off Parameters

The PFS study also reported the minimum thickness criterion for the resources defined by the State Authorities and based on previous experience gained in mining the deposit elsewhere through extensive underground working. This and other factors can be predicted reasonably accurately. Therefore, the proposed mining parameters used elsewhere in the region are also applicable to the Dębieńsko deposit.

The cut-off parameters currently used are also listed for clarity in this CPR Report:

- Maximum documentation depth/workable depth: 1,400 m.
- Minimum thickness (including seam partings not exceeding 0.30m):
 - “Balance Reserves”: 1.00 m
 - “Out-of-balance reserves”: 0.60 m-1.0 m.
- Minimum Calorific Value including partings 15,000 kJ/kg.
- Maximum total sulphur including interlayers:
 - “Balance Reserves”: 2.0%
 - “Out-of-balance reserves”: >2.0%

The “balance reserves” and “out-of-balance reserves” under the Polish classification were documented at the following levels:

- level 410m -160m below mean sea level
- level 600m -350m below mean sea level
- level 690m -440m below mean sea level
- level 781m -531m below mean sea level
- level 850m -600m below mean sea level
- level 1050m -800m below mean sea level
- level 1250m -1000m below mean sea level
- level 1400m -1150m below mean sea level

The borders of the assessment polygons for each single seam were created by considering the seam thickness at 0.60 m, 1.00 m, 1.20 m, 1.50 m, 3.00 m, and 4.50 m, the assessment categories, and natural borders such as faults.

However, the total sulphur value selected for the balance reserves is relatively high (up to 2%) for the coking coal types. This would not be a problem if the sulphur is cleaned from coal through washing process. However, the type of sulphur (organic and inorganic) and its distribution needs to be established especially for the organic sulphur that can prove to be difficult to remove.

The coal density values for the coal seams at the mine site range from 1.34 to 1.49 t/m³ and are regarded as fair and reasonable.

4.4.17 Converting Coal Resources to JORC Based Categories

The PFS report shows the conversion of the Polish coal categories into the JORC based categories. The resource statement prepared by Biuro Studiów i Projektów Górniczych (BSiPG) under the Polish system, was reviewed in the PFS and the resources have been reconciled and restated using the CRIRSCO (Committee for Mineral Reserves International Reporting Standards) Conversion Guidelines (Guidelines on Alignment of Russian Minerals Reporting Standards and the CRIRSCO Template) published jointly in 2010 by the Russian Federal Government Agency State Commission on Mineral Reserves and CRIRSCO as well as the presentation made by Niec & Sobczyk, 2013 in Geneva on Coal Seam Resources/Reserves for Polish Coals. As the Polish and Russian systems are quite similar to each other in general principle, these alignments were used as a guideline to estimate the resource categories but the actual classifications remain the judgement of the competent person.

This has been undertaken by checking available thickness for mining including clastic bands and dilutions, ash content, seam specific gravity, seam continuity, borehole spacing, and as well as taking into account other factors such as structural complexity, faults, unstable roof and floor conditions, poor coal quality, previous working conditions and other geological and modifying factors as well as existing criteria set in the Polish classification.

This broad equivalence in conversion guidelines is often used as a guide to how Resources and Reserves in the socialist system might relate to JORC, but it cannot be solely relied upon. The only reliable way of estimating to JORC standards is to revert to base data and for a Competent Person to carry out a new, independent estimation, using modern 3D geological modelling and geostatistical software. All resources are reported on a dry basis since moisture content is insignificant.

Table 4-4: Reserves and Resources Relationship for Polish and JORC Categories

Polish	JORC	
Resource Category	Resources not in Detailed Business Plans	Reserves within Business Plans
A	Measured Resource	Proved Reserve
B		
C ₁	Indicated Resource	Probable Reserve
C ₂		
	Inferred Resource*	-
*: Areas not scheduled to be in the mining plans		

In this report, all of the independent resource estimates have been substantiated by evidence obtained from site visits and observations and are supported by details of drilling results, analyses and other evidence, and takes into account of all relevant information supplied by the management of the Company.

4.5 Coal Resources Statement

The recent evaluation of resources included coal greater than 1.0 m thick and with minimum of 15,000 kcal/kg calorific value and sulphur value less than 2%. Using these cut off limits, the remaining resources in the seams of interest to NWRK are shown in the following table.

Table 4-5: Resources Classification under Polish System, Dębieńsko Mine as of 1st April 2014

Seam	Balance Reserves (x1000 Tonnes)					Out-of-Balance Reserves (x1000 Tonnes)				
	A	B	C ₁	C ₂	Total	A	B	C ₁	C ₂	Total
401/1	-	6,062	8,632	28,540	43,234	-	-	629	5,087	5,716
401/2	-	84	5,425	1,779	7,288	-	-	4,241	4,887	9,128
402/1	-	958	19,725	31,474	52,157	-	-	996	5,231	6,227
403/1	-	-	13,376	29,157	42,533	-	-	1,030	4,582	5,612
403/2	-	-	16,329	5,634	21,963	-	-	-	20,060	20,060
403/3	-	-	1,117	65	1,182	-	-	2,543	1,120	3,663
404/1	-	-	8,174	14,988	23,162	-	-	3,931	16,855	20,786
404/3	-	-	8,828	5,443	14,271	-	-	3,291	8,696	11,987
404/4	-	-	2,676	5,807	8,483	-	-	5,907	14,124	20,031
404/5	-	-	4,975	6,518	11,493	-	-	999	9,766	10,765
404/9	-	-	21,157	25,709	46,866	-	-	811	4,445	5,256
405	-	-	30,479	49,014	79,493	-	-	-	-	-
406/1	-	-	-	2,404	2,404	-	-	991	5,099	6,090
407/2	-	-	3,419	14,593	18,012	-	-	1,359	5,301	6,660
407/3	-	-	5,659	33,375	39,034	-	-	-	-	-
407/4	-	-	532	9,213	9,745	-	-	1,146	6,274	7,420
408/1	-	-	2,461	12,730	15,191	-	-	-	2,537	2,537
408/2	-	-	1,677	16,691	18,368	-	-	175	1,662	1,837
408/3	-	-	2,555	20,094	22,649	-	-	10	1,013	1,023
408/5	-	-	15,777	7,759	23,536	-	-	60	831	891
409/1	-	-	-	26,692	26,692	-	-	-	-	-
409/3	-	-	-	13,286	13,286	-	-	-	1,956	1,956
409/4	-	-	-	9,361	9,361	-	-	-	881	881
410	-	-	-	5,740	5,740	-	-	-	4,309	4,309
Total	-	7,104	172,973	376,066	556,143	-	-	28,119	124,716	152,835

The above Polish resources estimates of the individual units were reviewed in the PFS and were restated in accordance with JORC as in Table 4-6.

Table 4-6: Coal Resources at Dębieńsko Mine in accordance with the JORC Code as of 1 April, 2014

Seam	JORC Based Resources (x1000 Tonnes)			
	Measured	Indicated	Inferred	Total
401/1	6,062	15,579	21,593	43,234
401/2	84	5,425	1,779	7,288
402/1	958	29,422	21,777	52,157
403/1	-	21,084	21,449	42,533
403/2	-	18,302	3,661	21,963
403/3	-	1,117	65	1,182
404/1	-	13,375	9,787	23,162
404/3	-	8,828	5,443	14,271
404/4	-	2,676	5,807	8,483
404/5	-	4,975	6,518	11,493
404/9	-	35,727	11,139	46,866
405	-	45,543	33,950	79,493
406/1	-	-	2,404	2,404
407/2	-	3,419	14,593	18,012
407/3	-	5,659	33,375	39,034
407/4	-	532	9,213	9,745
408/1	-	2,461	12,730	15,191
408/2	-	1,677	16,691	18,368
408/3	-	2,555	20,094	22,649
408/5	-	15,777	7,759	23,536
409/1	-	-	26,692	26,692
409/3	-	-	13,286	13,286
409/4	-	-	9,361	9,361
410	-	-	5,740	5,740
Total	7,104	234,132	314,907	556,143

4.6 Coal Reserves

To quote reserves in accordance with JORC it is necessary to consider all of the relevant modifying factors in a study where all technical and economic aspects are considered so that the coal resources intended for extraction can be demonstrated to be economically viable.

In the case of Dębieńsko, any Coal Reserves are limited to those industrial resources that could be extracted economically, taking into account losses and dilution.

4.6.1 Study Status

An important new requirement has been added into the JORC Code, 2012 Edition and that is that the revised Code requires at least a Pre-Feasibility level Study to have been conducted as part of estimating an Ore Reserve for inclusion in a Public Report. This new requirement

establishes a minimum benchmark for the level of technical and economic study that has to be undertaken.

IMCGCL confirms that the type and level of study undertaken in this assignment to enable Mineral Resources to be converted to Ore Reserves is at Preliminary Feasibility Study (PFS) Level.

A PFS is a comprehensive study of a range of options for the technical and economic viability of a project that has advanced to a stage where a preferred mining method of underground mining is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions of the Modifying Factors and the evaluation of any other relevant factors which are sufficient for the Competent Person/s, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting.

IMCGCL has confirmed that such study has determined a mine plan that is technically achievable. However, at the projected long-term coal price adopted for this report, the mineable coal resources included in the mine plan are not economically viable.

This prevents the statement of Coal Reserves in this report.

4.6.2 Modifying Factors

To evaluate the resources under the JORC Code, certain criteria must be in place to demonstrate that these resources are economic and meet the modifying factors. These are:

- The majority of all necessary official government permissions/permits, licenses/grants and approvals are already obtained and there is a reasonable expectation that the remainder of the official documents will be obtained from the relevant authorities within the timeframes anticipated in the PFS;
- There is a cost based business and mining plan that covers the mining areas;
- Production plans with mining layouts are available for the projected seams;
- It is the opinion of IMCGCL that all resources categorised as Category A and B used in the mining plan would be designated as Proved reserves if proved to be economically viable whilst C1 category would be assigned to the Probable category;
- In addition, some of C1 block coal was assigned to Proven Category if the local geological conditions are known through the earlier production in the nearby areas;
- Similarly, some of C2 block coal was assigned to Probable Category if the local geological conditions are known through the earlier production in the nearby areas up in the sequence;
- It is assumed that the reassessment of the resources for the mine will regularly be undertaken in order to justify the coal seam extraction at the on-going market coal prices and there is a very reasonable expectation that this will happen;

- If the mine license expires before the business plan end-date, it is assumed that there is a reasonable expectation that the license will be renewed by the authorities.
- Environmental aspects are taken into consideration; especially the subsidence levels due to mining activity are predicted to accommodate the concerns of the residents and interested organisations as well as the requirements of the local authorities.;
- All other modifying concerns such as mining, processing, infrastructure, marketing and economic assumptions are also considered in the relevant sections of this report.

4.6.3 Coal Seams Scheduled for Extraction

According to the business plan, initially the majority of production mainly comes from Seams 401/1, 402/1, 403/1, 404/9, 405, and to lesser extent from Seams 401/2, 403/2, 404/1, and 404/5. Further tonnage is estimated to be extracted from the deeper seams (407/2, 407/3, 408/1, 408/2, 408/3, 408/5, 409/1, 409/3, and 409/4) between 2059 and 2083 subject to the extension of the licensing period beyond 2058 and the approval of Deposit Development Plan under the Polish law and regulations. There is a very reasonable expectation that this will be the case.

4.6.4 Losses and Dilution

The actual production of the mine and the yearly changes of the resources and reserves were documented in annual reports to the State Authorities in the past. Losses are taken into account in the calculation of the industrial resources at the mine. These losses include coal that is not considered to be workable that are termed "Non-Industrial Reserves" and include "balanced" and "non-balanced reserves" that fall into this category. These operational or layout losses are usually determined at the planning stage and are refined as exploitation proceeds.

The resources reported to the state authorities do not include the dilutions.

4.6.5 Coal Reserves

In accordance with the scope of assignment, IMCGCL has reviewed the practices and estimation methods undertaken by both the Company personnel and BSiPG for reporting reserves and resources under the Polish system and converted and restated the resources in compliance with the recommendations of and in accordance with the criteria of "Australasian Code for Reporting Mineral Resources and Ore Reserves-2012" published by the Joint Ore Reserves Committee ("JORC") of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia.

Following this assessment of reserves under the Polish system, the appropriate category of the reserves would normally be allocated after considering the necessary modifying factors provided that the economic viability of coal extraction is demonstrated. The main aspects in assessing NWRK's business plans include mine planning, operations and processing, the

condition of equipment and infrastructure, requirements for additional capital expenditure, coal prices as well as accommodation of the concerns of the residents who would be impacted due to subsidence induced by the mining activity.

The yearly reporting period under the Polish law is based on the calendar year between 1 January and 31 December and the companies are allowed to report their yearly updates to the Ministry of the Environment until 31 March. The mine personnel were still calculating the reserve and resource tonnages for 2014 period at the time of PFS visit in February, 2014. However, the figures which will be submitted to the authorities will not change from the previous year as the mine is not in operation yet.

As noted elsewhere, at the coal price used in the financial model prepared for this report, the Project is sub-economic and therefore no Coal Reserves in accordance with JORC can be stated at this coal price.

Although it is not possible to state Coal Reserves at this time, IMCGCL considers that there are reasonable grounds to consider that the Project can be economic in the future with higher coal prices and this would allow a statement of Reserves, similar to that made previously by NWRK, to be made in the future.

5 MINING

5.1 Introduction

The following findings are based on IMC's review of the current PFS report (dated June 2014), other project documentation and data supplied by NWR, discussions with the PFS team held in Nottingham in May, discussions with the mine management team of NWRK and observations made during the site visit made to the mine by IMC consultants in early June.

The coal seams at Dębieńsko Mine have been continuously extracted from the late 18th century until the mine was closed in 2000.

During that period the mine worked 29 of the Orzesze coal seams (from 325/1g to 364/1) and Seam 401/1 of the Ruda series.

The workings of the old mine are currently flooded below -460 masl (approximately 710 mbs). Since closure of exploitation activities in 2000, the former Dębieńsko mine has been drained by Spółka Restrukturyzacji Kopalń S.A. – "Centralny Zakład Odwadniania Kopalń" (CZOK- "Central Mine Drainage Department") that operates the on-site pumping equipment and the adjoining desalination plant. The main purpose of the on-going pumping activity by CZOK is to protect the adjacent underground mines from increased groundwater inflow.

A critical water level at -445 masl in the "Dębieńsko" mine workings is due to a suspected hydraulic connection at this level with the operating "Knurów-Szczygłowice" mine. However, no direct physical connections through the old mining workings are known to exist between Dębieńsko and the adjacent mines.

To reduce the risk of any unforeseen inundations of water from the old workings, NWRK intends to completely dewater the old mine workings before extraction commences in the first panels planned for Seam 401/1. The total dewatering and on-going pumping will be carried out by CZOK. An allowance has been made in the capital cost estimate for the cost of the total dewatering activity.

The present mine plan for the new Dębieńsko mine envisages extraction of the seams in the Ruda series, between Seam 401/1 at a depth of about 750 mbs and 409/4 at a final depth of approximately 1,400 mbs.

The life of mine plan prepared by NWRK assumes the majority of production comes from Seams 401/1, 401/2, 402/1, 403/1, 403/2, 404/1, 404/5, 404/9 and 405 in the first 43 years, which is the current licence period. Further tonnage is expected to be extracted from the deeper seams (407/2, 407/3, 408/1, 408/2, 408/3, 408/5, 409/1, 409/3, and 409/4) between 2059 and 2083. This would be subject to the extension of the licensing period beyond 2058 and the approval of Deposit Development Plan under the Polish law and regulations for the extraction of these deeper seams. IMCGCL sees no reason to doubt that there is a reasonable expectation that this will be granted.

The mine plan envisages the extraction of the target coal seams in descending order, with a target annual clean coal production rate of about 3.15 Mtpa. At the projected yield of 61%, this requires an annual run-of-mine production (ROM) of approximately 5.2 Mtpa and a total of 304 Mt of ROM coal is included in the mine plan.

5.2 Mine Access

Access to the old Dębieńsko mine was by a number of brick-lined vertical shafts, of which only two shafts remain open to provide a ventilation circuit to the old mine pit bottom area and man access to the pumping facilities being operated by CZOK.

The original intention of NWRK was to construct new entries to working horizons through a system comprising a surface ramp for coal conveying and a vertical shaft for service and ventilation purposes. This plan was implemented and the first groundwork and ground treatment for the ramp development was initiated in 2009.

However, a detailed review of the ramp design carried out by NWRK showed that the construction costs for the surface ramp had been significantly underestimated and the construction work did not proceed.

A subsequent trade off study undertaken by the Company, based on detailed ramp development plans and costings identified that the most suitable and cost effective access solution the future Dębieńsko Mine is by vertical shafts. IMC concurs with this current strategy.

The mine plans developed by NWRK initially proposes accessing the seams targeted for extraction by two vertical shafts, Shaft I and Shaft VIII, situated in the centre of the mine site.

The re-development plan for the mine envisages the construction of a new vertical shaft, Shaft VIII, and the re-excavation, refurbishment and deepening of Shaft I. This is an existing brick-lined shaft that has been backfilled to surface.

Shaft I will be used initially as a service shaft and later prior to the commencement of the coal extraction it will be converted to the production hoisting shaft. Shaft VIII will be the downcast shaft (fresh air intake) and will be used for transport of men and materials.

Later in the mine life, a further new shaft, Shaft VII, is envisaged being sunk to a depth of 1,344m to provide ventilation and coal hoisting from the deeper levels of the mine. Commissioning of this shaft is envisaged in 2035 (Year 21 of the project).

IMC questions the need for this third shaft and recommends that NWRK carry out an option study that considers other alternatives versus the construction of the third shaft. One possible option could be to drive one or more underground cross-measures ramps from approximately the 940 m level down to the lower levels in order to provide a mineral clearance route to the skip loading facility at Shaft I and to allow access to the deeper levels.

The following table shows the parameters of the shafts:

Table 5-1: Shaft Parameters

	Shaft I	Shaft VIII	Shaft VII
Diameter	7.50 m to 460 m depth/below 460 m @ 7.30 m	9 m	9 m
Depth	944 m	1,440 m	1,344 m
In operation	2022/Project Year 8	2022/Project Year 8	2035/Project Year 21
Function	Skip	Men and Material	Skip
Ventilation Function	Exhaust	Intake	Exhaust

The shaft design and construction was developed in a pre-feasibility study (PFS) prepared on behalf of NWRK 2012 by Deilmann-Haniel Shaft Sinking (DH) and Siemens. The PFS is a detailed and comprehensive document, which provides considerable explanation of the expected geology and hydrogeology at the shaft location, the construction methodology and the selection of the shaft lining, the overall design of the proposed shafts and the intended hoisting and furnishing arrangements. The shaft arrangements presented in this study were different to those subsequently adopted by NWRK, and the new shaft configurations are the subject of an updated studies in 2013, carried out by BSiPG and Deilmann Haniel.

IMC has reviewed the original study and the updated studies and finds them appropriate for the level of a pre-feasibility study. However, IMCGCL considers that there may be some optimisation possible at the next stage of project engineering.

The capital costs projected by BSiPG have been adopted by NWRK in their cost estimate used in PFS. IMCGCL considers that the costs are conservative in some areas and there may be some opportunities for optimising the costs and the shaft design.

As presently scheduled sinking and equipping of Shaft VIII is expected to take around eight years, while the deepening of Shaft I will be completed within six years. Accordingly the construction of Shaft VIII is on the critical path of the project execution schedule.

5.3 Mining Method

All of the target coal seams dip at approximately 12° with thicknesses ranging from 1.2 to 5.0 m at a depth of 750 to 1,400 m. This limits the available choice of mining methods for the Dębieńsko deposit.

The coal seams at Dębieńsko are characterized as follows:

- Target clean coal production of about 3.15 Mt/y;
- Low angle seam dips between 5 and 16°;
- The tectonic structure and major fault patterns of the deposit are well known
- Patterns that block out the deposit into large areas of available coal, meaning that large blocks of coal can be laid out with reasonable certainty between known faults.

The proposed mining method is single slice retreat longwall (LW) mining which is a well known method in Poland and internationally and is well suited for the given conditions.

The length of the panels will typically be between 600 m and 3,000 m, the panel width will be 250 m.

A typical panel layout is shown in Figure 5-1.

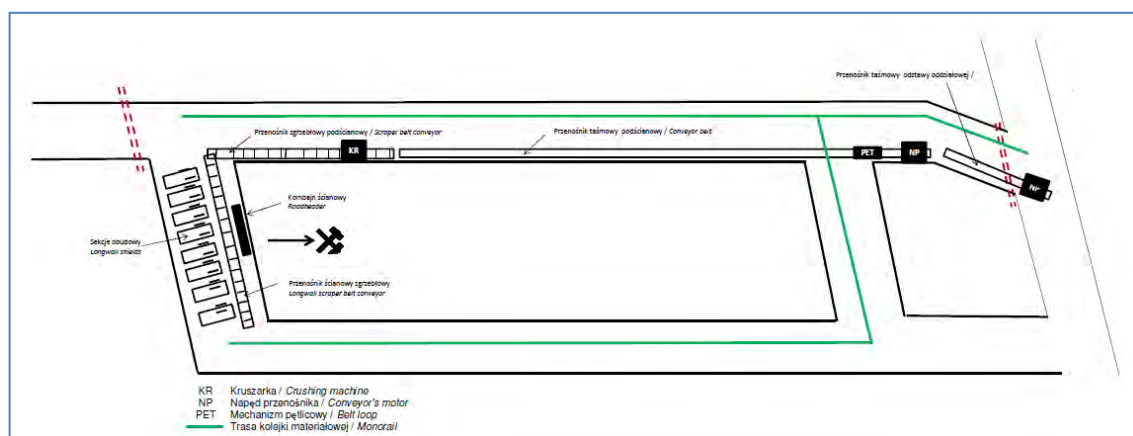


Figure 5-1: Typical Panel Layout

Double usage of gate roadways is planned without the use of rib pillars between the adjacent longwall plans. This means that one gate roadways of each panel will be re-used as one gate roadway for the adjacent panel. Although the re-use of gateroads saves on total development and costs this requires concrete pack walls to be installed along the side of all double usage roadways to assure the stability of the roadway during the extraction of the adjacent panel.

Retreat longwall mining methods are well proven and understood in Poland and are appropriate to the conditions. IMCGCL concurs with the selection of this extraction method for the Debieńsko seams.

A preliminary mine plan and LW panel layout has been prepared for each seam within the licence area and this has been used to estimate the mineable coal resources used as the basis for the financial model used as the basis for this report.

IMC has examined the current mine plan and is satisfied, based on the current knowledge of the deposit, that it is achievable. However, it is noted that this will certainly change with time as experience and further knowledge is gained of the specific conditions in the coal seams at Dębieńsko.

5.4 Mine Layout

The mine will be laid out with five major levels.

These are:

- 690 m level,

- 850 m level,
- 1050 m level,
- 1250 m level and
- 1400 m level.

Main levels will be driven in rock. The development plans of the levels are shown in the following figures.

The 690 m level capital development will be used to provide the return ventilation for the first longwall faces in seams 401/1 and 402/1 in the northern part of the mining area.

The 850 m Level will be developed to accommodate coal skip loading at Shaft I and to provide men and materials transport as well as providing the main ventilation connections to Shafts I and VIII. Two crosscuts of 1,915 m and 1,064 m in length will be driven to open up the western and southern reserves. One will serve as the transport route and the other as the coal conveying route to the shaft skip pocket.

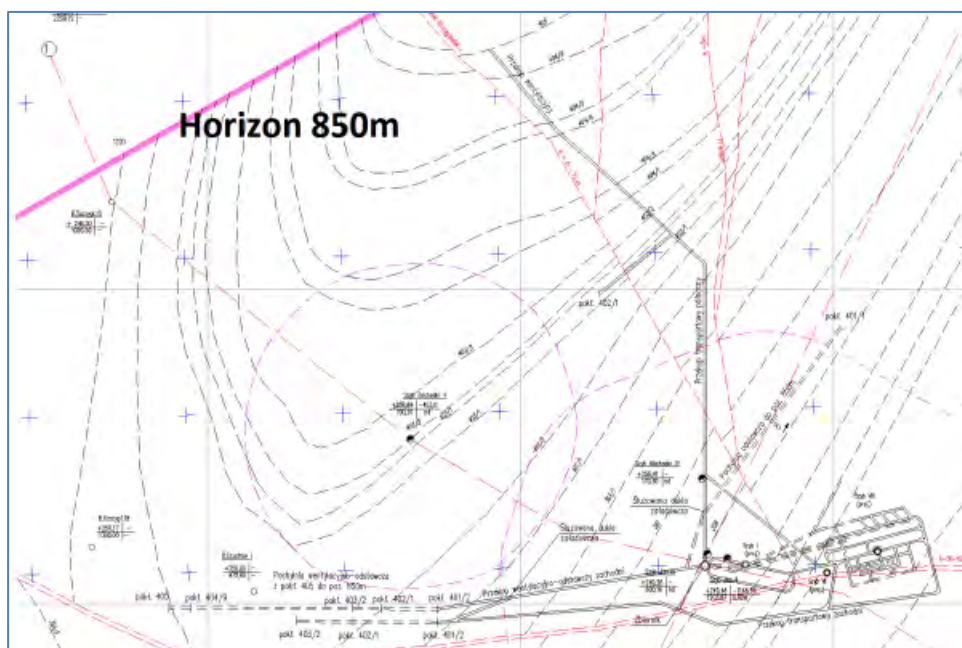


Figure 5-2: Main Development at 850m Level

Two crosscuts will be driven on the 1050 m horizon providing men and materials transportation as well as ventilation to the panels in northern and western flanks of the mine area.

The second main working level will be at 1250 m.

The pit bottom at this horizon will provide both coal transportation and skip loading services at the shaft VII and men and supplies transport via shaft VIII.

At the 1250 m horizon a system of two lateral roadways will be driven from the pit bottom of the shafts VIII and VII for coal transportation and ventilation for the longwall operations in the southern part of the coalfield. A 740 m long crosscut is developed eastwards to open up

the north-eastern reserves in seams 401/1 and 404/1 at the horizon. A fourth main roadway will provide the coal clearance route, ventilation and infrastructure services for exploiting of the northern panels in seam 404/9. The Northern portion of reserves in seam 403/1 will be also opened up with an individual service crosscut from on the 1250 m level.

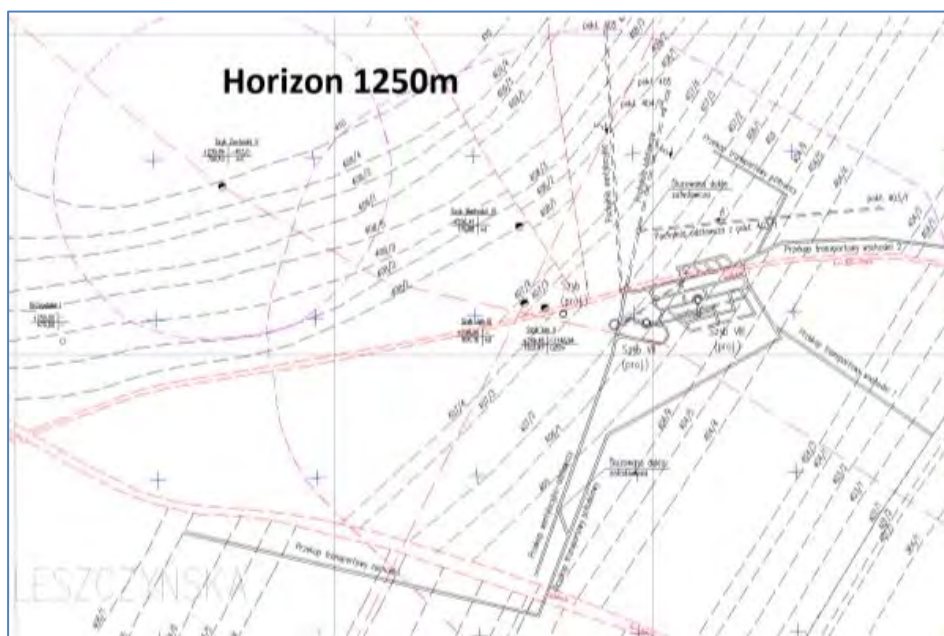


Figure 5-3: Main Development at 1250 Level

At the 1400 m Level a roadway will be driven eastwards to access the deeper reserves in the north-eastern section of the coal field and a second roadway will be developed from the pit bottom to the southern coalfield boundary defined by the Bełski "J" fault.

All main roadways will be driven at a cross-section of 26 m² and supported by the conventional yielding steel arch supports commonly used in Poland.

Roof support requirements have been investigated by several institutions (RAG Mining Solutions, GIG and Kopex).

The Company anticipates that more sophisticated and heavier support methods for backfilling of roof support arches may be required to achieve sufficient stability of the roadways in deeper areas of the mine. Such methods have not been included yet in the mining concept. However, IMC considers that the additional costs will not have a major impact on the economics of the mine plan in the late years of the project.

Development roadways in rock will be driven by drill & blast methods. The advance rate assumed in the mine plan is 3 m/d.

Longwall panels, 250 m¹ wide, will be laid out between the main levels running predominantly along the strike of the seam. The panels will be mined off the single inclined main entries developed in-seam from the crosscuts between the levels. In some areas close

¹ Maximum panel width allowable by Polish law due to escape times, exemptions can be granted for length of up to 300 m

to the northern and southern extremities of the property faulting requires the orientation to be changed and in these areas panels will be worked to the full rise here to increase recovery of reserves. The full rise longwall faces will be worked off the double entries driven along the strike.

Development roadways in coal will be driven by roadheaders. Daily advance of the roadheaders is estimated to be 10 m/d.

The development plan produced by the Company for the first 15 years of mine life is detailed and has been estimated from detailed panel and development layouts. Based on the first ten years a development meters factor related to the coal production has been estimated and applied to the later years. A factor of development metres per 1,000t produced coal has been applied to establish the total development needs of the mine plan.

However, IMC is of the opinion that the selected approach and the development amount shown in the development plans are adequate for the present status of the project.

5.5 Life of Mine Plan

The Life of Mine plan (LOMP) is based on the commencement of construction starting in 2015.

A pre-production period of nine years is envisaged with mine production starting from the first longwall in 2022 and full production being achieved in 2025.

5.5.1 Mine Development

First production is envisaged to come from Panel 1 in Seam 401/2, which is the closest location to the shafts on the upper main horizon 850 m.

Once the cage hoisting has been installed in Shaft I in Year 5, two initial drivages will be developed to open up the reserves of the first production longwall. Two crosscuts with a total length of 2,570 m will be developed westwards from the pit bottom on the 850 m Level.

Two in-seam lateral roadways of approximately 1,800 m will be driven to open up the initial panel, which will have an expected retreat length about 2,400 m. On completion of the 250 m faceline between the two gateroads, the longwall equipment will be installed. Face equipping is expected to take three months with the first production at the end of Year 8.

The total drivage necessary to establish the first LW panel is approximately 7,200 m, taking about 34 months for first production.

The Company production plan is to work three simultaneous longwall faces. Initial roadway development necessary to start three initial longwall faces in the seams 401/2, 401/1 and 402/1 is approximately 24,500 m. A mine development programme based on a drivage rates of 3 m/d for rock roadways and 10 m/d for in-seam roadways envisages that all three LWs will be in production some six years after the shafts have been commissioned.

The total drivage necessary to form enough replacement face room for the full production stage is estimated by NWRK to be between 10 and 14 km per year by NWRK based on the detailed mine plans and the panel sequencing up to the year 15.

From the Year 16, the required panel development is estimated assuming an annual replacement rate of face roadways to match the face retreat. This results in some 14 km of development drivage per year.

The life of mine plan is based on four roadheader development teams driving panel in-seam roadways at 10 m/d and three development teams for capital development at an average rate of 3 m/d.

Development performance used in the development plan is based on performance being achieved regularly at the adjacent coal mines Budryk and Knurow. IMC considers the drivage rates used in the mine plan should be achievable based on experience elsewhere, in Poland and outside. However, IMC notes that as averages, the development rates are at the high end of achievements elsewhere and need to be confirmed once drivage technique, support system and development equipment have been refined in the next stage of project development.

IMC also considers that while estimating the necessary development by means of a factor is reasonable for the pre-feasibility level, it may vary significantly for a multiple seam mine of Dębieńsko type. IMC recommends that a more detailed development schedule from Year 16 covering the next 20 years of mine life is prepared in the next stage of planning.

5.5.2 Longwall Production

Bi-directional (Bi-di) cutting on the longwall is needed to maintain the high level of production expected from the LW faces. This simply means that coal is cut on every pass of the machine up and down the face. This maximises potential machine capacity and increases rate of face retreat.

The mining license agreement sets limits on the surface subsidence caused by mineral extraction. For Dębieńsko subsidence must not exceed category III under Polish subsidence classifications.

The subsidence trough created at the surface by the retreat of a longwall face is largely a function of the extraction height and the retreat rate of the face. To comply with the subsidence limitations in the mining license, the face retreat rate has to be restricted.

To establish the face performance allowable while remaining within the subsidence restrictions, NWRK used a computer model developed by a Polish consultant based on the Budryk-Knothe theory, which is a commonly used tool in Poland for subsidence prediction. Several mine plans produced by the Company with various panel layouts and extraction schedules were assessed to establish the rate of retreat that would keep the surface subsidence within the allowable category III subsidence range.

The face retreat rates resulting from the subsidence prediction exercise vary significantly for future multiple seam mining at Dębieńsko coalfield.

For the Dębieńsko project the following face retreat rates have been identified depending on the mined thickness:

Table 5-2: Face retreat and seam thickness

Net Seam Thickness [m]	Face Retreat [m/d]	Clean Coal Face Production [t/d]
1.2-1.5	6.0-7.5	2,800-3,700
1.6-2.0	4.0-6.5	2,400-4,500
2.1-2.9	3.5-4.7	3,300-4,600
3.0-4.0	2.7-4.0	3,800-4,800

The face retreat rates estimated by NWRK for Dębieńsko Mine are in line with those regularly achieved at the adjacent Budryk and Knurow Mines working in comparable conditions under similar subsidence restrictions. According to the Company this also appears to be the face performance which is socially accepted by local communities.

The targeted production is 3.15 Mtpa of clean coal, which converts to approximately 5.2 Mtpa ROM. The Company has used the above face advance rates to prepare LOMP.

To achieve the planned annual production three longwalls are needed to be simultaneously in operation, assuming a production year of 300 days and the face move duration of three months per move.

NWRK has prepared a very detailed production schedule showing the longwall panel extraction sequences and annual clean coal outputs from the commencement of the coal extraction in the Year 9 until the license expiry date in Year 44 of the project. The production plan is based on the predicted maximum allowable daily face production needed to stay within the subsidence restriction.

Table 5-3: Clean Coal Production Schedule for first 20 years of Operations

	Unit	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
		8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Net production of that	kt/year	289	1,934	1,966	3,055	2,967	3,145	3,025	3,123	3,108	3,127	3,012	3,168	2,900	2,999	3,037	3,047	3,015	3,007	3,224	3,327
Coking Coal	kt/year	275	1,839	1,870	2,906	2,822	2,992	2,877	2,971	2,957	2,974	2,865	3,013	2,759	2,852	2,889	2,898	2,868	2,860	3,067	3,165
Thermal Coal (Middlings)	kt/year	14	94	96	149	145	154	148	152	152	153	147	155	142	146	148	149	147	147	157	162
Coking coal share in total production	95%																				
Developments (operating)	m	9,720	9,310	10,450	9,595	10,885	12,425	10,690	10,520	12,225	12,299	11,847	12,460	11,407	11,794	11,945	11,984	11,860	11,826	12,680	13,086
Developments (operating)	m/1000t	33.6	4.8	5.3	3.1	3.7	4.0	3.5	3.4	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Capital developments (operating)	m	0	825	2,820	3,520	3,370	1,920	2,820	2,820	2,313	2,327	2,241	2,357	2,158	2,231	2,260	2,267	2,244	2,237	2,399	2,476
	m/1000t	0.0	0.4	1.4	1.2	1.1	0.6	0.9	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
No. of employees		1,453	2,254	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,511	2,511	2,511	2,511	2,511	2,511	2,511
Productivity	t/empl/year	196	878	808	1,276	1,276	1,276	1,276	1,276	1,276	1,276	1,236	1,276	1,232	1,203	1,254	1,243	1,254	1,207	1,270	1,262

5.6 Equipment

5.6.1 Development

For development working in coal a medium duty (75 t) roadheader KTW 200, manufactured in Poland has been envisaged. This machine is capable of excavating a maximum profile of 4.996 x 6.869 m, which larger than the proposed excavated dimensions for the roadways.

In rock drivages normal drill rigs and loading equipment will be used.

5.6.2 Production

Due to the limited face retreat rates necessary to control subsidence, high performance longwall equipment is not required for the Dębieńsko project.

NWRK is envisaging that all longwall panels will utilize ranging drum shearers and powered roof support of Polish manufactures FAMUR and KOPEX. Both manufactures produce the full range of equipment for shearer longwalls which are successfully operated by all coal mines in Poland and a number of mines in Eastern Europe, Russia and Ukraine. A number of quotations for the supply of full longwall equipment packages suitable under different mining conditions of Dębieńsko seams have been obtained and analysed by NWRK.

Both KOPEX and FAMUR are able to offer full sets of longwall equipment suitable for the Dębieńsko conditions. Since the companies are located in Poland a full service and support facility is available.

NWRK is also considering utilising used longwall equipment from the coal mines of its Czech subsidiary OKD which will be closed within the next years. This may offer an opportunity to reduce initial capital expenditure for the longwall equipment. However, this option needs to be further analysed both in terms of suitability, release time schedule, condition of the machinery and in terms of cost.

Typically, the longwalls will be equipped with a double drum shearer, 1.75 m wide powered roof support sections and an 850mm wide AFC. To cover the thickness range in the Dębieńsko mine, three different types of longwall equipment with different height ranges have been offered. The following table shows a summary of the specifications of an offer received from the manufacturer FAMUR:

Table 5-4: Longwall Equipment specification by FAMUR

Support Operating Height [m]	Support Resistance [MPa]	Support Width [m]	Shearer Installed Power [kW]	Shearer Cutting Power [kW]	AFC capacity [t/h]	BSL capacity [t/h]
1.4-2.8	0.72	1.75	705	2x300	1,200	1,500
2.6-3.2	0.81	1.75	780	2x300	1,200	1,500
3.0-4.5	0.904	1.75	980	2x400	2,000	2,000

The offers are based on experience from adjacent mines. No detailed calculations regarding required support resistance have been carried out yet. However, for the status of the project this approach is sufficient.

Due to subsidence limitation the projected mine production is considerably below the potential performance of the proposed longwall equipment of about 10 m/d, which is regularly achieved at the mines working under similar conditions in Poland e.g. Bogdanka or Pokrovscoe in Ukraine.

IMC is satisfied that the appropriate Polish equipment and costs have been selected for inclusion in the capital expenditure estimate and that this can be further refined and specified during the next stage of project development.

5.7 Ventilation

The intended ventilation network design of Dębieńsko mine at full production stage is shown in Figure 5-4.

Shaft 1 will be the exhaust airway and Shaft VIII is the fresh air intake. The network design is shown for the period before sinking of Shaft VII, which will later also serve as an exhaust airway.

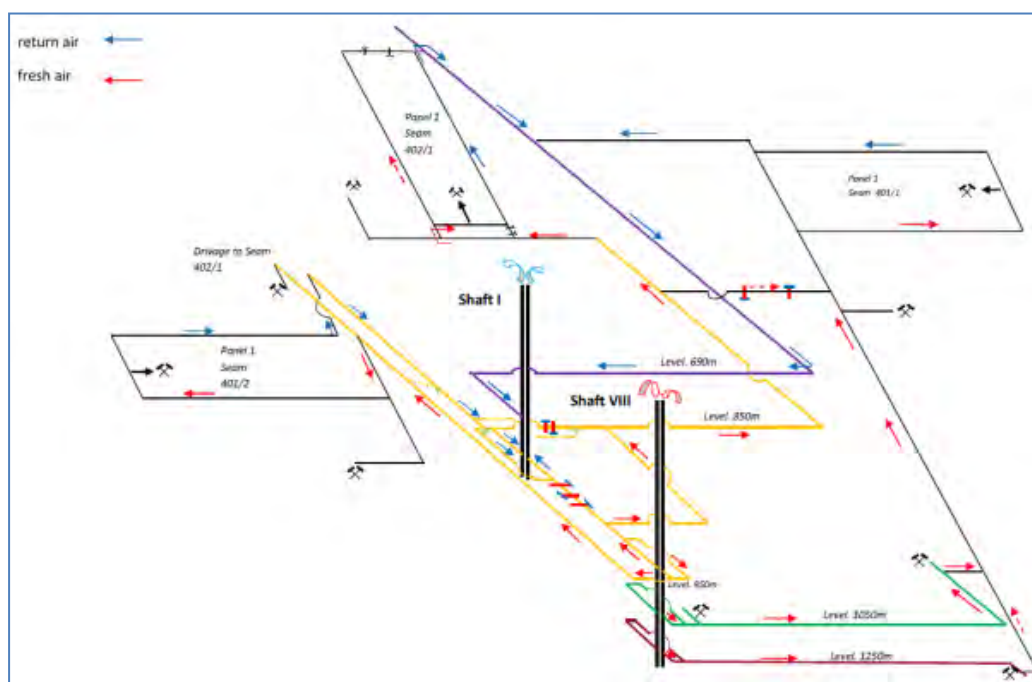


Figure 5-4: Ventilation network

The total required air quantity for Dębieńsko Mine has been calculated considering the requirements of:

- longwall panels;
- roadway developments;
- functional chambers such as workshops, storages, water drainage etc.;
- main level developments;

- gas make
- air losses within the mine.

Each item has been calculated separately and then added up to a total air requirement of 25,300 m³/min. The method of calculation is reasonable. The maximum calculated pressure loss amounts to 2.75kPa.

Based on these values the main fans (type WPK-3.9) have been selected.

Three ventilation phases within the mine life have been identified.

In phase I, Shaft I will be equipped with three fans with two fans working in parallel and one standby unit.

In phase II, the fan arrangement at Shaft I will be the same, while Shaft VII will require two fans (one in operation and one stand by) with the option to add a third fan. For Phase III, three fans will be set up at Shaft VII, while Shaft I will reduce to two fans only for serving functional chambers on the 1400 m level and workings between the 690 m and 1250 m levels.

The actual mine ventilation design is based on the assumption that each longwall panel has gas emissions of 25 m³/min. More detailed calculations have been carried out for 230 longwall panels in the seam 401/1 to 409/4. According to these calculations the gas emissions varies between 8.5 m³/min and 63.3 m³/min with an average of 28 m³/min.

In order to control gas release gas drainage has to be applied. Two methods are envisaged for gas drainage:

- pre-drainage by underground in-seam boreholes and
- goaf drainage by underground cross measure borehole drilled in advance of the longwall.

Efficiency of the gas drainage may be down to 20% at the final depth in the future Dębieńsko mine.

It is envisaged that captured mine gas will be utilised for power generation.

IMC considers that the current approach to ventilation and gas control is sufficiently detailed for the current status of the project but will need further refinement in the next stage of study.

5.7.1 Expected Groundwater Inflow

The planned Dębieńsko mine will extract seams in the Carboniferous Ruda layers of the Upper Silesian Sandstone Series (GSP). The seams for future mining are located between depths of about 690 and 1,400 m.

Because the relatively large water inflow into the closed Dębieńsko mine will continue to be pumped out by CZOK, the planned, much deeper new Dębieńsko mine will only be subject to

relatively small groundwater inflow from the Carboniferous formations. This assessment is based on

- the geological situation: lack of hydraulic connections between the planned seams with the water-bearing parts of the overburden due to occurrence of Miocene and Triassic silts, or clay-based Quaternary formations above new areas mined
- the observed tendency of the inflow decreasing with depth in the old Dębieńsko mine and
- Experience from the adjacent operating Knurów-Szczygłowiec mine and other coal mines operating in the Ruda layers.
- Groundwater inflow is expected to decrease with increasing depth as a result of decreased porosity and permeability of rocks caused by the higher geostatic pressure.
- There are no direct connections through the mining workings to the adjacent mines: "Bolesław Śmiały", "Budryk", "Knurów-Szczygłowiec". The only potential hydraulic connection to the Knurów-Szczygłowiec mine is the 401/1 seam, also mined by the former Dębieńsko mine. As previously mentioned, the existing old Dębieńsko mine workings within seam 401/1 will be completely drained in advance of development of the new mine.
- About 1 m³/min of process water is estimated for dust suppression, drilling and other operational purposes.
- The projected total water inflow is shown in Table 5-5.

Table 5-5 Expected Mine Water Inflow at Dębieńsko Mine

Source	Inflow (m ³ /min)
Level -850 m	0.8
Level -1050 m	0.3
Level -1250 m	0.2
Level -1400 m	0.2
Technical water	1.0
Total	2.5

IMC considers that the assumptions made for expected groundwater inflow into the new Dębieńsko mine are reasonable.

6 SURFACE MINE INFRASTRUCTURE

6.1 Road Links

Dębieńsko Mine is located in southern Poland, 40 km from the Czech border in the town of Czerwionka-Leszczyny near the city of Rybnik in Upper Silesia approximately 50°09' N and 18°40' E. The mine site is approximately 41 km from the city of Katowice which is the location of the nearest international airport situated 30 km from the city centre. Dębieńsko deposit borders with Knurów- Szczygłowice mine in the north-west and in the north, Budryk mine in the north-east and the Bolesław Śmiały deposit in the east.

There are existing asphalt minor roads which surround and connect the Dębieńsko mine site to the major road network. The main Polish national road network is already well established and is rapidly developing further with the current motorway (approximately 1,330km) and expressway (approximately 1,144 km) systems.

The eastern part of the deposit is crossed by the A1 motorway however the road network does not appear to present any issues to the proposed mine operation.

6.2 Railway Links

Poland is served by approximately 23,420 kilometres (14,550 mi) of railway tracks managed by a subsidiary PKP PLP of PKP SA owned by the state and the documented area is crossed with Rybnik Railway lines – Katowice and Rybnik Zabrze. Existing rail dispatch and marshalling yards still exist on site but will require refurbishment and redevelopment for the planned operational tonnage.

6.3 Power Supply

The mine will potentially be supplied by four separate robust incoming grid supplies derived from independent sources comprising different voltages each with varying capacities.

A total of 66.2MVA (approximately) will be available to the mine at full production stage and is sufficient to cover the maximum power demand of the mine estimated at 36.2 MVA during full production. The onsite distribution is comprised of three systems,

- Surface transmission systems;
- Surface distribution systems and load centres;
- Underground distribution networks for mine loads centres.

6.4 Power Generation

Methane gas extracted from the mine will be provided to a gas fired power plant on the mine site, operated by "MEGAWAT" Sp. zo.o. Initially an estimated methane flow of 5.8 million m³/annum is predicted. This will increase to 12 million m³/annum in the 11th year, thereafter increasing year on year to a maximum of 22.5 million m³/annum at full

production giving an estimated average methane flow of approximately 15.2 million m³/annum which should be suitable for generating 7 - 9 MW of electricity.

6.5 Mine Water/Water Supply

The mine water management plan will provide for the following requirements:

- Potable water requirements for bathing, sanitary and cleaning purposes of mine surface (344m³/d),
- Process water requirements for Coal Preparation Plant (53 m³/h),
- Water requirements for fire suppression on the surface,
- Water requirements for fire suppression and environmental process purposes underground (dust suppression),
- Underground water drainage,
- Sewage disposal,

There are potentially 3 different sources providing a satisfactory water supply for the new mine operation:

- Return water from the desalination plant operated by (Zakład Odsalania Dębieńsko Sp. z o.o. (ZOD)), which is currently treating water from the old Dębieńsko mine. The responsibility for disposal of waste products rests with ZOD
- Municipal potable water supply system,
- Low mineralized water from CZOK upper drainage levels.

All mine water from the Dębieńsko mine site will be pumped to the desalination plant. The existing contracting company (CZOK) manage the pumping operations to dewater and drain the existing workings from the surface to level 690m. Prior to start of operations at Dębieńsko, it is intended to pump the mine water lower to its former water level of 781m. This will require some reconstruction work to connect the current pumping station safely with the 781 m level and the installation of two submersible pumps plus infrastructure to lift the water from the 781 m level to the presently operating 690 m level. This procedure is expected to take two years, however the time period stated is not critical considering a total of 5 years is available prior to initial underground mine operations commencing.

Dębieńsko mine and processing plant are designed for zero discharge and all mine water will be transferred to the ZOD plant for desalination. Domestic waste water will be discharged into the municipal sewage system and process water will be recycled.

6.6 Mine Site Surface Infrastructure

In order to construct the project, NWRK needs to acquire about 191 ha of additional landed property for the mine surface complex.

The location and proposed layout of the new and refurbished surface facilities are consistent with an efficient mine layout for the planned tonnages and the Dębieńsko surface design and facilities will principally follow the original mine layout.

There should be sufficient spoil storage area for the Life of Mine (LOM) project on the designated mine refuse area; however this has not been verified in detail at this stage.

The Coal Processing Plant (CPP) will be a new complex and designed to process the planned ROM production.

6.7 Shaft and Winding Facilities

NWRK plans to construct three new shaft access facilities (I, VIII and VII) for the Dębieńsko mine, comprising two skip winding shafts and one man/materials shaft complete with associated winding apparatus and insets planned at levels 690m, 850m, 1050m, 1250m and 1400m deep.

Old Dębieńsko No1 shaft will be deepened to 944 m depth within about 5 years and operate initially as a man/materials winder.

Shaft VIII will be a new 9m diameter shaft to a depth of 1,400m and commissioned after 8 years, for man/materials access enabling men and material to be transported underground by a large conveyance and counter-weight system and provide the intake ventilation route. When the shaft has been commissioned the No I shaft will be converted to a skip winding facility.

Shaft VII will be constructed at 9m diameter and a depth of 1,344m and skip winding to a depth of 1,274m. It is planned to commission the shaft in 2035 for skip hoisting and ventilation of the deeper horizons.

The shaft winding facilities should be adequate for the full mine production of approximately 5Mt/annum run of mine (ROM) product and the surface conveyance system will be designed to a capacity of 1,100tph.

7 UNDERGROUND MINE INFRASTRUCTURE

7.1 Coal Handling and Conveyance

The underground infrastructure will facilitate mining operations from 3 longwalls simultaneously. ROM coal will be conveyed to 2 x 3,000tonne bunkers which will be constructed and located adjacent to the number I and VII shafts to allow continuous skip winding.

The underground conveyor system has been specified at 1200mm wide for face roadways and 1400mm for main roadways with a proposed ROM tonnage capacity of 16,600tonnes/day.

7.2 Men and Materials Transportation

The proposed materials transport system is primarily a combination of rail vehicles loaded in the surface stockyard compound and roof mounted suspended diesel monorail locomotive systems underground to distribute the material and equipment to the operational areas.

7.3 Power Distribution

The mine power network will utilise a local power grid rated at 6kV and will be distributed to various substations located on the mine site (3 phase 50Hz system). The 6kV supply will be transformed down to 3.3kV, 1kV, 0.5kV, 0.4kV and 0.23kV utilisation voltages to feed surface and underground equipment.

7.4 Water and Services

The services for the underground operations will include air, water, mine water pumping, emulsion oil for hydraulic systems and nitrogen gas. All the services will be delivered by steel pipe ranges installed through the identified shaft access and distributed throughout the mine access roadways.

7.5 Monitoring, Control and Communications

Adequate communication facilities including but not necessarily limited to land lines, mobile coverage, internet, e mail and fax are envisaged.

Mine communications will comprise two systems consisting of an Automatic and Emergency Telephone arrangement. Underground radio communication systems and a mine monitoring central station connected via a high-speed data highway to remote outstations positioned at strategic points throughout the mine will facilitate real time monitoring, logging and trending of essential information including mine environmental data.

8 COAL PREPARATION

8.1 Introduction

In 2011, Seperator-Roberts & Schaefer Sp.z o.o. (SRS) carried out a basic engineering study for the entire Coal Preparation Plant complex at Dębieńsko. The scope of this project was the basic engineering design (conceptual) of the Coal Preparation Plant (CPP) for the mechanical processing of coal at Dębieńsko Mine, elaborated on the basis of the beneficiation process concept approved by NWRK. The study included:

- Concept of coal beneficiation technology;
- Site development plan and location of buildings, facilities and auxiliary installations;
- Basic structural design and volumetric capacity of buildings;
- Layout of machines and equipment in the various buildings and facilities;
- Design of internal transportation network between facilities;
- Design of system of stockpiling raw and sales coal;
- Design of rapid coal loading system;
- Design of refuse transport to refuse stockpile.

The purpose of the engineering was to develop a modern and effective mining and processing complex, producing mainly high-quality met grade coking coal with a lesser quality steam grade coal.

This work was reviewed in the PFS to identify deficiencies and the needs for additional work.

Additional work suggested in the PFS has not been carried out to date but is planned to be carried out before or during a definitive feasibility study.

8.2 Run of Mine Coal Quality

Run of mine (ROM) coal refers to that mined mineral that is transported to the surface of a coal mine via shafts or inclines before any surface treatment. It contains, beside the coal recovered from the faces, waste rock dilution caused by cutting or over-breaking of roof and floor above and below the seam and dilution from roadway developments underground. Coal face dilution depends on the under and overlaying strata and the extracted (cut) height of the faces.

In summary, these impacts lead to a certain percentage of dilution usually expressed as the reject content. Reject content is defined as the material which reports to a higher density than 1.80 kg/dm^3 and is rejected in the beneficiation process as refuse.

The basis for any CPP design is:

- Grain size distribution of the ROM coal;

- Density distribution of the ROM coal expressed by washability curves or float/sink analyses.

It has to be clearly stated that no results of any test work needed for CPP design are available for the target Dębieńsko coal seams at the time of this report.

In order to develop a basis for the CPP, engineering information from neighbouring Szczygłowiec-Knurów and Budryk Mines working the upper seams in the same suite have been used for Dębieńsko.

The information available from the adjacent mines has been used to simulate the expected ROM coal. This methodology is acceptable for a pre-feasibility, but will require confirmation at any future feasibility stage.

This work has been carried out by SRS.

IMCGCL also notes that other quality data and parameters such as sulphur, volatile components, calorific value, coking quality, CSR, CRI, Si index, dilation, phosphorus were derived from boreholes samples of the target Dębieńsko seams on a whole seam basis.

Unfortunately the size distribution used in this exercise does not appear to be applicable to a soft coking coal (HGI 70 to 90) mined by shearers. In IMCGCL's experience it is to be expected that roughly 60% of the ROM would be less than 10 mm, which is a higher percentage than is currently being predicted by the screen analysis of the reference coal. The origins of these ROM screen analyses, how the coal was mined and what the Hardgrove Index of the referenced coal was, all need to be confirmed.

Density distribution of individual grain size ranges is required for prediction of recovery and yields of the future plant. The exercise done by SRS during 2011 including an update in 2012 took only considered predictions of yields and qualities and so the results are questionable.

Nevertheless, it is most likely that the seams of Dębieńsko mine will, to some extent, correlate to those of the neighbouring mines but this need to be confirmed by additional sampling from any future borehole core and subsequent test work.

In the absence of any washability data specific to the target seams at Dębieńsko, the CPP design must be considered preliminary and the projected yields to be speculative and viewed as a risk area of the project. Although adopted for the purpose of this report, IMCGCL notes the preliminary nature of this data and yield projections.

For the feasibility stage the additional testwork investigations will have to be carried out with original material from the target coal seams. In particular these investigations are:

- Float/sink analyses for different machine classes (150-20mm, 20-1,0mm, 1,0-0,040mm) at densities of 1.4 kg/dm³ ; 1.5 kg/dm³; 1.6 kg/dm³, 1.8 kg/dm³, 1.9 kg/dm³, 2.0 kg/dm³; 2.2 kg/dm³;
- Proximate and ultimate analysis of the floats <1.5 kg/dm³

- Determination of various indices for coking based on the floats $<1.5 \text{ kg/dm}^3$ such as dilatation, CSR, CRI, FS Index, Grey Coke Index and any other index used on the target markets.

As a matter of course, samples used for this should be representative for the average production composed of several seams mined simultaneously. Having the above data available, computer simulation runs applying operational separation efficiency values on the proposed process have to be carried out in order to achieve exact yields and qualities for all the products produced.

8.3 Run-of-Mine coal handling systems

It is proposed that the plant be designed to match the capacity of the shaft, with theoretical capacity of 1,100 t/h for Shaft I and 980 t/h for the future Shaft VII. On transfer from the shaft, the ROM coal will report to a screening & crushing station adjacent to Shaft I.

The primary objective of this screening crushing plant is to prepare the ROM coal for the CPP in terms of top grain size. Additionally the screening crushing plant is usually used to remove impurities such as wood and tramp iron, which in the current design is supposed to be done by picking belt, but alternatively could also be done with a rotary breaker.

It might be prudent to include a “Bradford Breaker” in the Raw Coal handling system if the proportion of rock dilution is as high as 45% and the rock is substantially harder and more competent than the coal.

The current total dilution contained in the ROM coal is estimated to be approximately 39%, which is somewhat conservative when compared with neighbouring Knurów-Szczygłowice and Budryk. Additional information on this issue will certainly be needed as part of the definitive feasibility stage.

At a later stage, Shaft VII will also serve a screening crushing plant which most likely will be identical to that of Shaft I. Assuming that the later extraction seams to be mined are similar to the initial stage seams, the capex can be delayed until Shaft VII is constructed.

ROM homogenisation has proven to be relatively effective in terms of increasing yield and reducing the design capacity of the CPP when installed between plant and shafts. Twin 8000t bunkers are considered in the preliminary design of the mine to address these issues. This homogenising and storage capacity will allow for de-coupling mine and CPP operation to a certain extent. This would allow the operating time of the CPP to be 20 hour per day while the shaft operating time remain at 16 hrs as envisaged.

It is quite common in other coal mining regions for the washing plant to operate for more hours than does the underground coal production. Most CPPs are designed to be operated for 6,000 hours per year or more (300 days x 20 hours per day), while underground production will be limited to a lower number of operating hours due to legal regulations addressing regular inspections on ropes, cages, skips, brakes etc.

Obviously substantial capital savings can be made if the plant capacity is decoupled from the shaft capacity by the installation of substantial storage and reclaim capacity between the shaft and the CPP. Instead of the plant being designed to treat 1,100 tons per hour, it need only treat 1000 tons per hour over the extended operating hours to achieve the same annual tonnage.

For emergency purposes a separate emergency ROM storage and reclaim system is designed for use during plant breakdowns. This system would make sense where the CPP is tied to the shaft capacity.

8.4 Clean coal handling system

The basic principles of the clean coal handling system are:

- Enough storage capacities to stock concentrates and thermal coal in short term caused by e.g. shortfalls in rolling stock, harsh climate conditions or short term variations in the markets;
- High loading out capacity to trains to be loaded in order to allow for two loading out silos for 3 products (2 types of coking coal concentrate and 1 type of thermal coal).

In particular the clean coal handling system consists of the following features:

- Modern systems are based on a batch weighing loading systems, where the coal to be loaded into a wagon is pre-weighed into a container before being “flood loaded” into the rail wagon. This system requires a storage hopper above the loading flask with a capacity of only three rail wagons or approximately 200 tons. The system can be operated automatically and the wagons can be loaded with an accuracy of better than +/- 1% of target. Trains comprising a mix of different types of wagons can be handled by the system. A rapid stock reclaiming system can be integrated into the system, as is proposed;
- Two longitudinal clean coal storages having a capacity of approximately 65,000 t each and equipped with mechanised stacker and reclaimer system;
- The stacker/reclaimer system will allow for stacking different qualities on the stock yard;
- The basic operational mode will be loading of two qualities directly to the loading out silos, while the third quality is stocked at the clean coal outdoor storages i.e. two types of coking coal concentrates are fed directly to the loading out bins, while thermal coal is stocked in the stock yard. If thermal coal is demanded this quality is reclaimed via a reclaimer system at the yard and fed into the loading out system while the coking coal concentrate will be stocked at the free storage area.

This system will allow a high flexibility and reduce the number of loading bins to a minimum. The clean coal handling system will also be equipped with:

- Electronic belt scales;
- Automatic sampling system;
- Ash & moisture monitoring.

8.5 Rejects Handling System

The rejects produced in the processing plant will be collected inside the CPP and directed to a loading bin with capacity of approximately 200 tons. The rejects will consist of:

- Coarse rejects from the DISA 100-10 mm, dewatered by screen;
- Fine rejects from the HM Cyclones 10-0.5 mm, dewatered by screen;
- Fine rejects from the spiral separators 0.5-0.3mm, dewatered by high speed dewatering screen;
- Flotation tails <0.3mm, dewatered by filter presses.

As yet we do not know exactly how much rejects will be generated by the mining operation, or the proportion of washed rejects to the coarser dry rejects. The basic assumptions taken are a total rock content of 40% in the ROM coal resulting in total refuse of 39% (differences in the numbers are caused by imperfection of the technical processes).

8.6 Proposed Process Technology

The CPP basic design for the CPP referenced in this section was executed by Separator Roberts & Schaefer in 2011. Basic design was carried out in a comprehensive manner and considered all cost items required for a pre-feasibility study.

However, IMCGCL notes the comments made earlier over the lack of testwork data and so the reliability of the yield projections.

Process technology selected is standard technology widely used for the beneficiation of similar coals in Poland. The technology is reliable and proven in at least 30 comparable CPPs in the Upper Silesia region.

The basic design features of the selected flow sheet (Annex 30597-PK-M-15 CPP Flow Sheet) are as follows:

- 3 product heavy media separation of the class 100-10 mm;
- 3 product heavy media cyclones for the class 10-0.5 mm;
- 2 product spiral separators for the class 1-0.3 mm;
- Froth flotation for the class 0-0.3 mm;
- Closed process water circuit with no effluents to the environment;
- Thickeners for coal sludge and flotation tailings;

- Filter presses for dewatering of flotation tailings;
- For the emergency purpose only the interim clarification of circulating water two settling ponds equipped with a pumping stations to recycle the water to the plant.

However, without knowing the expected size distribution of the ROM there is no certainty that sufficient capacity of the fines treatment has been provided, particularly in light of the predicted softness of the coking coals. Some adjustment of the proportions fed to the heavy medium bath, heavy medium cyclones and even to the spirals may be needed if the original sizing assumptions are shown in practise to be unrealistic.

The thickener and froth flotation section are the main processing units most at risk from any underestimation of the amount of fines in the ROM.

8.7 Process Description

The proposed coal preparation process is shown in Annex CPP Flow Sheet. As already mentioned this is merely a conceptual plan and requires factual evidence based on samples of real material before it can be verified or assumed to be definitive. Nevertheless it can be stated that this is a proven technology which will be able to treat the Dębieńsko coal.

8.8 Production forecast

Capacity of the plant proposed by BSiPG, are adjusted to the hourly shaft capacity:

1,100 t/h; 16 hours/day in 300 days/year = 5,280,000 t ROM per year.

The effective capacity of the CPP can be lower due to the proposed bunker capacity of 2x8,000 t. To handle 5.3 Mtpa, design capacity of the plant will be 1,000 t/h only. This capacity considers an availability of 95 % and an overdesign factor of 1.05 and 20 h of operation. Longer operation time compared to the shaft results from the stock capacity of 16,000 t.

The design capacity is calculated according to following formula:

$$C_{hrs}=5,280,000 \text{ t/a} / 300\text{d/a} / 20\text{h/d} \times 1.05 / 0.95$$

$$C_{hrs}=973 \text{ t/h}$$

Selected name-plate capacity: 1,000 t/h

The estimated balance of products obtained from the ROM coal feed is 95% of coking coal quality, with the remaining 5% being thermal coal.

8.9 Conclusion

Due to a lack of site-specific data, the basis of the SRS report and subsequently the pre-feasibility study is to a large extent based on assumptions taken from other operations .

Primarily this information has been taken from neighbouring mines which are and were mining the seams in the same series. However, higher reject content will have no impact on

the capability of the selected technology but clearly does impact on yields and product qualities.

For the purposes of this report and the financial model on which it is based, a total yield of 61% has been assumed from the ROM feed to the plant and that 95% of the clean coal will be of coking coal quality, with the remaining 5% being thermal coal.

It is therefore strongly recommended to confirm the assumptions made in the pre-feasibility by laboratory test work before or during the definitive feasibility stage.

9 ENVIRONMENTAL AND SOCIAL ISSUES

9.1 Environmental and Social Context

NWRK is examining the feasibility of constructing a coal mine and processing facilities on the premises of the former Dębieńsko mine, which started operation in 1989 but was liquidated in 2000 due to poor economics.

NWRK's license covers an area of 31.7km² to a depth up to 1,400m in a region consisting of mixed urban, industrial and agricultural development located in the municipality of Czerwionka-Leszczyny within the province of Silesia, Poland. Agricultural lands and forestry account for 79% of the license area.

The Centralny Zakład Odwadniania Kopalń (CZOK) Branch III District of Dębieńsko, part of Spółka Restrukturyzacji Kopalń S.A. (SRK), manages the infrastructure and shafts used for the pumping and desalination of water from the former Dębieńsko Mine workings to protect nearby operating mines from flooding.

Presently Karbonia owns administration buildings on small parcel of land within the former Dębieńsko mine site bordered by industrial facilities consisting of:

- MEGAWAT Sp. z o.o. thermal energy plant;
- Dębieńsko Coking Coal Plant, owned by Jastrzębska Spółka Węglowa SA (JSW);
- Land under local authority administration formerly used as a repository for coal processing waste of the former Dębieńsko Mine, presently being re-processed by a third party company;
- Re-vegetated conical spoil heaps from historical mining activities, owned by KW a company established by the State to manage liquidated mine properties.;
- A railway siding and the Katowice to Rybnik rail line;
- Partially derelict buildings and mine workers' houses of the former Dębieńsko Mine under conservation protection Category A under the ownership of KW.

The nearest residential areas of Czerwionka-Leszczyny are only 45m from the boundary of the proposed mine site. Further from the site other objects under conservation protection include churches, monuments, former farms and factories and cemeteries.

The license of Dębieńsko 1 is located within the north- eastern part of the Rybnik Plateau of the Raciborsko-Oświęcimskiej Basin in the Bierawka River valley. Part of the License, to the west of the Bierawka River, lies within a legally protected area, the Landscape Park of the Cistercian Landscape Compositions of Rudy Wielkie, created by the Katowice Voivodship's Regulation No 181/ 93 of 23 November 1993, amended by the Regulation No 37/2000 of the Governor of Silesia, dated 28 September 2000. The Park includes industrial facilities as well as arable fields, gardens, transport infrastructure, forests and tributary streams of the Bierawka River, the nearest point of which flows 1300m from the proposed mine site. The

water quality of the Bierwaka is classed as poor due to high levels of salinity, nitrites and biological oxygen demand (BOD) and low concentration of dissolved oxygen.

Other features in the surrounding landscape include ponds and lakes formed due to surface deformations resulting from historic mining.

9.2 Land Tenure

The mining area Dębieńsko 1 is smaller than the former mining area of the mine Dębieńsko and it is within the limits specified in the land development plans of the towns and Municipality of Czerwionka-Leszczyny, Knurów, Rybnik and the Ornontowice Municipality.

Presently Karbonia owns administration buildings on a small parcel of land within the site of the former Dębieńsko mine. In order to construct the mine shafts, surface infrastructure, process plant, stockyards and waste storage facility for a new mine, Karbonia requires an additional 191 ha of adjacent land shown in Figure 9-1 comprising:

- 125ha owned by the Czerwionka-Leszczyny Municipality, which is the site of the former Dębieńsko waste facility;
- 60ha owned by KW S.A, underlying historic spoil heaps, which have now re-vegetated naturally, together with some of the former mine facilities which IMC understands to have some protection status;
- 4.4ha owned by SRK. This includes the site of an in-filled mine shaft from the former Dębieńsko mine, which Karbonia plans to reopen and deepen. Karbonia and SRK have reached agreement on the acquisition which could be completed in 2014 or 2015.

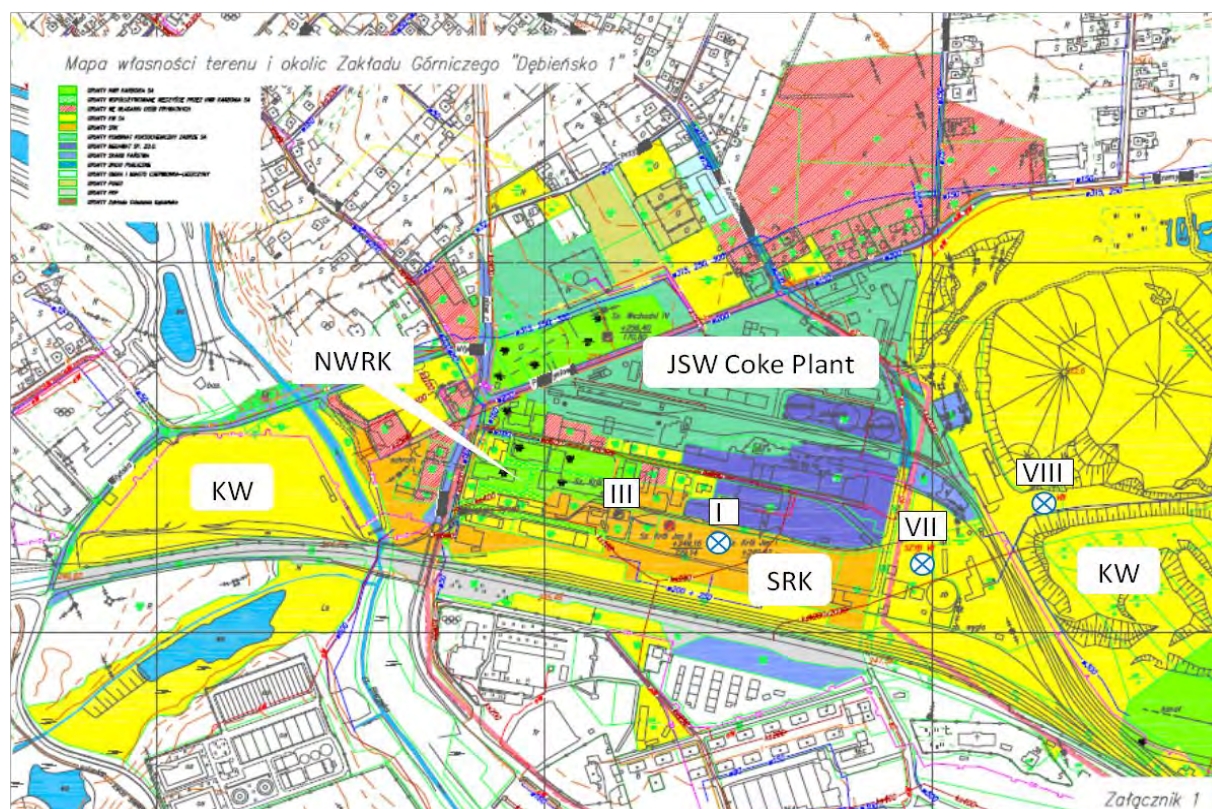


Figure 9-1: Surface Property Ownership

The Czerwionka-Leszczyny Municipality opened a public tender for the sale of the 122ha former waste site this year but Karbonia withdrew pending the completion and approval of the feasibility study. Karbonia considers it unlikely that other parties would be interested in acquiring this land although the Municipality has rented part of the land to an operation for re-processing of the waste.

The 60ha under the ownership of KW is unlikely to be attractive to any party other than the holder of the mining license.

Apart from the 4.4ha owned by SRK, Karbonia does not intend to acquire other plots until the project feasibility process is more advanced.

9.3 Statutory Authorisations

Details of the statutory approvals and permits currently held by Karbonia are summarised in Table 9-1.

Table 9-1: Statutory Authorisations

License/Permit	Authority	Reference No.	Issue date	Validity
Mine license	Ministry of Environment	8/2008	24.06 2008	50 years
Mining agreement			24.06 2008	
Environmental Permit	Governor of Silesia province	Decision Śr/III/66130/85/07	21.02.2008	
Environmental Permit	Mayor of Czerwionka-Leszczyny		25.11.2011	

KARBONIA has already obtained a Decision on the environmental conditions of consent to the realisation of the investment, Decision Śr/III/66130/85/07 of 21 February 2008, issued by the Governor of Silesia Province, and on the basis of the Decision and the Dębieńsko 1 Coal deposit management plans, have received a 50-year concession for the extraction of coal and methane, as the accompanying mineral deposits" Dębieńsko 1 "(license No. 8/2008).

The license is valid for a period of 50 years in two stages for construction of the mine site by 2018 and production of coal from seams 401/1 to 410 up to a depth of 1,400m for 40 years. The license grants permission for coal extraction in accordance with general environmental, social and safety constraints which include:

- Protection of areas with high density of buildings, historic buildings, and infrastructure at the surface by pillars designed in the "Dębieńsko" deposit. Indicators of surface deformation on other areas cannot exceed Category III of mining damages under the Polish classification;
- adopt the mining technology to the geological conditions in headings in order to keep the rock-mass stable;
- in order to minimize the indicators of deformation at the surface of the proposed mining area, mining operations have to be coordinated in order to prevent accumulation of the influences of the mining activity on surface;
- design of the mine dewatering system that will selectively intake natural water inflows, and prevent mixing of waters having different characteristics to help to protect the water environment;
- project execution plans must be agreed with owners of residential units and technical and building infrastructure networks;
- investment compliance with current provisions of law on occupational health and safety, mineral deposit management and environmental protection;
- the mine operation plan must focus on environmental protection and the best mining technology to prevent surface deformations.

The environmental permit for the project, Decision of 25 August 2011, was based on construction of a mine access ramp. This concept was subsequently abandoned.

As the Project proceeds, additional permits will be required for activities such as facilities' construction, underground water abstraction, releases to atmosphere and operation of extractive waste dumps.

9.4 Environmental Impact Assessment

Poland, as a member state of the European Union (EU), is bound by various EU Directives and International Treaties and Conventions for environmental and social protection which have been incorporated into Polish law. The proposed Dębieńsko Mine qualifies in accordance with the Regulation of Council of Ministers of 9 November 2010 on the types of projects that may significantly affect the environment as:

- Extraction of minerals from deposits by means of underground mining of not less than 100,000 m³ per year;

and for technologically associated facilities:

- Installations for processing of minerals not less than 100,000 m³ per year;
- Mining wastes facilities of capacity not less than 10 t per day or with a total capacity of not less than 25,000 t.

Under the Act of 3 October 2008, on the provision of information about the environment and its protection, public participation in environmental protection and environmental impact assessment, any significant changes in previously granted concessions for exploitation of deposits is permitted only after obtaining a Decision on environmental conditions.

The environmental impact of the proposed project is described in a detailed Environmental Impact Assessment (EIA), prepared by Biura Studiów i Projektów Górniczych w Katowicach Sp. z o.o. , the Main Office of Mining Studies and Projects in Katowice, in February 2014. This EIA takes account of updated plans to mine all 18 seams 401/1 to 410, some other planned changes and the delay in the completion of construction beyond 2018 as shown in Table 9-2.

Karbonia has not yet submitted the EIA and application for the license amendment but indicated that typically 9 months review and consultation is required for a new Decision.

Table 9-2: Proposed major changes from the Decision 2008

Planned changes to the issued concession and environmental decision	The environmental decision *	The concession
Date of commencement of coal mining not later than the 2024r.		Phase I – Construction of the Mining Plant – completion until 1.01.2018 r.
Commencement of coal mining not later than the 2024r.	-	The extraction of coal and methane as the accompanying mineral deposits "Dębieńsko 1" will take place no later than 01/01/2018
Planning of new shafts: I, VII and VIII	Accessing deposits through shaft I and shaft II	
The use of gas from methane drainage by ZG by Power Company MEGAWAT Sp. z o.o. and for their own needs	Gas acquired from methane drainage of mine will be used for the production of thermal energy used for the purposes of technological processes and social and living needs	
Thermal energy supplied by Power Company MEGAWAT Sp. z o.o.	Thermal energy supplied from own boiler house	
Assumed operation of three mining levels: level 850 m (-600), level 1050 m (-800), level 1250 m (-1000)	Assumed operation of two mining levels: level 800 and level 1000	
Intended for exploitation: Ruda seams	Intended for exploitation: Orzesze seams and Ruda seams	
Resignation from acoustic screen	Construction of the acoustic screen along the southern border of the ZG	
Resignation from the designation of the pillars of linear objects. Protective pillar enlargement to encompass shaft VIII and other objects functioning with it.	-	Areas of intense building cubature structure, monuments, linear facilities will be protected in designated protective pillars in the "Dębieńsko 1" shaft. In other areas the surface deformation rates cannot exceed the third category of influence

- *decision on environmental conditions of consent to the decision Śr/III/66130/85/07 of 21 February 2008

The Prefeasibility Study on the Dębieńsko Coal Mine, prepared by IMC Montan-Consulting GmbH May 2014, includes a section on Environmental and Social Management which is essentially a summary of the baseline characteristics, impact identification and proposed mitigation measures included in the EIA.

IMC has not carried out a detailed review of the EIA prepared in 2014 for proposed changes to the Project. However IMC considers that the EIA structure, content and methodologies for impact identification and assessment are broadly consistent with internationally accepted Environmental Social Impact Assessments for major mining projects world-wide. The EIA includes a non-technical summary for public dissemination and in line with international

standards evaluates the Project technical alternatives, including the “no-project” option, and the potential impacts of emergency situations.

9.5 Environmental Aspects

The region surrounding the proposed mine site includes environmental and social features which are susceptible to potential impacts from the mining and processing operations. These include air quality, surface waters, underground water, land surface, natural habitats, cultural monuments, property and the local communities. The EIA assesses the magnitude, extent and duration of these impacts during the construction, operational and decommissioning phases. Apart from subsidence effects none of the post mitigated impacts are assessed as severely negative or unmanageable.

9.5.1 Air Quality

The activities of mine will affect the air primarily during exploitation phase related to:

- Emissions of particulate matter during the extraction, preparation, storage, handling and transport of coal;
- Emissions of gas and dust coming from the set of power generators, diffusers and shafts;
- Fugitive emissions of dust from the waste dump;
- During the exploitation phase, in comparison with the construction phase, the impact on air as a result of emissions from vehicle fuel combustion will be smaller.

Based on air quality assessment, the general air quality categorization for the Racibórz-Wodzisław zone is class C according to the health protection criterion due to exceeding the allowable daily and annual concentrations of PM 10, suspended dust and benzo-alpha-pyrene.

Significant effects on air quality in the industrial zone of the mine will be mitigated by the use of gas cleaning equipment for point source emissions, techniques for reduction of dusting from the surface sources and management control measures. The estimated emissions are small and localized in extent.

9.5.2 Water management

CZOK is responsible for pumping and desalination of water from the former workings of Dębieńsko to protect adjacent mines from flooding and will retain this responsibility when Karbonia develops and exploits the 401/1 - 410 seams. The treated water is discharged to the Bierawka River under consent assigned to CZOK.

For safety considerations, Karbonia intends to completely dewater the old workings in and above the 401/1 level prior to mining seams 401/1-410 resulting in additional water volume for pumping and treatment. During exploitation Karbonia will be responsible for dewatering the working levels between 850m and 1250m; the relatively small volume of additional

water inflow, estimated at 2.5m³/min, being treated at the desalination plant. Karbonia has a letter of intent with CZOK to treat the additional water inflow. Desalinated water will be purchased from CZOK for technical, process and fire fighting requirements.

Domestic wastewater will be collected via the sewage system and discharged to the municipal treatment works of PWiK of Czerwionka-Leszczyny Sp. z o.o.

Rainwater run-off from the site surface, car parks, coal stockyards and waste storage area will be collected and treated in sedimentation ponds with facilities for separation of petroleum products. The treated water will either supplement the process requirements or be discharged to the sewage system.

Karbonia has developed an overall site water balance which indicates no additional discharge to surface waters. The EIA concludes that the Project will not increase the risk of non-compliance with the environmental objectives of the "Water management plan in the area of Odra basin".

9.5.3 Waste management

Extractive waste will be produced in the form of waste rock from shaft development and reject material from coal processing. The processing waste constitutes approximately 40% of the run of mine production in dry form and will be deposited on the waste storage facility which has an area of approximately 120ha. The waste management plan should include measures for preventing self combustion of the extractive waste.

At the planned maximum elevation, Karbonia indicated that this site may not have sufficient capacity for the full 40 year life of mine waste storage. This should be defined during the Feasibility Study and alternatives provided if necessary.

Non-mining wastes will be collected and segregated in an environmentally safe manner. These wastes will be transferred for recycle, recovery or disposal by specialist, approved organizations.

9.5.4 Impact on land

Dębieńsko Mine has operated almost continuously for over 100 years resulting in significant changes in terrain morphology and creation of wetlands, together with surface building substance. Practically the whole municipal area has been affected by these damages which gradually diminished following closure of the mine in 2001. Facilities of the new mine and associated infrastructure will occupy the areas already disturbed by the historic operations and not require the use of any greenfield land or result in additional visual intrusion on the landscape.

The planned coal mining will cause deformation of the ground surface up to the third category mining damage mainly in the north-western part of the mining area. Structures located in the mining area implemented before 2000 are protected against the influence of mining activities corresponding to the second and third categories. Only some of the objects

built after 2000 have this protection although Karbonia has provided funding for the strengthening of new buildings constructed since receipt of the mine license.

The mining operations will be planned in order to reduce the potential effects on the ground surface. The area of Mining Plant, Shaft VIII, coking plant and urban centre of Czerwionka will have protective pillars. Monitored effects on surface facilities will be remediated on a regular basis.

The Cistercian Landscape Composition of Rudy Wielkie, natural monuments and forest areas on the environs of the mining terrain are located within the mining impact area. Deformations will occur mainly on industrial areas, industrial wastelands, residential areas and farmlands lying between those terrains. Mining will influence the Landscape Park area mainly by local changes of topography with a maximum deformation of up to 7m expected in the area of the Park and the urban area of Barwinka.

The impact of Mining does not affect particularly valuable areas of the Landscape Park. Some small areas of high value landscape terrains were appointed on agricultural terrains and along watercourses. Most of these terrains are indicated in the Project of Landscape Park Protection Plan as terrains to be developed for tourism and recreation or as farmlands between current and future residential areas.

Some of the small stream beds affected by subsidence will be deepened in order to maintain adequate flow gradients but the Bierawka River channel will not be affected.

In order to reduce the size and range of negative impacts, Karbonia will develop measures aimed at restoring the land degraded by industrial activities on the basis of the spatial development plan, the provisions of the Law on the protection of agricultural land and forestry, and pursuant to the provisions of Geological and Mining and Environmental Protection Laws.

9.6 Social and Community Issues

The Dębieńsko mine is assessed as having a positive social impact due to the provision of direct employment to approximately 2,500 personnel and further benefits to the local economy as a result of multiplier effects in the supply of goods and services. In December 2013, the company received more than 2,500 applications for work.

However, in view of the proximity to residential areas and agricultural land, it is realistic to expect that there may be some objections to the Project on the grounds of the negative environmental effects associated with:

- Noise nuisance from the mine and processing machinery;
- Some localised deterioration in air quality due to dust and gas emissions;
- Increased road traffic particularly during construction and rail traffic during the exploitation phase;
- Subsidence damage to land and property

The EIA and PFS propose measures for reducing the impact of noise such as screening, equipment choice, management techniques and some restrictions in night time working. Modelling of the noise impact on residential areas concluded that the statutory threshold values are not exceeded either during the day or night. Effects on air quality will be minimised using dust abatement measures, management techniques and monitoring.

The local communities are familiar with coal mining at Dębieńsko and adjacent mines. According to Karbonia the public is generally supportive of the project, as are the local civil authorities. Karbonia is developing good relations with the Mayor and the general public and has an annual budget of €100,000 to aid education and specific, approved community projects.

9.7 Rehabilitation

At this stage of feasibility, only general concepts for closure and rehabilitation are developed. Within a reasonable time of the end of the concession period a decision will be taken whether to gain new concessions or undertake mine liquidation and rehabilitate the land to an agreed condition. In the latter case, the following actions are necessary:

- Development and approval of the rehabilitation programme for the site and waste storage facility;
- Preparatory work such as cleaning and disconnection of the installation;
- Removal of hazardous materials;
- Dismantling of structures, equipment, infrastructure and capping the shafts;
- A land contamination study;
- Decontamination, levelling and restoration of land;
- Worker and community retrenchment measures.

During the decommissioning works the contractor will be required to adhere to the provisions of all regulations on environmental protection and ensure that hazardous materials are dealt with appropriately.

The Life of Mine Financial Evaluation includes a provision of 100 million PLN, approximately €25 million, for liquidation costs at the end of the mine life. IMC considers the estimate adequate for this phase of feasibility.

During the operational phase Karbonia will undertake progressive rehabilitation measures such as restoration of subsidence damage and removal of non-process waste. Good international practice also entails timely contouring and revegetation of completed areas of the waste storage facilities to stabilise the material and reduce fugitive emissions.

The Financial Evaluation assumes a cost of 15.7PLN/t coal for repairing subsidence damage and restoration averaged over the mine life.

9.8 Findings

In order to proceed with the Dębieńsko mine construction and operation Karbonia requires a further 190ha of land, in 3 separate plots, adjacent to the existing administration buildings. All of this land is previously disturbed by historic mining operations and surrounded by other industrial activities. Karbonia has deferred acquisition of the land until the feasibility process is further advanced. The risk of Karbonia being unable to acquire the land is considered low since it would be of little value other than to the holder of the mining concession.

Karbonia has acquired the necessary approvals required at this stage of the Project but planned changes require a new environmental Decision. An Environmental Impact Report (EIA) was prepared in February 2014 but Karbonia has not yet submitted the application and EIA for the amendment. In view of previously granted Decisions, IMC considers it reasonable to assume that the amendments will be approved by the authorities.

Polish Law for environmental protection is well developed and incorporates various Directives and treaties of the European Union, such as for environmental social assessment and integrated pollution prevention and control.

The Pre-feasibility Study on the Dębieńsko Coal Mine includes a section on Environmental and Social Management which is essentially a summary of the EIA. The EIA includes baseline and project descriptions, environmental and social impact identification and evaluation, project alternatives and a non-technical summary. IMC considers that the content, structure and methodologies are broadly consistent with international standards for impact assessment of large mining projects.

The development will not encroach on greenfield land or result in additional visual intrusion. Apart from subsidence damage to land and property, none of the environmental impacts are assessed as severe or un-manageable. Critical areas will be protected from subsidence and the mining plan and sequence are aimed at minimising damage in other areas. Karbonia started funding the strengthening of new buildings on receipt of the mining license in 2008. Measures are proposed for impact mitigation which are based on good international practice and/or best available technology for environmental protection.

The social impact is assessed as positive due to employment prospects and economic benefits to the community. Negative effects such as noise, dust and traffic nuisance will require appropriate monitoring and management. Until its closure in 2000, the Dębieńsko mine operated almost continuously for over 100 years and the local communities are familiar and comfortable with nearby mining operations. The public and local civil authorities appear generally supportive of the Project although IMC has not independently verified this.

Karbonia has made provision for closure rehabilitation of the mine site of approximately €25million which IMC considers appropriate for the size and nature of the operation and allowing for the relatively early stage of project design.

10 MANAGEMENT AND STAFFING

10.1 Introduction

The number of workforce has been estimated from first principles and in great detail for the Dębieńsko mine operation. The basis of this estimate is the experience of NWR from its OKD operation, as well as operating practises at neighbouring Polish mines.

10.2 Working Time

No details have been provided, but a 24/7 operation is assumed and the operation is based upon Polish standards and complies with Polish regulations. The mine is expected to work an average of 25 days per month and 300 days per year.

10.3 Absenteeism and Holiday

Workforce was considered taking into account holidays and sickness absenteeism at 10% for supervision personnel and 22% for workforce, this is regarded as reasonable approach.

10.4 Personnel

The Dębieńsko management has provided a very detailed list of personnel and adjusted this to ensure cover for six day working for each position.

The development of staff after start of first production in 2022 within a period of 12 years can be seen below.

At the start of production supervision personnel accounts for almost 30% of the total workforce and with increased production and additional production faces the share reduces to less than 20%.

Table 10-1: Staffing schedule up to 2035

Staffing	2022	2023	2024	2025-2034	2035
Supervision Underground	292	343	346	346	346
Workforce Underground	898	1,643	1,854	1,854	1,893
Total Underground	1,190	1,986	2,200	2,200	2,239
Supervision Surface	139	139	139	139	139
Workforce Surface	124	129	129	129	133
Total Surface	263	268	268	268	272
Total Supervision	431	482	485	485	485
Total Workforce	1,022	1,772	1,983	1,983	2,026
Grand Total	1,453	2,254	2,468	2,468	2,511
Supervision out of Total	29.7%	21.4%	19.7%	19.7%	19.3%

IMCGCL considers the manpower appropriate in the Polish mining industry but the number of workers is somewhat higher than might be expected in similar sized mines elsewhere in the world.

10.5 NWRK Management Team

NWRK presently employs a management team at the mine, who are very experienced Polish professionals, several of whom have worked at neighbouring mines and so are familiar with the likely mining conditions at Dębieńsko.

IMCGCL understands that this team will provide the core of the future operational mine management.

The current focus of the team is to refine and complete the various Project engineering studies currently underway.

10.6 Personnel Costs

NWRK has estimated the personnel costs based on similar operation operations in Poland, namely JSW. Table 10-2 shows the monthly salaries and wages used in the cost build-up. These are considered by NWRK to reflect current levels in the industry.

Table 10-2: Salary and wage structure per month and person

Item	Salary/Wage	Unit
Supervision Underground	9,775	PLN/month
Workforce Underground	9,271	PLN/month
Supervision Surface	7,105	PLN/month
Workforce Surface	6,468	PLN/month

10.7 Employment On-Costs

Additional costs have been added to the basic salaries and wages such as:

- Social and health insurance (company costs) with 18.81 % of personnel costs
- Accident insurance with average 3.86 % of personnel costs
- Periodic medical examinations ~ 50% of staff every year
- Provision for meals and water etc
- State fund of physiotherapy of injured persons (PFRON)

10.8 Headquarter Costs

Yearly headquarter costs for Dębieńsko amount to almost 16 million PLN. This includes inter alia for:

- Board members
- Supervisory board
- Legal services
- Audits

- Advisory
- Insurance
- IT services and Rentals
- Others

10.9 Escalation

No escalation on personnel costs have been applied for the cost calculation.

10.10 Findings

The workforce numbers have been estimated from first principles and in great detail for the Dębieńsko mine operation. The basis of this estimate is the experience of NWR from its OKD operation, as well as operating practices at neighbouring Polish mines.

All factors have been included in the estimation of the number of employees including absenteeism and holidays for the different types of employees.

IMCGCL considers the manpower appropriate in the Polish mining industry but the number of workers is somewhat higher than might be expected in similar sized mines elsewhere in the world. However all personnel costs are included in the financial model and give some potential for further cost reduction.

Personnel costs have been estimated based on similar operations in Poland.

General and Administration costs and Headquarter costs also have been estimated in detail.

11 MARKETING

11.1 Introduction

The operations of OKD and as well as the NWRK future Dębieńsko operation are strategically located in the industrial heartland of Central Europe.

NWR with its OKD operation has a customer base in the region, including ArcelorMittal, U.S. Steel, Voest Alpine, Dalkia, ČEZ, Verbund, Moravia Steel, and ThyssenKrupp, that could be supplied by NWRK as well.



Figure 11-1: Customer base according to NWR

11.2 Coal Quality

11.2.1 Available Quality Data

The main criteria used for coking coal evaluation are reflectance, coking power, ash, sulphur, ash chemistry and phosphorus.

Coal assays were conducted on samples from drill cores and from the workings of the former Dębieńsko mine. Analyses were undertaken in the Geological Enterprises Laboratories and Central Mining Institute (GIG) in Katowice both of which are certified to the industry standards by the Ministry of Environment. Production samples were also analysed in the mine laboratory at the time of the former Dębieńsko mine, but only basic tests were executed.

According to the results of various coal quality parameters, the majority of coals fall into the Group Index corresponding to “coking coal” category under the Polish classification, even though the knowledge of ash chemistry and coke oven results is severely limited and had to be estimated based on adjacent mine data for instance from the Paskov seam from the

Ostrava region (Czech Republic). Based on these data the following product categories have been assumed:

Table 11-1: Dębieńsko Product Categories

Category	Hard Medium Volatile Matter	Hard Low Volatile Matter (Hi TS)	Low Volatile Matter Hard
Seams	401/1 404/5 to	404/9	405 to 409/4
IM	1.04%	1.68%	0.82%
VM	24.65%	22.91%	20.22%
VM daf	24.7%	22.6	19.5
TS	0.59%	1.09%	0.62%
FSI	7½	6.33	7.74
Dilatation	170%	76%	86%
Y Index	+12.86 mm	12 mm	11
Roga Index	79	68	71
Semi-Coke	81%	80%	84%
Hydrogen daf	4.53	4.7	4.19
Ash unwashed	8.5	7.5	11.2
Ash Washed	6.8	4.96	5.58

* anomalously high

11.2.2 Evaluation of the Coal Quality

Coals likely to be produced by NWRK are predicted at this stage to split into 95% coking coal and 5% thermal coal categories. Both qualities have been evaluated against comparable qualities from the Company's OKD operations for coking and thermal coal.

11.3 Markets

The Dębieńsko coals comprise a suite of low ash coking coals with good potential. A lack of data concerning the ash chemistry and coke strength after reaction (CSR) has prevented a thorough assessment of the marketability and pricing of these coals.

The potential market for the Dębieńsko coal products is to supply the steel mills of Europe. Nevertheless significant new capacity will keep pressure on coking coal prices for the foreseeable future. Several examples have been named in recently produced reports; main competitors come from Australia, Mozambique, Indonesia, Russia and the US.

11.4 Future pricing

11.4.1 Coking Coal

Currently hard coking prices are at approximately US\$120/tonne. These prices are being supported as major producers such as BHP are reducing costs and closing high cost mines and bringing on-stream new low cost production. At current prices the swing producers in the US will be forced from the market. Some market analysts suggest that after a period of 5 years the coking coal price is expected to rebound and stabilise around US\$170/tonne which is the price that large amounts of US production can re-enter the export market.

The prices for the NWR coals from Ostrava are benchmarked FOR against the Queensland equivalent coals FOB Queensland. Current prices for the Company's CSM coal is around €100/tonne or US\$130.6/tonne FOR.

This provides the Czech and Polish coals with a marginal price advantage in supplying the Central European markets. Queensland coking coals currently are being landed into ARA at a FOB barge price of about US\$136.5/tonne (€100.7/tonne).

Based on present sales prices for OKD coking coal being achieved by NWR and consensus price forecasts, long-term coking coal price for medium volatiles coal of €124.7/tonne and €121.2/tonne for low volatiles coking coal (extracted in the later years of mine life) has been adopted for the economic model used for this report.

These prices assume fixed ocean and barge freight rates and an exchange rate US\$/€ of 1.3555.

11.4.2 Thermal Coal

Thermal coal is in a similar situation to coking coal in that it is largely dominated by one country (Indonesia) with the USA acting as a swing producer capping any price rises.

The price bottom is predicted to be reached more quickly than for coking coal because there is no dominant low cost producer. As a consequence, it is predicted that the Newcastle price of US\$70/tonne will be reached in 2014 and that the price will languish at this level until 2015 when prices will rise quickly and return to US\$85/tonne

Thermal coal product with 17.25% ash is valued at €61.6/tonne FOR while a middlings product with 40% ash is valued at €28/tonne FOR.

Again, in line with current prices being achieved by NWR for OKD and consensus long-term price forecasts for thermal coal, a price for the middlings of 31.3 €/t, has been assumed.

11.5 Findings

Dębieńsko project is located strategically in the industrial heartland of Central Europe within the same market as the other NWR operations of OKD and the price assumption used in this report are made on this basis.

Final products are expected to be mainly coking coal, 95% with 5% middlings treated as thermal coal.

The current price assumptions made for the Dębieńsko Project are €124.7/tonne for medium volatiles coking coal and €121.2/tonne for low volatiles coking coal.

12 CAPITAL AND OPERATING COSTS

12.1 Introduction

Dębieńsko was an operating coal mine until 2000 when production ceased and the mine was placed into care and maintenance. NWRK now plans to reopen the mine and extract coals from lower seams with coking coal quality.

The following sections outline the model provided by NWRK in the Excel file "Debiensko DFCF 186mt@ 1247x1212 EURt 25.6.2014- Geoslip schedule Nominal (JM).xlsx".

12.2 Capital Costs

A detailed capital expenditure (capex) forecast has been prepared by NWRK which consists of three elements:

- Pre-production capital investment to complete the mine construction to allow commencement of commercial production.
- Capital investment required to access lower levels by sinking an additional shaft
- Ongoing sustaining capital expenditure.

12.2.1 Pre-production Capital Costs

The pre-production capital expenditure for the mine primarily consists of construction costs for shaft sinking and equipping, main level development, the mining equipment, surface infrastructure and the CPP.

All expenditure up to the production from three longwalls in 2024 has been capitalised. This is spread over the initial ten years of the Project, with production starting in Year 8/9 (2022/2023) of the project. Expenditure has been estimated using current day prices.

Pre-production Capex totals some 3,456 million. PLN (€833 million) in construction, infrastructure and equipment, spread over about nine years.

The largest element of the pre-production capex is for the mine at some 2,000 billion PLN (€482 million) in shaft construction, mine development and mining equipment.

Construction is scheduled from 2015. Underground development starts in Year 6 (2020) of the project. Full production from three LWs is envisaged from Year 10 (2024).

The shaft sinking and equipping costs used for the cost estimate are based on an estimate prepared by BSiPG. In addition, an updated cost estimate for the current shaft configuration was obtained from Deilmann Haniel, which was estimated at a slightly lower total cost. NWRK has used the higher BSiPG estimate for the capital estimate in the financial model.

A total of five sets of longwall equipment are planned to accommodate production from three faces simultaneously. Assuming that this equipment can be used on multiple height

faces and that due attention in planning has been paid to ensure that the correct equipment is available for each face in turn, this is sufficient.

Capital expenditures for equipment, shaft and infrastructure construction are supported by budget quotations received from potential suppliers and as such are suitable for the purposes of a PFS level assessment.

A total of five sets of equipment are planned to accommodate production from three faces simultaneously. Assuming that this equipment can be used on multiple height faces or that due care and attention has been made to ensure that the correct equipment is available for each face in turn, this is sufficient.

Roadheading teams number seven; three on major, capital developments and four to head out faces. It appears that this is sufficient to avoid face gaps.

A breakdown of the estimated pre-production capital costs is shown in Table 12-1.

Table 12-1: Pre-production Capital Expenditure

Area	PLN (millions)	Euro (millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
			Y0	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Mining (U/G Infrastructure), incl. Shafts (1000)	2,000	482		115	133	180	186	144	226	394	381	233	6
Process Plant and refuse area (2000)	313	75							92	122	98		
Surface infrastructure (3000)	331	80		21	32	34	42	37	32	64	59	8	1
Indirects and Other Capital Items	380	92	10	116	39	24	27	28	29	33	41	17	15
Contingency	433	105		43	43	43	43	43	43	43	43	43	43
Total	3,456	833	10	295	247	281	299	253	423	656	624	302	65

No allowance has been added for import duty on equipment since most of the equipment items were quoted on a delivered basis to Poland or purchased in Poland.

12.2.2 Sustaining Capital Costs

Replacement of major items of equipment and an additional shaft are included in the sustaining capital.

Replacement of major items of equipment and the construction of an additional shaft (Shaft VII) have been included in sustaining capital.

Generally, replacement of shearers is after ten years and shield supports will be replaced after a set number of cycles which on average works out at about a twenty year life. In

addition allowances are made in the estimate for interim re-builds and the refurbishment of major equipment.

Over the life of the mine, an additional 8,975 million. PLN (€2,164 million) will be spent on replacement equipment and other essential items such as a third shaft.

12.2.3 Contingencies

For the initial CAPEX a contingency of about 15 % on average was applied.

A contingency for subsequent expenditures of 20% was added to major Shaft VII sinking costs, 10% to future capital developments, mine replacement 7.5% and 10% on other "one-off" CAPEX.

12.2.4 Total Capital Costs

The life of mine total capital is summarised below in Table 12-2.

Table 12-2: Life of Mine Projected Capital Investment Cost

CAPEX	TOTAL	TOTAL
	Million PLN	Million Euro
Initial Capital Investment	3,456	833
Sustaining Capital	8,975	2,164
Total	12,430	2,997

12.3 Operating Costs

12.3.1 Source of Operating Costs

The majority of operating costs have been estimated from first principles.

Where detail is not available, global comparisons have been made with figures from a number of sources as follows:

- Comparison with a similar size mine in the Czech Republic, CSM, operated by a co-subsidiary OKD,
- Information provided by the Polish consultancy company, BSiPG in terms of an independent financial evaluation.
- As already mentioned costs were received from the CSM operation of OKD or were calculated from first principles or to some extent from previous studies such as Wardell Armstrong Report and BSiPG.

The following table shows the source of all costs.

Table 12-3: Source of Cash Operating Costs

Cash Costs	Detail	Source
Material	Extraction	CSM
	Developments	First Principles
	Salvaging	CSM
	Other U/G operations	CSM
	CPP	First Principles (SRS)
	Others Surface operations	CSM
Energy	Electricity	First Principles
	Heat	First Principles (BSiPG)
	Compressed air	First Principles
	Other Energy and Nitrogene	First Principles
Repair and Maintenance	Mechanical and Electrical	CSM
	Others	CSM
	Internal R+M	CSM
Services	Other Services	First Principles
	Lamps - Rent	CSM
	Rescue units Rent	CSM
	other services	CSM
	HQ costs	First Principles
	Other services	First Principles
	Water treatment	First Principles
	Processing plant	First Principles
Personnel		First Principles/CSM
Taxes	Royalty - exploited coal. Set by law	First Principles
	Real estates tax	First Principles
	Other taxes and fees	CSM
Others	Mine damages	First Principles
	Restoration costs	First Principles
	Mine Liquidation Fund - FLK	First Principles
	Other opex	CSM

12.3.2 Cost Breakdown

Materials cost is a significant cost component and, as mentioned elsewhere, might be a slight underestimate, but for the purposes of the current report, the NWRK estimates for this have been accepted.

Labour cost is by far the greatest component of the operating cost expenditure. This has been calculated in detail from a manpower schedule and local rates of pay have been applied.

An adjustment in the financial model was made on the “FLK - Mine liquidation fund”, since the production capacities have been extended from 2058 to 2083, the yearly fees for the funding were also recalculated and the yearly fees decrease from app. 6.8 million PLN to 3.6 million PLN from year 2059 on with the consequence that the total funding was reduced from app. 450 million PLN to about 355 million PLN, paid back in year 2085.

A breakdown of the cash costs per tonne of clean coal at current day prices can be found in below table.

Table 12-4: Breakdown of Cash Costs

Cash Cost Item	PLN/t Clean Coal	Euro/t Clean Coal	Percentage
Material	46	11	18%
Energy	22	5	9%
R+M	18	4	7%
Services	34	8	13%
Manpower	106	26	42%
Taxes and fees	19	5	8%
Other costs	10	2	4%
Total	255	61	100%

12.3.3 Rehabilitation

NWRK has made provision for closure rehabilitation of the mine site of approximately €25million which IMCGCL considers appropriate for the size and nature of the operation.

12.3.4 Contingencies

No contingency was added to the operating cost.

12.3.5 LOM Operating Costs

The life of mine plan average operating costs per tonne included in the financial model is summarised in Table 12-5.

Table 12-5: Projected Life of Plan Operating Cost per Tonne sold

Average Life of Plan Operating Cost per Tonne	PLN/t	Euro/t
Cost per tonne clean coal	255	61
Cost per tonne ROM	156	38

12.4 Findings

IMCGCL has examined the capital cost estimates prepared by NWRK for the period 2014 to 2083 and included in the financial model.

In the opinion of IMCGCL, the capital expenditure estimates are adequate for the estimated planned outputs and the method used for cost estimation is appropriate to the level of study.

The operating cost estimates have been benchmarked against production costs from other Czech and Polish operations costs and are considered by IMCGCL to be reasonably reflective of these.

IMCGCL considers that the production plans and budgets to be, with good management, attainable. The costs used are reasonable and the method used for estimation is logical. However, IMCGCL considers that projecting a life of mine plan over 60 years is excessive and that the mine plan and costs for the deeper reserves may not be realised as currently envisaged.

13 ECONOMIC ANALYSIS

13.1 Introduction

NWRK has provided a detailed discounted cashflow (DCF) financial model with all cashflows expressed as pre-tax. The model is based on reasonably detailed mine planning and cost estimation. This model is a nominal model and includes inflation at an ongoing rate of 2% per annum.

Since no washability data currently exists for the Dębieńsko coals the product yield from run-of-mine product is based on an assumed approximate yield of 61%. Experience from neighbouring mines suggests that this may be a conservative assumption.

13.2 Economic Parameters

The total production tonnage included in the financial model is taken from the current mine plan. This assumes a mine life of 62 years and involves the mining of about 304 Mt of ROM coal.

IMC has not looked at delivery lead times for the CPP or longwall equipment or the shaft sinking; however, the pre-production period of eight and a half years appears to be adequate time to procure all of the needed equipment and the CPP.

The project critical path will be the shaft sinking and underground developments to establish first production from the initial longwall panel by Year 9.

One of the major assumptions is that the coal quality and yield as anticipated from the CPP will be achieved, since no historical test work is available and no new testwork is available at this stage. However at PFS stage the available data and knowledge of the deposit and the coal quality from adjacent mines is sufficient.

Other key economic parameters used in the model include the following:

- The valuation is as at the start of the mine project, effectively the current date;
- Cashflows are expressed as pre-tax;
- Cash flows are expressed at 2014 price levels and have been discounted according to a 'middle of the period' convention,
- Selling price is related to market prices as indicated in the marketing section;
- Cash flows are forecast for a period of 62 years;
- Exchange rates between PLN, Czech Crown and Euro used in the model are as follows:

Table 13-1 Exchange Rates

Czech Crown: Euro	27,000
Euro: PLN	4.147

- All costs of operating consumables, provided in CZK are converted according to the appropriate exchange rates in PLN
- The base case NPV was calculated using a nominal discount rate of 13.96%. This was advised to IMC by the company. It was calculated recently by NWR auditors for the purpose of IFRS consolidated financial statements of the NWR Group and it was audited by the NWR auditors.

13.3 Capital Expenditure

Life of mine capex totals 12,430 million PLN (€2,997 million)

Pre-production Capex involves expenditure of some 3,456 million PLN (€833 million) in construction, infrastructure and equipment, which is spread over the first ten years of the Project. Production starts in the Year 8 of the project.

Over the life of the mine, an additional 8,975 million PLN (€2,164 million) will be spent on replacement equipment and other items such as a third shaft.

No allowance has been added for import duty on equipment since most of the equipment items were quoted on a delivered basis to Poland or purchased in Poland.

13.4 Operational Expenditure

The life of mine plan average operating cost per tonne used in the financial model provided by NWRK is as summarised in Table 13-2 below as PLN/t clean coal and PLN/t ROM:

Table 13-2: Projected Life of Plan Operating Cost per Tonne sold

Average Life of Plan Operating Cost per Tonne	PLN/t	Euro/t
Cost per tonne clean coal	255	61
Cost per tonne ROM	156	38

13.5 Coal Prices

There have not been any coking coal sales of consequence from this mine in recent years to use as a benchmark for the future projection of coal selling prices.

However as part of the PFS a market study was carried out in order to evaluate the quality of the coal received in comparison to similar international coal quality data. As result 95% will have coking coal and 5% thermal coal quality.

The financial model is based on an average selling price for medium volatiles coking coal of €124.7/tonne, €121.2/tonne for low volatiles coking coal and for thermal coal (middlings) €31.3 /tonne assumed to be sold into the European market only.

A small portion of the revenues come from degassing of seams and selling of the methane gas.

13.6 Discount Rate

The base case NPV was calculated using a nominal discount rate (WACC) of 13.96%. This was advised to IMC by the company. It was used recently by NWR for the purpose of IFRS consolidated financial statements of the NWR Group and it was audited by the NWR auditors.

13.7 NPV

At the consensus forecast coal prices, the project is marginally sub-economic.

13.8 Sensitivity Analysis

While IMC concludes that the key indicators for NWRK, as presented above, are realistic relating to costs and based on the NWRK mine plan, a sensitivity analysis has been prepared for a number of variables.

Mining and marketing of coal contain variables that are not always predictable. Potential variables include those directly associated with the mining and processing operations, such as cost and production levels, as well as those that are external to the mining and processing operations, such as market prices.

Standard sensitivity analyses for cash flow have been undertaken with respect to variation in sales price, output, operating costs and capital investment costs.

A summary of the sensitivity effect on the estimated NPV of the Project of these variables is given in Table 13-3 below.

Table 13-3: Sensitivity Analysis

Item	NPV in Mio Pln	NPV in Mio Euro	IRR in %
Base Case	-260	-63	12.8%
`-10 % Price	-710	-171	10.5%
`+10 % OPEX	-511	-123	11.6%
`+10 % CAPEX	-486	-117	11.9%
`+10 % Price	784	189	14.8%
`-10 % OPEX	-10	-2	13.9%
`-10 % CAPEX	-35	-9	13.7%

It can be seen from the above sensitivities that a relatively small increase in coal price or similarly small reductions in capital or operating costs would result in positive project economics.

14 RISK ASSESSMENT

The usual risks apply to Dębieńsko that apply to most underground mining projects. These are discussed below.

14.1 Geological Considerations

The geology of the deposit is reasonably well understood from historical borehole records, operations in the upper seams and from adjacent mines.

There are known faults that will affect the future operations however, these are well-known and have been accommodated in the assessment of Coal Resources and on the life-of-mine plan.

The presence of previously unknown faults always exists but the risk is considered by IMCGCL to be low.

14.2 Hydrogeology

The hydrogeological setting of the target seams is reasonably well understood from the historical records and the on-going pumping activities. The ground water inflow estimates are therefore based on actual information and so can be considered to be reasonably robust.

The risk of high and unexpected inflows of ground water into the workings will be mitigated by the fact that the permeability of strata reduces with depth and the adjoining old mine workings are intended to be entirely dewatered prior to the start of new production. NWRK has made the reasonable expectation that the state organisation, CZOK, will continue to maintain the dewatering of the old mine throughout the life of new Dębieńsko.

Some small risk exists that there may be currently unknown connections to the adjacent mines and that faults may exist that would create hydrological connections to the over-lying water-bearing strata. However, IMCGCL considers this risk to be low.

14.3 Resources and Reserves

14.3.1 Coal Resources

The Coal Resources have been estimated from a limited number of boreholes that penetrate the target seams.

However, the data available from the upper seams and adjacent mines suggest that any material reductions will be limited.

14.3.2 Coal Reserves

NWRK has previously declared a coal reserve of 190 Mt (under JORC Code) based on an executed MER from 2008 by JT Boyd in a course of an IPO of NWR. No Coal Reserves have been stated in this report since the economics are not positive.

While coal prices remain depressed, the project economics are likely to remain marginally negative. However, IMCGCL has reviewed the Project and confirmed the reasonableness of the fundamental parameters and IMCGCL expects that at some point in the future the economics will be improved, allowing Coal Reserves to be declared of a similar magnitude that previously disclosed.

14.4 Mining

The anticipated mining conditions are reasonably well understood from experience at neighbouring mines. However, the specific conditions will not be proven until the mine development actually starts in the target horizons.

As noted in the report, there is some geotechnical risk that ground stresses at the deeper seams will require heavier support than has been presently envisaged. This would result in higher material costs and reduced development rates.

14.5 Coal Processing

14.5.1 Clean Coal Yield

No coal washability data is available for the Dębieńsko coals. The clean coal yield is based entirely on data taken from plants at adjacent mines.

IMCGCL therefore considers that there is a medium risk that the actual performance of the CPP and the yield achieved may not reach the projected yield.

14.5.2 Split of Coking Coal versus Middlings

Fines will be separated on spirals in the coal processing plant and there seems to be a variety of conclusions as to which products will be received out of the spirals. The financial model assumes that the spiral product will be allocated as coking coal.

While this is theoretically a possible outcome this has to be looked at and demonstrated during the test work to be executed by NWRK in the next stage of project development.

14.6 Infrastructure

Dębieńsko was a working mine and was closed in 2000. Some of the infrastructure still exists but needs refurbishment like the railway link. Water pumping is an ongoing issue that is under control. However IMCGCL does not see any risk in the infrastructure.

14.7 Environment and Social

Apart from subsidence damage to land and property, none of the environmental impacts are assessed as severe or un-manageable.

Critical areas will be protected from subsidence and the mining plan and the extraction sequence and rate are aimed at minimising damage in other areas. NWRK intends to limit

the retreat rate of the longwalls so that subsidence can be controlled within the limits specified in the licence.

The social impact is assessed as positive due to employment prospects and economic benefits to the community.

14.8 Human Resources

Dębieńsko is located in a mining region and so sourcing skilled workers is not considered to be problematic.

The number of workforce has been estimated from first principles and in great detail for the Dębieńsko mine operation. All factors for the estimation of employees have been included. IMCGCL considers the manpower to be appropriate in the Polish mining industry, even if they seem to be somewhat overestimated, which offers some potential for cost reduction.

14.9 Marketing and Sales Prices

The price assumptions made are based on current sale prices being achieved by NWR for OKD coal and are considered to be relatively conservative. The risk of lower prices than has been used in this report is considered to be low by IMCGCL and there are reasonable expectations that future prices will be considerably above those assumed at this time.

14.10 Costs

Both capex and opex costs have been estimated to an accuracy commensurate for a project at pre-feasibility stage.

Capex costs for the major items for equipment and infrastructure have been estimated from budget quotations obtained from vendors and so are appropriate for a PFS level study. There is some risk that the costs will be higher by the time of actual procurement.

The operating costs have been estimated from first principles and a database of costs from adjacent mines. This provides a good level of confidence in the cost estimate.

14.11 Summary

The risk assessment presented is a standard risk scoring system. IMCGCL likes to highlight within this section areas of risk, which have been discussed in the sections above. Risks identified are considered in terms of probability and impact with the effects of planned countermeasures taken into account and categorized as high, moderate and low compared to risks normally involved in mining projects.

The IMCGCL Team considers the problems identified so far, quite normal for such type of operation. Conditions that could represent special risks, unusual to such operations, have not been identified.

The graph below summarizes the relative risks of the operation assigned by IMCGCL technical experts as discussed in the previous sections. It also shows the relative impact of the single parts on the whole NWRK operation.

IMC has noted that all risks are in the low risk range except for the Coal Processing Plant" (low to moderate), due to the limited availability of quality data, but this should be rectified at the next stage of the Project development.

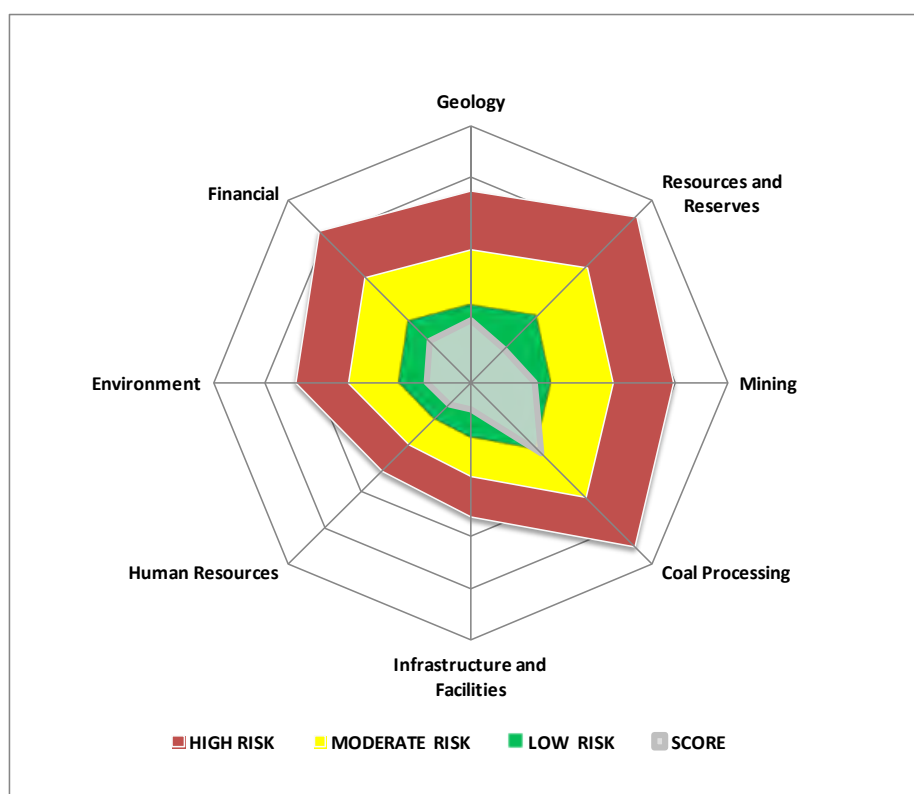


Figure 14-1: Risk Profile of the NWRK operation

15 CONCLUSIONS AND RECOMMENDATIONS

IMC has reviewed NWRK's plans for the future mining operations at Dębieńsko, contained within the current draft of the Pre-Feasibility Study (June 2014) being prepared for the Project as well as other documentation provided by NWRK and offers the following findings:

- Based on the long term medium volatiles coking coal prices used in the economic analysis, the Project is marginally sub-economic. With the current level of project definition and cost estimates, the Project would require a marginal improvement in the coking coal price to achieve positive project economics.
- The deposit contains a large Coal Resource available for extraction in the Project, which was originally classified according to the Polish system of resource and reserve classification by NWRK amongst others. This has been re-stated in accordance with the JORC Code by IMC in the PFS as being 234.2 Mt in the Measured and Indicated category with a further 314.9 Mt in the Inferred category.
- NWRK has previously disclosed a coal reserve of 190 Mt, based on the Polish classification system of Resources and Reserves and these have been registered with the Polish authorities. Although the Polish system takes account of factors that influence the costs of production, unlike all international reporting codes, it does not require the estimator to take account of overall Project economics in determining the reserves. The JORC Code requires that the extraction of coal has been demonstrated to be economically viable in order for Coal Reserves to be stated. In the case of Debiensko and at the coal prices used in the financial model prepared for this report, the Project is marginally sub-economic, so no Coal Reserves in accordance with JORC 2012 can be stated.
- However, IMCGCL considers there are reasonable grounds to believe that with higher coal prices in the future and possibly through the further refinement of the engineering and cost estimates that would likely result from advancing the Project to a Feasibility Study, the Project economics will be improved. Under these circumstances, Coal Reserves could be stated and IMCGCL would expect them to be of a similar tonnage to those previously disclosed.
- The mine plan presented in this CPR and that provides the financial model is based on an estimated 304 Mt run-of-mine coal.
- Generally, IMC finds that the planned Project development and future operations have been engineered to an appropriate level of detail for a pre-feasibility study and that the estimated costs are similarly reasonably well founded for the current status of the Project.
- The LOMP, prepared by NWRK, extends for a total of 62 years (2083), which is unusually long and IMCGCL notes that projections of mine production and costs so far into the future should be viewed with some caution.

- IMC notes that the long-term mine plan includes the extraction of deeper coal seams that are within the extraction licence held by NWRK but will be worked outside the current timeframe of that licence. However, there are reasonable grounds to assume that an extension of the license will be granted to NWRK that will allow extraction of these seams at some point in the future.
- NWRK has prepared a very detailed mine plan for the initial 15 years of the mine production. IMC concludes that the mine plan has been prepared in sufficient detail to provide a sufficient level of certainty that the projected development and production plan and the associated costs of production are reasonably founded and at an appropriate level of accuracy for use in the financial model.
- The coal production rate is constrained by surface subsidence criteria, which has been factored into the life-of-mine plan in a reasonable way. As a result, the applied coal production rate is well within the performance capacity of the intended coal face equipment.
- The underground mine infrastructure and coal clearance systems appear to have been sized appropriately for the anticipated run-of-mine production.
- The capex estimates are well founded and based on a sufficient level of engineering detail for the current development status of the Project. IMC considers that there may be some opportunities to optimise the engineering and mine layout in the next stage of engineering study, particularly with regard to the shaft construction. Detailed equipment specifications will be required at the next stage of project development in order to refine and confirm the capital allowances for mining equipment.
- A reasonable approach has been adopted for the estimation of the mining operating costs and these have been benchmarked against known costs for other mines in the area. However, IMC notes that the envisaged labour force, whilst below that prevalent in other Polish coal mining operations, is high in global terms and recommends that this be re-visited in the next stage.
- In order to proceed with the Dębieńsko mine construction and operation NWRK requires a further 191 ha of land, in three separate plots, adjacent to the existing administration buildings. All of this land is previously disturbed by historic mining operations and surrounded by other industrial activities.
- NWRK has deferred acquisition of the necessary land until the feasibility process is further advanced. The risk of NWRK being unable to acquire the land is considered low since it would be of little value other than to the holder of the mining concession.
- The land acquisition costs are included in the financial model.

- NWRK has acquired the necessary approvals required at this stage of the Project but planned changes will require a new environmental Decision. An Environmental Impact Assessment (EIA) was prepared in February 2014 but NWRK has not yet submitted the application and EIA for the amendment. In view of previously granted Decisions, IMC considers it reasonable to assume that the amendments will be approved by the authorities.
- IMC considers that the content, structure and methodologies of the EIA are broadly consistent with international standards for impact assessment of large mining projects.
- The development will not encroach on greenfield land or result in additional visual intrusion. Apart from possible subsidence damage to land and property, none of the environmental impacts are assessed as severe or unmanageable.
- The social impact is assessed as positive due to employment prospects and economic benefits to the community and the local communities are familiar and comfortable with nearby mining operations. The public and local civil authorities are reportedly generally supportive of the Project although IMC has not independently verified this.
- NWRK has made provision for closure rehabilitation of the mine site of approximately €25million in the financial model. IMCGCL considers this to be appropriate to the size and nature of the operation at this early stage of project detail.
- As with any underground mining operation there is some uncertainty over the actual mining conditions that exist at Dębieńsko and not all mining activity is entirely predictable. However, the NWRK mine management team has considerable experience of the likely mining conditions from their employment at neighbouring mines and this should mitigate the potential risks in this area.
- There is some cost risk that the ground support requirements may ultimately need to be heavier than is currently allowed for. However, IMCGCL does not consider that the effect on overall operating costs will materially impact the project economics.
- The risk of high and unexpected inflows of ground water into the workings will be mitigated by the fact that the permeability of the strata reduces with depth and the adjoining old mine workings are intended to be entirely dewatered prior to the start of new production.
- Due to a lack of site-specific coal processing data, the basis of the CPP design in the pre-feasibility study is to a large extent based on assumptions taken from neighbouring mines which are and were mining the seams in the same series. While a higher reject content will have no impact on the capability of the selected technology clearly this does impact on yield and product qualities.

- For the purposes of this report and the financial model on which it is based, a total yield of 61% has been assumed from the ROM feed to the plant and that 95% of the clean coal will be of coking coal quality, with the remaining 5% being thermal coal.
- It is strongly recommended to confirm the assumptions made in the pre-feasibility by laboratory test work during the definitive feasibility stage. At this stage of the project assessment, uncertainty exists as to the likely total yield that will result from the ROM.
- As the project economics are not positive at the current coal price and so it is not possible to state a Coal Reserve for this report, there is little doubt that a considerable coal resource exists at Dębieńsko and that it should be possible to mine this economically, with a marginal increase in coal prices and/or a reduction in the estimated costs of the Project.
- Although the Project presented in this report demonstrates marginally negative economics, and at the coal price used in this CPR is sub economic, IMCGCL considers that there are reasonable grounds to believe that with further optimisation of the project engineering, the associated costs and a sustained improvement in the long-term coal price the Project would prove to be economic.
- IMCGCL therefore recommends that the Project should be advanced to the next stage of study and further value engineering work should be carried out on the Project with a view to improving the project economics.

Appendix A

Qualifications of Consultants

Capability and Independence

This report was prepared by IMCGCL, the signatory to this letter. IMCGCL operates as an independent technical consultant providing resource evaluation, mining engineering and mine valuation services to clients. IMCGCL has received, and will receive, professional fees for its preparation of this report. However, neither IMCGCL nor any of its directors, staff or sub-consultants who contributed to this report has any interest in:

- New World Resources, or
- the mining assets reviewed; or
- the outcome of the financing transaction

Qualifications of Consultants

David J F Smith

Project Director and Competent Person on behalf of IMCGCL

BSc (Eng), Mining Engineering, University of Newcastle upon Tyne; Chartered Engineer and Member of the Institute of Mining and Metallurgy

David Smith is a Chartered Mining Engineer, with over 30 years of domestic and international experience in operations, contracting and consultancy roles across a range of commodities and countries. David has spent the last fifteen years working as a mining consultant and has been involved in numerous consulting and engineering assignments, including; project technical evaluations, preparation of engineering studies and technical studies for project financing and fund-raising, IPOs, merger and acquisitions, due diligence reviews and engineering from scoping to basic engineering.. David has worked on coal, gold, silver, base metals, and iron ore projects in Russia, Kazakhstan and various countries in Europe, Africa and Asia.

Florian Beier

Project Manager and Financial Expert

Dipl. Ing. (M.E.) Mining Engineering/EUR Ing., Technical University Bergakademie Freiberg (Germany)

Florian Beier is EUR Engineer and IMC's Senior Project Manager, Mining Engineer and Financial Analyst with 15 years experience in coal mining, base metals and potash industry. He has gained experience in both underground and surface operations and his expertise lies in mine planning, mine design, technical and economic evaluations and project management of large underground and open pit mining projects. He has been involved in feasibility studies, due diligence, tender evaluation of engineering equipment proposals and basic/detailed engineering projects working within Europe, Africa, Asia, South America and the CIS region.

David Foster

Geologist

BSc (Honours) Geology University of Liverpool

David Foster has 34 years experience of exploration and mining geology specialising mainly in coal deposits having attained his Honours Degree in Geology. Within IMC he leads the geological deposit modelling activities of the company and participates in projects both in the UK and overseas. He is familiar with a wide range of geological and mine modelling software and has wide expertise in the assessment of reserves and resources. He is at present the Principal Geologist at IMC and has

worked extensively on numerous projects in the past 12 years internationally in Spain, USA, United Arab Emirates, Poland, Montenegro, Ireland, Indonesia, India, Iran, Kazakhstan, China and Russia as well as extensively in the UK.

Dirk Wagner **Mining Engineer**

Dipl. Ing. (M.E.) Mining Engineering, Technical University Berlin (Germany)

Dirk Wagner is a Senior mining engineer more than 20 years extensive experience in technical and economical evaluation of underground and open pit coal ore and coal mines, due diligence work, mine planning underground and open pit, application of mine planning software, supervision of underground and surface mines, compiling and reviewing EPCM contracts for coal mining projects. Dirk has worked for all type of clients during his career. This includes governmental organisations, private investors and international financing institutes.

Peter Lambert **Coal Processing Engineer**

BSc in Mining Engineering (Mineral Technology Option) Royal School of Mines, Imperial College

Peter Lambert has a wealth of experience of mineral project evaluation, audit of plants, carbon mineral project evaluations, recommendations for proposed process of new plant for washing anthracite and the installation of contract coal washing operations and coal washing plant. In addition to this he has experience of reviewing existing washing plant facilities, undertaking pre-feasibility studies for mine expansion and coking coal mine projects and has been involved in making recommendations on port operations for coal handling, the reviewing of reports, audits of operations and coal washing plant.

Michael George **Environmental Engineer**

BSc (Hons) in Applied Chemistry, Kingston-upon-Thames University (1971);

Specialist courses in Hydrometallurgy, Solvent Extraction, Management in Industry, Assessment of Competence in Process Operations, Radiological Protection Supervision, Environmental and Safety Auditing, Health and Safety at Work Regulations, COSHH (Control of Substances Hazardous to Health) Assessment, Integrated Pollution Control.

Michael George has more than 35 years' experience in operations management and consulting along with a practical experience of the potential risks to the environment, human health and safety posed by mining and metal processing along with international consulting experience in the ferrous, non-ferrous, precious and light metals sectors and energy minerals, often working in geographically, culturally and linguistically challenging regions.

Appendix B

Scope of Work

REQUIREMENTS OF THE PROSPECTUS DIRECTIVE

The following section deals with the requirements of the Prospectus Directive.

Description of Resources and Reserves

- Nature and extent of the company's rights of exploration and extraction and a description of the properties to which the rights attach. Details of the duration and other principal terms and conditions of the concessions including relevant legislation, environmental and rehabilitation requirements, abandonment costs and any necessary licenses and consents including planning permission.
- Geological characteristics of the occurrence of the reserves, the type of deposit, its dimensions and grade distribution.
- Methods to be employed for exploration and extraction, and where appropriate the mineral processes to be employed.

Maps and Plans

- Maps, sections and plans demonstrating for each major property or field, its location, the nature and extent of workings thereon and its principal geological characteristics.
- Surface location plan showing boreholes, sample pits, trenches and other evidence for the evaluation of the reserves.

Reserves

- An estimate of the volume, tonnage in place and grades, as appropriate, each split between proven and probable reserves
- The method by which the reserves were estimated
- Expected extraction tonnage or volume
- Where relevant, processing volumes or tonnages together with the other principal assumptions relating to forecast revenues and operating costs
- If there are mineral resources which have not been sufficiently appraised to demonstrate them as proven or probable reserves, a separate statement of such mineral resources, which may not include any quantified information other than in respect of such mineral resources which have been appraised as measured or indicated mineral resources, in which case quantified information with regard to tonnage (or volume) and grade may be included in the statement but no information in respect of such measured or indicated mineral resources may be included in the valuation of the statement of reserves.

Long Term Prospects

- Details of any mineral resources relevant to the long term future of the company.

Nature of Evidence

- The nature of any geophysical and geological evidence used in the estimation of reserves
- Summarised details of this evidence including information on quality control procedures
- The results of drilling and sampling, stating the number of holes drilled, sample pits or trenches and their location, with a description of their current status

- The names of the organisations that carried out the investigation and analysis.

Production Schedule

- Production policy, including production rates of sites, mines and wells where production has already been commenced
- Estimated production rates relating to new mines, or reworkings, or new drilling, or work-overs
- Estimate of the working lives and degree of depletion of each major property
- An assessment of the expertise of the technical staff being or to be employed
- An indication of the bases on which these estimates have been arrived at.

Commencement of Working

- The date(s) on which commercial extraction by the applicant was commenced, or is expected to commence, on each major property.

Progress of Workings

- An indication of the progress of actual working, including analysis (both in narrative and numerical form) of previous exploration, development and extraction carried out on the relevant properties or fields.

Forecast Extraction Rates

- Comment on the reasonableness of the directors' forecasts (if any) of the rate(s) of extraction of the major properties or fields.

Valuation of Reserves

- An estimate of net present value (or a valuation arrived at on an alternative basis, with an explanation of the basis and of the reasons for adopting it) of proven and probable reserves (analysed separately)
- The principal assumptions on which the valuation of proven and probable reserves is based including those relating to discount factors, exchange rates and economic conditions
- Information to demonstrate the sensitivity to changes in the principal assumptions.

Plant and Equipment

- Commentary on the type, extent and condition of plant and equipment which is of material significance to the company's operations and which is currently in use on the company's major properties or fields
- Information on additional plant and equipment which will be required to achieve the forecast rates of extraction (including an estimate of the relevant costs and of the cost of maintaining and repairing all plant and equipment).

Valuation of Plant

- A valuation (made on an existing use basis within six months of the date of publication of the listing particulars) of the plant and equipment owned by the company currently in use for exploration or extraction of mineral reserves, save that a valuation is not required if a statement is made confirming that either:

- The directors do not consider that plant and equipment to be of material importance to an investor's assessment of the company's operations, or
- The valuation of the plant and equipment has been included in the net present valuation of the reserves.

Special Factors

- A statement setting out any additional information required for a proper appraisal of any special factors affecting the exploration or extraction businesses of the company, including difficulties of access to, or in recovery of, mineral reserves on properties where the company has extraction rights, and special circumstances, such as difficulties in transporting or marketing the extracts which may affect the commercial viability of the project, or an appropriate negative statement.

Other Prospectus Directive Requirements

- Any other information or analysis required by the Prospectus Directive 809/2004 and CESR Recommendations as well as by the Listing Rules of the UKLA.

Environmental

This subject is only a passing mention in the guidelines but is incorporated here as is IMC's understanding of the matter.

- The review and report should include a review of the environmental status with particular regard to the liabilities held by other parties prior to the current owners taking responsibility. The current environmental status will be assessed as will the long term liabilities. The main object of this action will be to confirm that the operations have the necessary environmental permitting in place to allow ongoing operation of the assets. The report could also highlight material risk areas that may need to be addressed in the "risks" section of the Listing Particulars
- Given the nature of Listing Particulars and responsibilities to current and future shareholders, we are keen to ensure any material environmental issues discovered during the due diligence and report preparation are communicated to us as early as possible.

STRUCTURE OF PROPOSED REPORT

IMC will assess the technical data as described in Sections 0 to 0 and also the associated cost data (operating, replacement capital and capital). Comment will be made and, where considered necessary, revisions made to the business plan provided by the operators.

Introduction

- Overall Conclusions of the Consultant
- Description of the Company and its Assets
- Statement of the qualifications and independence of the Consultant.

Licence Areas

- Description of licence areas, ownership and exploration authorities.

Geology

- Detailed geological description
- Geological plans and sections.

Resources and Reserves

- Review of the methods and adequacy of the drilling, sampling and data processing
- Review of the method of classifying and estimating reserves and of its accuracy
- Reconciliation of actual vs. predicted production (tonnes and coal quality)
- Comments on coal quality and saleability
- Geological risks, as they may affect future production plans
- Reserve classification and statement equivalent to an internationally recognised code (JORC).

Mine Planning

- Review of current production plans and mine layouts
- Comments on the 5-year production schedule, including the quantity of development required for its achievement
- Constraints to achieving the planned production targets.

Mine Operations

- Description of mining methods and equipment.
- Comments on adequacy of equipment to achieve planned production targets.
- Identification of significant equipment overhaul and/or replacement needs.
- Adequacy of mine infrastructure, power supply, water supply, surface handling facilities, etc.
- Adequacy of facilities for the disposal of waste rock and mine water.

Coal Preparation Plants

- Review of current facilities and comments on their effectiveness for producing product(s) for specific market(s).

Rail Transport System(s)

- Comments on the adequacy and efficiency of the internal rail systems and their ability to transport the quantities of future coal production envisaged where applicable.

Environmental

- Comments on environmental issues at each site.

Management and Staffing

- Description of the Company management structure and staff numbers.
- Comments on work practices and health & safety record.

Operating Costs

- Review of current cost structure.
- Review of future budgeted operating costs.

Capital Costs

- Comments on future proposed capital expenditures.

Marketing

- Description of existing coal sales contracts.
- Present and future sales prices (based on an independent study or agreed with the Company or their advisors).
- Calculation of future revenue stream from coal sales.

Financial Analysis and Valuation

- Preparation of pre-tax future cashflow for the assets being examined (EBITDA), together with calculation of the Net Present Value at a variety of discount rates.
- Examination of the sensitivity of the future cashflow to changes in coal price, operating costs and capital expenditures or other market conditions.

These sensitivities should be discussed with the Company and its advisors, limited in number and clearly defined before execution, as the numbers of variables are enormous.

Appendix C

List of Abbreviations and Glossary of Terms

\$ or US\$	United States Dollars.
A	Amps.
ADB	Air Dried Basis, analysis of coal whereby coal is air dried at ambient temperatures leaving the inherent moisture within the coal.
ADT	Articulated dump trucks
AFT	Ash Fusion Temperature – A physical measurement of the temperature at which a cone of ash begins to soften, deform and flow. This is performed under either an oxidising or reducing atmosphere. Temperatures are reported as Initial deformation, spherical, hemispherical and flow.
AR	As Received Basis, analysis of coal where by coal is analysed as received from the sampling point
Air Dried Basis	Air dried basis, analysis of coal where by coal is air dried at ambient temperatures leaving the inherent moisture within the coal.
Air pollution.	The presence of contaminant or pollutant substances in the air that do not disperse properly and interfere with human health or welfare or produce other harmful environmental effects.
AKO, AM, AL	Grades of sized anthracite
AMD	Acid Mine Drainage which is characterised by low pH-values and high concentrations of metals and salts.
Anthracite, Anthracitic	A rank class of coal having more than 86% fixed carbon and less than 14% volatile matter on a dry, mineral-matter-free basis (as defined by ASTM). This class of coal is sub-divided into semi-anthracite, anthracite and meta-anthracite on the basis of increasing fixed carbon and decreasing volatile matter.
Anticline	A strata fold that is concave downwards.
Arch	Steel support used in mining roadways of inverted 'U' shape.
Ash	The incombustible residue from mineral matter contained as either contamination (rocks) or inherent within the coal. On combustion the mineral matter is reduced to ash the refractory component of mineral matter. Some minerals dissociate on heating to release carbon dioxide or moisture.
Ash content	The inert percentage of a laboratory sample of coal remaining after incineration to a constant weight under standard conditions.
Ash free	A theoretical analysis calculated from basic data expressed as if the total ash had been removed.
BCM	Bank cubic metres
BCM/t	Bench cubic metres per tonne
BCS	Belt Conveyor System
BCV	Base Calorific Value
Best Practice	Operating procedures that are recognised in the international mining community which maximise productivity and return on investment commensurate with stewardship of the assets.
Berm	A levelled space, shelf, or raised barrier or terrace bordering or separating two areas.
Billion	One thousand million.
Bituminous coal	A class of coal high in carbonaceous matter, having less than 86% fixed carbon, and more than 14% volatile matter on a dry mineral-matter-free basis, (as defined by the American Society for

	Testing and Materials (ASTM).
Blending	Mixing two or more materials together to give a mixture of the desired quality.
Bolted roadways	Roadways that are supported using full column resin bolts (a drill hole filled with quick setting resin and through which a steel rod is rotated to mix resin and hardener).
Borehole or bore hole	A hole made with a drill, auger or other tool for exploring strata in search of minerals.
Brachyanticline	A short anticlinal fold of layers of rock having an oval cross section. The layers of rock that form the brachyanticline slope away from the central portion of its crest on all sides. A brachyanticline is represented on a geological map in the form of concentric oval rings, with the older rocks located in the centre; the rocks become progressively younger toward the periphery.
Brachysyncline	A short synclinal fold of layers of rock having an oval cross section. The layers of rock that form the brachysyncline slope toward the centre on all sides. A brachysyncline is represented on a geological map in the form of concentric oval rings, with the younger rocks located in the centre; the rocks become progressively older toward the periphery.
Bunker	An excavation made to store coal or ore, usually to provide a buffer facility.
BWE	Bucket wheel excavator/s
By-product	Material, other than the principal product, that is generated as a consequence of an industrial process.
Calorific value, (CV)	The heat value of coal per unit weight. This is normally reported in kilocalories per kilogram, (kCal/kg). It can also be expressed in other units such as MJ/kg using conversion factors to suit
Capex	Capital expenditure
Caved	A longwall area behind the supports that has collapsed as planned.
CH₄	Methane
Cif – Cost Insurance Freight	A term of sale that includes the FOB (qv) price plus the cost of freight and the cost of cargo insurance.
Coal	A readily combustible rock containing more than 50% by weight and 70% by volume of carbonaceous material, including inherent moisture. It is formed from plant remains that have been compacted, indurated, chemically altered and metamorphosed by heat and pressure during geological time.
Coal Washing	The process of removing mineral matter from coal usually through density separation, for coarser coal and using surface chemistry for finer particles.
Coalfield	A discrete area underlain by strata containing one or more coal beds.
Coking coal	Coal that becomes plastic when heated at 3°C per minute through the temperature range 300 – 550 °C. Can be used to create coke which is used in the steel reduction process.
Conveyor	A rubberised belt running on rollers transporting the coal or other material from the faces to the endpoints. They can be reversed and used for manriding (carrying personnel to their working places).
Core	A cylindrical sample taken using a diamond drill.
CPR	Competent Persons Report
Cross Section	A diagram or drawing that shows features transected by a vertical plane drawn at right angles to the longer axis of a geologic feature.
Crush, Crushing,	A mechanical method of reducing the size of rock.

Crushed	
CV	See Calorific value.
Cyclone	Equipment used to separate material by size and weight using rotating high speed fluids.
Cycloning	Separation of material by size or weight using a cyclone.
DAF	Dry Ash-Free basis – conversion of analyses to present data that has all ash and moisture removed, i.e. represents the analysis of the organic matter only.
DB	Dry Basis, analysis of coal whereby the coal is dried at 105 °C before proximate analyses are undertaken.
DCF	Discounted Cash Flow
Dense Medium	A liquid composed of a suspension of magnetite in water that gives a very accurate separation.
Dense medium cyclones	A device that uses a dense medium in a hydro-cyclone to effect a separation between coal and waste.
Deposit, Deposits	An area of coal resources or reserves identified by surface mapping, drilling or development.
Development	The initial stages of opening up a new mine, and/or The tunnelling to access, prove the location and value, and allows the extraction of ore.
Development	Excavations or tunnels required to access the coal or ore.
Dilution	The contamination during the mining process of excavated coal by non-coal material from the roof, floor or in-seam partings.
Dilution	Waste which is intermingled with coal in the mining process.
Dip	The angle that a structural surface, i.e. a bedding or fault plane makes with the horizontal measured perpendicular to the strike of the structure.
Discounted Cash Flows (DCF)	The present value of future cash flows after applying cumulative discounts.
Disposal	Final placement or destruction of toxic, radioactive, or other wastes; surplus or banned pesticides or other chemicals; polluted soils; and drums containing hazardous materials from removal actions or accidental releases.
Dissolved	Organic and inorganic material taken into solution. Excessive amounts in water usually make water unfit for drinking or for use in industrial processes.
Drivages	Any development excavation.
Dump	A site used to dispose of solid wastes without environmental controls.
EIA	Environmental Impact Assessment
ESIA	Environmental & Social Impact Assessment
EMP	Environmental Management Plan
Environment	The sum of all external conditions affecting the life, development, and survival of an organism.
EPC	Engineering, Production, Commissioning
Exploit	Make use of and derive benefit from a resource.
Exploitation	Method of deriving benefit from a resource.
Exploration	Prospecting, sampling, mapping, diamond drilling and other work involved in the search for mineralisation.

Fault	A structural discontinuity in the earth's crust formed by movement between adjacent blocks resulting from tectonic forces.
Fault Throw	The amount of vertical displacement in an upward or downward direction produced by a fault.
Feasibility Study	A comprehensive engineering estimate of all costs, revenues, equipment requirements and production levels likely to be achieved if a mine is developed. The study is used to define the technical and economic viability of a project and to support the search for project financing.
FC	Fixed carbon
FEED	Front End Engineering & Design typically furthers the project from feasibility to a firm definition that includes approved process designs, sufficient engineering to develop material quantities and pricing, firm execution plans, detailed EPC schedules, and capital cost estimates sufficient for funding approval.
Floor (seam)	The bottom of the seam.
Fold	Any bending or wrinkling of rock strata.
Fractured - relating to geology	Breaks in rock formations due to intense faulting or folding.
FSU	Former Soviet Union.
Gate	One of two roadways usually driven parallel and then connected at the extremities. The longwall face is installed in the connection (the face) and retreats down the gates. The gates provide ventilation, power and other services and also a route for the conveyor removing the coal cut at the face.
Geotechnical Conditions	The engineering behaviour of rocks as a result of an excavation.
Grade	The classification or value of coal. The relative quality.
Groundwater	The supply of fresh water found beneath the Earth's surface (usually in aquifers), which is often used for supplying wells and springs. Because groundwater is a major source of drinking water, there is growing concern about areas where leaching agricultural or industrial pollutants or substances from leaking underground storage tanks are contaminating it.
Gyttja	Gyttja is formed from the partial decay of peat through aerobic digestion of the peat by bacteria by reducing the peat in the first oxygenated 0.5 m generally. It is black and has a gel-like consistency. Gyttja accumulates as long as new material is added to the top of the peat column and the conditions are right for anaerobic degradation of the peat.
Ha	Hectare
HDPE	High Density Polyethylene
HDV	Heavy Duty Vehicle/s
High-ash coal	Coal containing more than 15% total ash on an as-received basis.
HS	Health and Safety
I & AP	Interested and Affected Parties
Inclined drifts	Sloping underground roadways, usually driven from the surface but can also be between two levels underground
IM	Inherent moisture
In Situ	In place, i.e. within unbroken rock.
Intake (Ventilation)	Fresh air going into the mine workings.

Interburden	Sterile soil and rock material lying between coal seams.
IPO	Initial public offering
Jig	A separator that uses pulsating water to separate coal from waste; less accurate than dense medium.
Joints - relating to geology	A fracture or parting that cuts through and abruptly interrupts the physical continuity of a rock mass.
JORC	The "Australasian Code for Reporting Mineral Resources and Ore Reserves" (2012 Edition) published by the Joint Ore Reserves Committee ("JORC") of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia (the "JORC Code").
kCal/kg	Kilocalories per kilogram of coal, the energy content of coal used in the countries that do not conform to SI units. In countries where SI units are adhered to, the measure of energy is in megajoules per kilogram or MJ/kg.
kJ/kg	Kilojoules per kilogram (Calorific value)
km	Kilometre.
km²	square kilometres
kV	Kilovolt.
kW	kilowatt
LDV	Light Duty Vehicle/s
Lease	Contract between two parties enabling one to search for and/or produce minerals from the other's property.
LHD	Load Haul Dump
Limb (Geology)	A sloping section of an anticline or syncline
LOM	Life Of Mine.
Longwall	A coal production face where a shearer traverses and cuts a long wall of coal accessed by two gate roads.
Longwall face	A set of up to 200 hydraulic supports with an AFC and a shearer.
Longwall face retreat	A face starting at the furthest extremity of the gate roadways and retreating back to the connection of the gate roadways with the main or strategic roadways.
Losses - Geological	Ore lost due to unpredictable geological phenomena.
Losses - Mining	Ore lost due to less than perfect mining operations.
l/s	litres per second
LTIFR	Lost time injury frequency rate
Luganskigiprosnakht	Lugansk Mining Institute
m	metre
M	Million.
m²	square metre
m³	cubic metre
m³/hr	cubic metres per hour

m³/t	cubic metres per tonne
Magnetite	A ferromagnetic mineral with chemical formula Fe ₃ O ₄ .
MER	Mineral Experts Report
Metallurgy	The practice of extracting metals or minerals from ores and preparing them for sale.
Mine	Any operation where mineral is extracted from the ground. This may be by opencast or underground mining methods.
Mineable	Capable of being mined under current mining technology and environmental and legal restrictions, rules and regulations.
Mineable	That portion of a resource for which extraction is technically and economically feasible.
Mineral Deposit	A mineral occurrence of sufficient size and grade to have potential or existing commercial value; sometimes referred to as mineralisation.
Mining Licence	Permission to mine minerals from a Mineral Rights area.
Mitigation	Measures taken to reduce adverse impacts on the environment.
Monitoring	Periodic or continuous surveillance or testing to determine the level of compliance with statutory requirements or pollutant levels in various media or in humans, animals, and other living things.
m/min	metres per minute
m/s	metres per second
MOP	Mine Operation Period
Mt	Million metric tonnes.
MPa	Megapascal (Measurement of compressive strength)
Mtpa	Million tons per annum.
MV	Megavolt.
MVA	Megavolt-ampere.
MW	Megawatt.
No.	Number.
Nos.	Numbers.
Outcrop / In crop	The expression of a rock type at surface; the expression of a rock type or seam beneath rocks of younger age
Paralic	Deposits laid down on the landward side of a coast, in shallow fresh water subject to marine invasions. Thus, marine and non-marine sediments are interbedded; as exemplified in the lower part of the Coal Measures, the non-marine (paralic) predominate, with relatively thin marine bands.
Parting	A layer or stratum of non-coal material in a coal bed which does not exceed the thickness of coal in either the directly underlying or overlying leaves.
PCI	Pulverised Coal Injection
Permit	An authorisation, license, or equivalent control document issued by an approved agency to implement the requirements of an environmental regulation; e.g., a permit to operate a wastewater treatment plant or to operate a facility that may generate harmful emissions.
Pillar(s)	An area of ore left during mining to support the overlying strata.

Pillars	Blocks of ore left intact to act as support for shafts or other underground workings. Post pillars are equi-dimensional in plan.
Pit	A hole in the ground – an excavation below original ground level – a surface mine may comprise one or more pits.
Pit (mining)	Abbreviation of Open Pit Mine.
Plant	Fixed or moveable equipment required in the process of winning or processing the ore.
Pollutant	Generally, the presence of matter or energy whose nature, location, or quantity that contaminates air, soil, or water.
Pre-treatment	Processes used to reduce, eliminate, or alter the nature of wastewater pollutants from non-domestic sources before they are discharged into publicly-owned treatment works.
Prevention	Measures taken to minimise the release of wastes to the environment.
PSF	Power Station Fuel
PVC	Polyvinyl Chloride
Rehabilitation	Land restored to its former condition.
Reserve	A 'Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.
Resource	A 'Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
Rights - Surface Rights	The ownership of the surface land under which minerals occur.
Roadways	An excavation to access a working area which subsequently may supply services or a conveyor.
Roof	The top of the seam.
RR	Russian Rouble
Run-of-Mine (ROM)	The quality or grade and tonnage of material produced at the pit rim or shaft collar, stated on a dry basis.
S	Sulphur.
Sample	A representative fraction of a coal seam collected by approved methods, guarded against contamination, and analysed to determine the nature, chemical, mineralogical or petrographic composition, percentage content of specified constituents, and heat value.
Sampling	Taking small pieces of rock at intervals along exposed mineralisation for assay (to determine the mineral content).
Screen	A device for separating by size.
Seam	A layer or bed of coal. Correlated seams of coal are normally assigned a name, letter or number. A single seam can contain one or more non-coal partings resulting in a sub-division into leaves.
Seam outcrop	A manifestation of a coal seam at the Earth's surface.
Seam splitting	When a coal seam splits into two or more leaves or subsidiary seams.

Sedimentary	Formed by the deposition of solid fragmental material that originates from weathering of rocks and is transported from a source to a site of deposition.
Sedimentation	Letting solids settle out of wastewater by gravity during wastewater treatment.
Sediments	Soil, sand, and minerals washed from land into water, usually after rain. Sediments pile up in reservoirs, rivers, and harbours, destroying fish-nesting areas and holes of water animals and clouding the water so that needed sunlight may not reach aquatic plants. Careless farming, mining, and building activities will expose sediment materials, allowing them to be washed off the land after rainfalls.
Settling tank/ponds/lagoons	A holding area for wastewater in which heavier particles sink to the bottom for removal and disposal.
Sewage	The waste and wastewater produced by residential and commercial establishments and discharged into sewers.
SG	Specific gravity
Shaft	A mine-working (usually vertical) used to transport miners, supplies, ore, or waste.
Shaft pillar	A prescribed area of ground around the shaft in which mining is not permitted. The pillar affords stability to the shaft ensuring this essential access is preserved.
Shearer	A machine used for cutting coal on a longwall face. (Usually in Russian called a combine)
Skip	The conveyance/vessel into which coal/ore is tipped at the bottom of the shaft and then hoists to the top where the ore is tipped into a receiving bin and then the cycle is repeated.
Slurry	A suspension of coal or waste in water.
Smoke	Particles suspended in air after incomplete combustion of materials.
Split	An in-seam parting which attains a thickness such that the resultant leaves of coal are considered as separate seams from a mining point of view.
Spontaneous combustion	The propensity of some types of coal to oxidise rapidly on contact with air. The oxidation reactions produce heat that increases the rate of oxidation to the point that the coal ignites. Low-rank coals are the most prone to spontaneous combustion.
Steam coal	Coal which will be used for steam generation principally in thermal power plants.
Steel arches	Arches made in sections of steel which can be bolted together to form a roof supporting a deforming roof.
Stockpile	An accumulation of ore or mineral.
Strata	Layers of sedimentary rock.
Surface water	All water naturally open to the atmosphere (rivers, lakes, reservoirs, streams, impoundments, seas, estuaries, etc.); also refers to springs, wells, or other collectors that are directly influenced by surface water.
Sustaining Capital	Periodic capital expenditures required to replace or overhaul equipment. Also known as replacement capital.
Syncline	A fold in bedded or stratified rocks which opens upward like the trough of a wave.
Syncline / synclinal	A downward-curving fold, with layers that dip toward the centre of the structure.
t	Metric tonne = 1000 kg.
Tailing(s)	The fluid slurry after treatment and extraction of the economically-extracted mineral.
Tailings	The fine material rejected from a mineral process.

Tectonic influence	The influence of primary and secondary geological activity on an area.
Thermal Coal	A coal used to provide heat from combustion, largely by power producers and industrial users.
tph	Tonnes per hour
t/m³	tonnes per cubic meter
TM	total moisture
ToR	Terms of Reference
TPP	Thermal Power Plant
TS	total sulphur
Underground Mining	Extraction of mineral whereby the overburden is not removed in order to extract the mineral.
Ultimate analysis	Analysis of the elemental components of coal – carbon, hydrogen, nitrogen, oxygen and sulphur. Normally reported on a dry or dry ash-free basis.
V	Volt
Ventilation	Air coursed around a mine to provide a working environment to both men and machines.
Volatile Matter Content; VM	That portion of the coal comprising both gases and liquids that is released following heating it from 105°C to 800°C. The amount of volatile matter in a coal is a function of the rank of the coal (thermal maturity) and of the coal type. High rank coals have a low volatile matter content (<20%) medium rank coals have a higher volatile matter content (20 – 30%) and low rank coals have a high percentage of volatile matter. The type of coal also effects volatile matter, coal with a high inertinite content will produce less volatile matter than a coal with high vitrinite content that will produce less volatile matter than a coal with high liptinite content.
W	Watts.
Washability	Result of a laboratory test that separates a sample of coal into different density fraction. Is used to predict plant performance.
Wash-out	A channel cut into or through a coal seam at some time during or after the formation of the seam, generally filled with sandstone--or more rarely with shale--similar to that of the roof.
Washing Plant	A plant designed to size and clean material to produce pre-determined sizes of product.
Waste	Rock or material of no commercial value residing within the seam, above the seam or below the seam.
Waste - related to mining	Rock or material of no commercial value.
Waste Parting	Rock or material of no commercial value residing within the ore horizon/reef.
Wastes	1. Unwanted materials left over from a manufacturing process. 2. Refuse from places of human or animal habitation.
Waste water	Spent or used water from individual homes, communities, farms, or industries that contains dissolved or suspended matter.
WMS	Water management plan
Workable	See mineable.

DEFINITIONS AND INTERPRETATION

2013 Annual Report	NWR Plc's annual report and accounts for the year ended 31 December 2013;
2013 Consolidated Financials	NWR Plc's consolidated financial statements for the year ended 31 December 2013;
2012 Annual Report	NWR Plc's annual report and accounts for the year ended 31 December 2012;
2012 Consolidated Financials	NWR Plc's consolidated financial statements for the year ended 31 December 2012;
2011 Annual Report	NWR Plc's annual report and accounts for the year ended 31 December 2011;
2011 Consolidated Financials	NWR Plc's consolidated financial statements for the year ended 31 December 2011;
3M 2014 Interim Consolidated Financials	NWR Plc's interim consolidated financial statements for the three month period ended 31 March 2014;
A Shares	the A ordinary shares of EUR 0.40 each in the share capital of NWR Plc or, from time to time following completion of the Subdivision, the A ordinary shares of EUR 0.0004 each in the share capital of NWR Plc, as the case may be;
Admission	the proposed admission of the New A Shares and the Nil Paid Rights (as the case may be) to (i) the UKLA for the New A Shares and Nil Paid Rights to be admitted to the premium segment of the Official List, (ii) the London Stock Exchange for the New A Shares and Nil Paid Rights to be admitted to trading on the London Stock Exchange's main market for listed securities, (iii) the Prague Stock Exchange for the New A Shares to be admitted to trading on the Prime Market and (iv) the Warsaw Stock Exchange for the New A Shares and the Nil Paid Rights to be admitted to trading on the main market;
Affiliate	(i) NWR Plc; (ii) any direct or indirect subsidiary of NWR Plc immediately prior to the Restructuring Effective Date; and (iii) without limiting paragraph (ii) above, NWR NV, HBZS, NWR KARBONIA, NWR Communications, NWR Services and OKD;
Amended and Restated Relationship Agreement	the amended and restated relationship agreement entered into by NWR Plc with CERCL Mining, NWR NV, BXR Group Holdings Limited and Zdenek Bakala on 30 July 2014 which amends the terms of the amended and restated relationship agreement entered into between the parties on 11 April 2011 in order to comply with the changes to the Listing Rules relating to controlling shareholders;
Applicant	any person lodging a Provisional Allotment Letter;
Articles of Association	the articles of association of NWR Plc;
Ashmore	Ashmore Investment Management Limited;
Assets	NWR Plc's operating subsidiaries, OKD and NWR KARBONIA, which will be subject to a sale process in parallel with the implementation of the Capital Restructuring as part of NWR NV's contingency planning to ensure continuation of the operations of these Assets should the requisite majorities from Shareholders not be obtained (or if a termination event occurs) in respect of the Capital Restructuring;
Australia	the Commonwealth of Australia, its territories and possessions;

AWT	Advanced World Transport a.s. (formerly known as OKD, Doprava, akciová společnost), a joint-stock company (akciová společnost) incorporated under the laws of the Czech Republic, with its corporate seat in Ostrava, Czech Republic, and having its registered address at Hornopolni 3314/38, Ostrava, Czech Republic;
B Shares	the B ordinary shares in the share capital of NWR Plc from time to time;
Backstop Providers	certain funds managed or advised by Ashmore, Gramercy, GLG and M&G in their capacity as backstop providers in respect of the Noteholder Equity Investment;
Backstop Providers Commitment	the proportion of the Noteholder Rights Issue Underwriting that each Backstop Provider has committed to take up;
Bank	J.P. Morgan Securities Plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (in its capacity as Sponsor and/or Bookrunner);
Base Case	the Group's base case economic and operating scenario assuming the Capital Restructuring takes effect;
Bookrunner	J.P. Morgan Securities Plc, which conducts its UK investment banking business as J.P. Morgan Cazenove;
Business Day	a day on which banks are open for business in London, New York, Prague and Warsaw (excluding for the avoidance of doubt, Saturdays, Sundays and public holidays);
BXR Group	BXR Group Holdings Limited and its subsidiaries;
Canada	Canada, its provinces and territories and all areas under its jurisdiction and political subdivisions thereof;
CAP	has the meaning given to it in the CREST Manual;
CAPEX	capital expenditure;
Capital Restructuring	the Restructuring, the Rights Issue and the Placing;
CCSS	the CREST Courier and Sorting Service established by Euroclear to facilitate, <i>inter alia</i> , the deposit and withdrawal of securities;
Central Europe and Central European	the geographic region of central Europe, which includes Austria, the Czech Republic, Hungary, Poland and Slovakia and "Central European" shall be construed accordingly;
Central Storage of Regulated Information	any information service authorised and/or operated from time to time by the Czech National Bank for the purpose of disseminating regulatory announcements;
CERCL Group	CERCL Holdings and its subsidiaries, including CERCL Mining;
CERCL Holdings	CERCL Holdings Limited, formerly known as BXR Holdings (Cyprus) Limited;
CERCL Undertaking	the irrevocable undertaking from CERCL Mining dated 30 July 2014 in relation to the Rights Issue, pursuant to which CERCL Mining has irrevocably undertaken to vote in favour of the Resolution in respect of its holding of 63.56 per cent. of Existing A Shares and to take up its full Rights as a Shareholder;
CERCL Mining	CERCL Mining B.V., formerly known as BXR Mining B.V.;
CET	central European time;
Chapter 15 Hearing	the hearing before the US Bankruptcy Court to attain recognition of the Scheme as a foreign main proceeding pursuant to the petition to be filed for recognition of the Scheme under Chapter 15 of the US Bankruptcy Code;

Chapter 15 Order	the order for the recognition of the Scheme as a ‘foreign main proceeding’ under Chapter 15 of the U.S. Bankruptcy Code;
Clearstream	Clearstream Banking, <i>société anonyme</i> ;
Closing Price	the closing middle market price of a relevant share as derived from SEDOL on any particular day;
ČMD	the now non-existent ČMD, a.s., a mining company and a joint-stock company (<i>akciová společnost</i>) organised under the laws of the Czech Republic which was merged with the Former OKD Company on 30 November 2005;
COMI	the centre of main interests (for the purpose of Council Regulation (EC) No. 1346/2000 of 29 May 2000);
Companies Act	the UK Companies Act 2006 (as amended);
Companies House	the Registrar for Companies in England and Wales;
Contingent Value Rights	the contingent value rights of up to €35,000,000 to be paid by NWR NV subject to the CVR Trust Deed;
Contingent Value Rights Entitlement	the aggregate entitlement of each Scheme Creditor to be issued Contingent Value Rights under the Scheme, as set out in Appendix 3 to the Scheme;
Court	the High Court of Justice of England and Wales;
CREST	the system for paperless settlement of trades in listed securities and the holding of uncertificated securities, of which Euroclear is the operator;
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Security Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since);
CREST Member	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
CREST Regulations	the Uncertified Securities Regulations 2001 (SI 2001 No. 3755);
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;
CSD	Centrální depozitář cenných papírů, a.s., with its registered address at Rybná 14, Prague 1, the Czech Republic, ID number 25081489, registered in the commercial register maintained by the Municipal Court in Prague, Section B, File 4308, or any other person acting as the Czech central securities depository pursuant to the applicable Czech laws;
CSD Rules	the rules and regulations issued by the CSD;
CVR Trust Deed	the proposed new trust deed in respect of the Contingent Value Rights, to be entered into between NWR NV and the CVR Trustee and the other parties named therein, pursuant to the Scheme;
CVR Trustee	Deutsche Trustee Company Limited as the trustee under the CVR Trust Deed;
Czech National Property Fund	Fond Národního Majetku České Republiky, the National Property Fund of the Czech Republic, a quasi-governmental body in the Czech Republic;
CZK	Czech koruna, the lawful currency of the Czech Republic;
Dalkia	the Dalkia group of companies;

Dalkia Commodities CZ	Dalkia Commodities CZ, s.r.o., (former CZECH-KARBON s.r.o.) a company organised under the laws of the Czech Republic;
Dalkia Industry CZ	Dalkia Industry CZ, a.s., a company organised under the laws of the Czech Republic;
Dębieńsko	the Dębieńsko mining region in the southern part of Poland;
Deed Poll	the deed poll to be entered into by NWR Plc, which contains irrevocable undertakings to NWR NV and to each holder of NVA Shares delivered upon conversion of New Convertible Notes, to purchase such NVA Shares in consideration for the issue of A Shares;
Deferred Bonus Plan	the former remuneration programme operated by the Group and described more fully in the section entitled “ <i>Incentive plans</i> ” in Part IX (<i>Additional information</i>) of this document, which was replaced by the LTIP on 26 April 2013;
D Shares	the D Shares of €0.0004 in the share capital of NWR Plc which will be created as a result of the Subdivision;
Divisional Policy Statements	the Divisional Policy Statements established pursuant to the Articles of Association and adopted by the NWR Plc Board on 8 April 2011;
Downside Scenario	the Group’s worst case scenario assuming the Capital Restructuring takes effect based on the Group’s lowest historically achieved coking and thermal coal prices and sales volume;
DTR	the disclosure and transparency rules made by the FCA under section 73A of FSMA;
EBITDA	earnings before interest, taxation, depreciation and amortisation;
ECA Facility	an export credit agency facility entered into by NWR NV and OKD, as co-obligor, on 29 June 2009 with, among others, Česká spořitelna, a.s., Československá obchodní banka a.s., KBC Bank Deutschland AG, and Natixis, as amended;
ECA Lenders	Natixis Zweigniederlassung Deutschland; Česká Spořitelna, a.s.; Československá obchodní banka, a.s.; and KBC Bank Deutschland AG; as the original lenders under the ECA Facility;
Ecological Agreement	the agreement entered into in 1996 by the Former OKD Company and the Czech National Property Fund on environmental liability caused prior to the privatisation of OKD, as amended in 1998;
ESPI	the information service authorised for the purpose of disseminating regulatory announcements in Poland;
EU	European Union;
Euro, EUR or €	the lawful currency for the time being of participating member states for the purposes of the European Monetary Union;
Euroclear	Euroclear Bank, S.A./N.V.;
European Commission	the executive body of the European Union, responsible for, amongst other things, proposing legislation and its day-to-day management;
EEA State	each state of the European Economic Area;
European Economic Area or EEA ..	the European Union, Iceland, Norway and Liechtenstein;
Ex-rights Date	4 September 2014;
Excluded Territories	Australia; Canada; Japan; New Zealand and the Republic of South Africa and each an “ Excluded Territory ”;

Executive Directors	the NWR Plc Directors who hold the position of executive director, and each an “ Executive Director ”, being Gareth Penny and Marek Jelínek;
Existing A Shares	issued and outstanding A Shares in issue as at the date of this document;
Existing Guarantors	NWR KARBONIA and OKD, each in its capacity as guarantor under the Existing Senior Secured Notes Indenture;
Existing Indentures	the Existing Senior Secured Notes Indenture and the Existing Senior Unsecured Notes Indenture;
Existing Intercreditor Agreement	the intercreditor agreement dated 27 April 2010 between, among others, Deutsche Trustee Company Limited, Citibank N.A. London Branch and NWR NV (as subsequently amended, restated and supplemented from time to time);
Existing Noteholders	the holders of Existing Notes;
Existing Notes	the Existing Senior Secured Notes and the Existing Senior Unsecured Notes;
Existing Senior Secured Notes	the EUR 500,000,000 7.875% senior secured notes due 2018, issued by NWR NV and governed by an indenture dated 27 April 2010 between, amongst others, NWR NV and Deutsche Trustee Company Limited (as subsequently amended, restated and supplemented from time to time), together with any accrued and unpaid interest as at the Restructuring Effective Date;
Existing Senior Secured Noteholder	holders of Existing Senior Secured Notes;
Existing Senior Secured Notes Indenture	the indenture relating to the Existing Senior Secured Notes, dated 27 April 2010 between, amongst others, NWR NV and Deutsche Trustee Company Limited (as subsequently amended, restated and supplemented from time to time);
Existing Senior Secured Notes Tender	a reverse Dutch auction by which NWR NV repurchases a proportion of the Existing Senior Secured Notes from the Existing Senior Secured Noteholders;
Existing Senior Unsecured Notes	the EUR 275,000,000 7.875% senior unsecured notes due 2021, issued by NWR NV and governed by an indenture dated 23 January 2013 between, amongst others, NWR NV and Deutsche Trustee Company Limited (as subsequently amended, restated and supplemented from time to time), together with any accrued and unpaid interest as at the Restructuring Effective Date;
Existing Senior Unsecured Noteholder	a holder of Existing Senior Unsecured Notes;
Existing Senior Unsecured Notes Indenture	the indenture relating to the Existing Senior Unsecured Notes, dated 23 January 2013 between, amongst others, NWR NV and Deutsche Trustee Company Limited, (as subsequently amended, restated and supplemented from time to time);
Existing Senior Unsecured Notes Tender	a fixed price cash tender by which NWR NV repurchases a proportion of the Existing Senior Unsecured Notes from the Existing Senior Unsecured Noteholders;
Existing Senior Unsecured Notes	the indenture relating to the Existing Senior Unsecured Notes, dated 23 January 2013 between, amongst others, NWR NV and Deutsche Trustee Company Limited (as subsequently amended, restated and supplemented from time to time);
Existing Transaction Security Documents	the documents relating to the security of the Senior Secured Scheme Creditors held through Citibank N.A. London Branch, in its capacity as existing security agent over the shares in OKD and NWR KARBONIA immediately prior to the Restructuring Effective Date;

FCA	Financial Conduct Authority of the United Kingdom;
Fee	the annual fee payable to the Real Estate Division by the Mining Division in exchange for the Real Estate Assets provided by the Real Estate Division to the Mining Division;
Former OKD Company	the now non-existent OKD, a. s., with its registered office at Ostrava – Moravská Ostrava, Prokešovo náměstí 6/2020, postal Code 728 30, Czech Republic, ID No. 00002593, inscribed in the Commercial Register maintained by the Regional Court in Ostrava, Part B, Entry 122, the legal predecessor of OKD and certain entities owning real estate;
Form of Proxy	the enclosed form of proxy for use in connection with the General Meeting;
FSMA	Financial Services and Markets Act 2000, as amended and supplemented from time to time;
Fully Paid Rights	the rights to acquire the New A Shares fully paid;
General Meeting	the general meeting of the Shareholders to be held at 10.00 a.m. (CET) on 20 August 2014, notice of which is set out at the end of this document;
Gramercy	Gramercy Funds Management LLC;
GLC	GLG Partners LP;
Group	the NWR Plc and all of its direct or indirect subsidiaries;
HBZS	OKD, HBZS a.s., a company organised under the laws of the Czech Republic with its registered office at Lihovarská 1199/10, Radvanice, Ostrava, postal code 716 00, Czech Republic;
Headroom	has the meaning given to it in the CREST Manual;
HMRC	Her Majesty's Revenue and Customs;
IFRS	International Financial Reporting Standards and interpretations issued by the IFRS Interpretations Committee;
IMC	IMC-Montan Consulting GmbH, an independent third party company instructed by NWR Plc to review its mineral resources and reserves in respect of the Dębieńsko project in Poland;
IMC MER	the Mineral Expert Report prepared by IMC;
ISIN	the international securities identification number;
Issue Price	EUR 0.023457891 per New A Share;
Japan	Japan, its territories and possessions and any areas subject to its jurisdictions;
JORC Code	the Australasian Code for Reporting Mineral Resources and Ore Reserves (2012) published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia;
J.P. Morgan	J.P. Morgan Securities Plc, which conducts its UK investment banking business as J.P. Morgan Cazenove;
JT Boyd	John T. Boyd Company, an independent third party company instructed by NWR Plc to review its mineral resources and reserves in the Czech Republic;
JT Boyd MER	the Mineral Expert Report prepared by JT Boyd;
KPMG	KPMG LLP, in its capacity as auditors;
Liability or Liabilities	any debt, liability or obligation whatsoever whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation and whether it arises at

	common law, in equity or by statute, in England and Wales or in any other jurisdiction, or in any other manner whatsoever, including, but not limited to, Liabilities (as defined in the Existing Intercreditor Agreement);
Life of Mine Plan	the mine plan developed by the Group which relates to the Group's Czech assets and which, amongst other things, sets out the number of years that each of Group's mines in the Czech Republic is currently planned to operate;
Listing Rules	the listing rules made by the FCA under Part VI of the FSMA (as amended from time to time);
London Stock Exchange	London Stock Exchange plc;
LTIFR	lost time injury frequency rate; the number of reportable injuries after three days of absence divided by total hours worked multiplied by one million;
Long Term Incentive Plan or LTIP	the long term incentive plan, a remuneration programme operated by the Group which replaced the Deferred Bonus Plan and was approved at the annual general meeting on 26 April 2013;
M&G	M&G Investment Management Limited;
METALIMEX	Metalimex a.s., a joint-stock company (<i>akciová společnost</i>) organised under the laws of the Czech Republic;
Mineral Expert's Reports	the IMC MER and the JT Boyd MER;
Mineral Experts	IMC and JT Boyd;
Mining Act	Czech Act No. 44/1988 Sb., on Preservation and Exploitation of Mineral Resources, as amended on 1 January 2013;
Mining Division	the Group division consisting of all assets and liabilities of the Group other than the assets and liabilities of the Real Estate Division;
Money Laundering Regulations	the Money Laundering Regulations 2007, as amended from time to time;
Morciniek	the Morciniek mining region, Poland;
MTM	Many to Many;
MTX	MTX Koksovny a.s. (a wholly owned subsidiary of METALIMEX a.s.);
NDS	Krajowy Depozyt Papierów Wartościowych S.A. (The National Depository of Securities) with its registered office at Książęca 4, 00-498 Warsaw, Poland and, unless the context requires otherwise, the deposit system operated by this company;
New A Shares	the new A Shares proposed to be issued by NWR Plc pursuant to the Rights Issue and/or the Placing (as the context may require);
New Convertible Notes Trust Deed .	the proposed new trust deed in respect of the New Convertible Notes, to be entered into between NWR NV and the other parties named therein, substantially in the form attached as Appendix 13 of the Scheme;
New Convertible Notes	the EUR 150,000,000 4.0 per cent. / 8.0 per cent. PIK mandatory convertible notes due six years from completion of the Restructuring, issued by NWR NV and governed by the New Convertible Notes Trust Deed;
New Intercreditor Agreement	the new intercreditor agreement between NWR NV, NWR HOLDINGS BV, OKD, NWR KARBONIA and, amongst others, the trustee for the New Senior Notes, New Convertible Notes and Contingent Value Rights, the lenders under the Super Senior Facility Agreement, certain hedging counter parties and the security agent under the New Intercreditor Agreement;

New Senior Notes	the EUR 300 million 8 per cent. senior notes due 5.5 years following their issue date on completion of the Restructuring, issued by NWR NV and governed by the New Senior Notes Indenture;
New Senior Notes Indenture	the indenture relating to the New Senior Notes and made between, amongst others, the New Senior Notes Trustee and NWR NV in substantially the form attached at Appendix 12 to the Scheme;
New Senior Notes Trustee	Deutsche Trustee Company Limited as the trustee under the New Senior Notes Indenture;
New Zealand	New Zealand, its territories and possessions and any areas subject to its jurisdiction;
Nil Paid Rights	the New A Shares in nil paid form provisionally allotted to all Qualifying Shareholders pursuant to the Rights Issue;
Non-Executive Directors	the NWR Plc Directors who hold the position of non-executive director and each a “ Non-Executive Director ”, being Zdeněk Bakala, Peter Kadas, Bessel Kok, Hans-Jörg Rudloff, Steven Schuit, Barry Rourke, Paul Everard and Alyson Warhurst;
Noteholder Equity Backstop Amount	approximately €75 million;
Noteholder Equity Investment	the Placing and the Noteholder Rights Issue Underwriting;
Noteholder Equity Participation Amount	the amount which an Existing Noteholder wishing to participate in the Noteholder Equity Investment is willing to subscribe for;
Noteholder Rights Issue Underwriting	the proposed underwriting of the remaining approximate amount of €43 million of Rights (which are not taken up in the Rights Issue or sold in the market or placed to new investors) by the Participating Existing Noteholders;
Notice of General Meeting	the notice of the general meeting of its Shareholder, in the form set out at the end of this document;
NVA Shares	the A Shares of NWR NV from time to time;
NWR Communications	NWR Communications, s.r.o., a company organised under the laws of the Czech Republic with its registered office at Praha 7 – Holešovice, Jankovcova 1518/2, postal code 170 00, Czech Republic;
NWR KARBONIA	NWR KARBONIA S.A., a company organised under the laws of Poland with its registered office at Dębiesko 1, 44-230 Czerwionka Leszczyny, ul. 3 go Maja 44, Poland;
NWR NV	New World Resources N.V., a public company with limited liability (<i>Naamloze Vennootschap</i>) organised under the laws of the Netherlands with registered number 34239108 and whose head office is at 115 Park Street, W1K 7AP, London, United Kingdom;
NWR Plc	New World Resources Plc, a company incorporated in England and Wales with its registered office at c/o Hackwood Secretaries Limited, One Silk Street, London EC2Y 8HQ, United Kingdom;
NWR Plc Board	the board of directors of NWR Plc;
NWR Plc Directors	the Executive Directors and the Non-Executive Directors;
NWR Services	New World Resources Services Ltd., a company organised under the laws of the United Kingdom with its registered office at 115 Park Street, London, W1K 7AP, United Kingdom;
Official List	the official list of the UKLA;
OKD	OKD, a.s., a company organised under the laws of the Czech Republic with its registered office at Stonavská 2179, Doly, 735 06 Karviná, Czech Republic, registered in the Commercial Register

	administered by the Regional Court in Ostrava, Section B, entry 2900;
OKK	OKK Koksovny, a.s., the former wholly owned coking subsidiary of NWR NV;
OKK Disposal	disposal of (i) OKK to MTX and (ii) OKK's coke inventory to METALIMEX;
OKK Share Purchase Agreement	the agreement for the purchase of 100 per cent. of the registered share capital of OKK concluded on 27 September 2013 between NWR NV, as seller, and MTX, as purchaser;
Ordinary Shares	the A Shares and the B Shares;
Other Existing Noteholders	the Existing Noteholders other than the Backstop Providers;
Overseas Shareholders	Qualifying Shareholders who have registered addresses outside of the United Kingdom;
Oversubscription Amount	the amount exceeding Existing Noteholders' <i>pro rata</i> entitlement to the New A Shares pursuant to the Noteholder Equity Investment;
Participant ID	the identification code or membership number used in CREST to identify a particular CREST Member or CREST Participant;
Participating Existing Noteholders ..	the Existing Noteholders who commit to participating in the Noteholder Equity Investment pursuant to the Scheme;
Paskov Agreement	an agreement between NWR Plc and certain members of the Czech government on a proposal to be submitted to the government as regards the financial support of the closure of the Paskov mine, which was signed on 6 June 2014;
pence	pence, the lawful currency of the United Kingdom
Placing	the proposed offer and issue of New A Shares to the Existing Noteholders on the terms and subject to the conditions set out in the Subscription Agreement;
Placing Commitments	the percentage of New A Shares offered to the Existing Noteholders pursuant to the Placing that each of Ashmore, Gramercy, GLG and M&G has committed to take up (26.67 per cent., 20.00 per cent., 20.00 per cent., and 33.33 per cent., respectively);
Placing Shares	the New A Shares issued pursuant to the Placing;
PLN	Polish zloty, the lawful currency of Poland;
Pound, £, sterling or GBP	pound sterling, the lawful currency of the United Kingdom;
Prague Stock Exchange	Burza cenných papírů Praha, a.s., with its registered address at Rybná 14, Prague 1, the Czech Republic, ID number 47115629, registered in the commercial register maintained by the Municipal Court in Prague, Section B, File 1773;
Prime Market	the main market of the Prague Stock Exchange;
Provisional Allotment Letter	the renounceable provisional allotment letters relating to the Rights Issue to be issued to Qualifying non-CREST Shareholders as described in Part VIII (<i>Terms and conditions of the Rights Issue</i>) of this document;
Prospectus Rules	the prospectus rules made by the FCA under Part VI of the FSMA (as amended from time to time).
Public Offering Act	the Polish Act dated 29 July 2005 on public offering, conditions governing the introduction of financial instruments to organized trading, and public companies (amended and restated Journal of Laws of 2013, item 1382, as amended);
Public Procurement Act	the Czech Act No. 137/2006 Sb. on Public Procurement, as amended;

Qualifying CREST Shareholders.....	Qualifying Shareholders holding Existing A Shares in uncertificated form;
Qualifying non-CREST Shareholders.....	Qualifying Shareholders holding Existing A Shares in certificated form who are not resident in an Excluded Territory or the United States;
Qualifying Shareholder	shareholder(s) on NWR Plc's register of members on the Rights Issue Record Date;
RCF	the revolving credit facility entered into by NWR NV on 7 February 2011 with, among others, Česká spořitelna, a.s., as facility agent, Citigroup Global Markets Limited as documentation agent, Česká spořitelna, a.s., Československá obchodní banka a.s., Citigroup Global Markets Limited, Komerční banka, a.s. and ING Bank N.V., Prague branch, as arrangers and original lenders;
Real Estate Assets.....	all of the real estate assets owned by the Group at the time of the establishment of the Real Estate Division and Mining Division, comprising the land and buildings, constructions and similar real estate assets owned by the Group at the time of the establishment of the Real Estate Division and Mining Division;
Real Estate Division	the Group division consisting of all Real Estate Assets, which provides inter-divisional services only;
Receiving Agent or Registrar	Computershare Investor Services PLC, whose registered address is at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ;
Regulation S	Regulation S under the Securities Act;
Regulatory Information Service.....	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements;
Resolution	the special resolution to be proposed at the General Meeting (and set out in the Notice of General Meeting at the end of this document) to, among other things, facilitate and approve the Rights Issue and the Placing;
Restructuring	the financial, debt and corporate restructuring of the Group contemplated by the Scheme, the restructuring documents and the explanatory statement to the Scheme, including (but not limited to) any and all connected compromises/agreements with persons that are not parties to the Scheme;
Restructuring Agreement	the lock up and restructuring agreement dated 2 July 2014 between NWR NV, CERCL Mining, NWR Plc, and the Consenting Note Creditors (as defined therein);
Restructuring Effective Date	the date on which the last of the Scheme Conditions (as defined in the Scheme) has been satisfied or waived (if applicable);
Rights	the Nil Paid Rights and/or the Fully Paid Rights (as the context may require);
Rights Issue	the proposed offer of New A Shares to Qualifying Shareholders by way of Rights on the terms and subject to the conditions set out in this document and, in the case of Qualifying non-CREST Shareholders only, the Provisional Allotment Letters;
Rights Issue Record Date.....	5:00 p.m. (London time) on 2 September 2014;
RPGI	RPG Industries Public Limited (formerly RPG Industries Plc, RPG Industries SE and RPG Industries Public Limited), a private limited company organised under the laws of Cyprus, with its corporate seat in Nicosia, Cyprus;
Scheme.....	the proposed scheme of arrangement under Part 26 of the Companies Act between NWR NV and the Scheme Creditors, with any modification, addition or condition which the Court may think fit to approve or impose;

Scheme Creditors	the holders of the Existing Senior Secured Notes and the holders of the Existing Senior Unsecured Notes as at 5 pm British Summer Time the day before the date of the Scheme Meetings;
Scheme Meetings	(i) the meeting of the Senior Secured Scheme Creditors convened in accordance with the permission of the Court pursuant to section 896 of the Companies Act to consider and, if thought fit, approve the Scheme, including any adjournment thereof (the “ Senior Secured Scheme Creditors’ Meeting ”); and (ii) the meeting of the Senior Unsecured Scheme Creditors convened in accordance with the permission of the Court pursuant to section 896 of the Companies Act to consider and, if thought fit, approve the Scheme, including any adjournment thereof (the “ Senior Unsecured Scheme Creditors’ Meeting ”);
SEC	US Securities and Exchange Commission;
Securities Act	the United States Securities Act of 1933, as amended;
Senior Managers	the senior management of NWR Plc from time to time, being Peter Dormann, Peter Carr and Dale R. Ekmark;
Shareholder	a holder of A Shares;
Sponsor	J.P. Morgan, in its capacity as Sponsor;
Standards	the Admission and Disclosure Standards of the London Stock Exchange;
Stock Option Plan	the stock option plan operated by the Group and fully described in pages 100 to 101 of the 2013 Annual Report, which is incorporated by reference into this document;
Subdivision	the proposed subdivision of each Existing A Share of €0.40 nominal value into 1 A Share of €0.0004 nominal value and 999 D Shares of €0.0004 nominal value, with very limited rights;
Subscription Agreement	the Subscription Agreement between NWR Plc and the Backstop Providers in relation to the Placing;
subsidiary	has the same meaning as in section 1159 of the Companies Act;
Super Senior Facility Agreement	the proposed new agreement in respect of the Super Senior Facility, to be entered into between, amongst others, NWR HOLDINGS BV, as borrowers, NWR NV, OKD and NWR KARBONIA as guarantors, and certain Existing Noteholders, substantially in the form attached as Appendix 14 of the Scheme;
Super Senior Facility	a super senior term facility to be dated on or about the Restructuring Effective Date and made between the NWR HOLDINGS BV as borrower and those Scheme Creditors who elect to participate in accordance with Clause 4 of the Scheme on the basis of the Super Senior Facility Agreement;
Takeover Code	the City Code on Takeovers and Mergers;
Trade Register	the trade register administered by the Chamber of Commerce for Amsterdam;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
UKLA or UK Listing Authority	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
uncertified or in uncertificated form	in relation to a share or other securities, a share or other security title to which is 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;

Underwriting Agreement	the agreement dated 30 July July 2014 between NWR Plc, the Backstop Providers and the Participating Existing Noteholders pursuant to which the Backstop Providers and the Participating Existing Noteholders agree to underwrite the Rights Issue;
US or United States	United States of America, its territories and possession, any state of the United States of America and the District of Columbia;
USD	United States dollars and cents, the lawful currency of the United States; and
Warsaw Stock Exchange	Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) with its registered office at Książęca 4, 00-498 Warsaw, Poland.

GLOSSARY

“ Adopted IFRS ”	IFRS, as adopted by the European Union;
“ CAGR ”	compound annual growth rate;
“ CAPEX ”	capital expenditure;
“ Cash Conversion ”	the proportion of profits that is converted into actual cash flow;
“ CGU ”	cash generating unit;
“ coking coal ”	high volatile coal used to create coke, which, for the avoidance of doubt, includes PCI coal;
“ Czech GAAP ”	generally accepted accounting principles in the Czech Republic;
“ EURIBOR ”	Euro inter-bank offered rate;
“ EXW ”	the “Ex Works” Incoterm, which is when the seller fulfils his obligation to deliver upon having the goods available at his premises to the buyer;
“ IAS 16 ”	International Accounting Standard 16 Property, Plant and Equipment, an international financial reporting standard adopted by the International Accounting Standards Board;
“ longwall ”	a coal production face where a shearer traverses and cuts a long wall of coal accessed by two gate roads;
“ marketable coal reserves ” and “ marketable reserves ”	marketable coal reserves is equivalent to “saleable” coal reserves and refers to the coal products produced by the coal preparation plants. Marketable coal is derived from recoverable coal by applying a plant yield to take account of the coal losses in the plant;
“ Mt ”	million metric tonnes;
“ PCI ”	pulverised coal injection, a method for improving the performance of a blast furnace;
“ PIK ”	payment in kind;
“ PRIBOR ”	the Prague inter-bank offered rate;
“ recoverable coal ”	recoverable coal refers to the coal that is recovered from the mine and before it is fed to the coal preparation plants;
“ reserves ”	the economically mineable part of a measured and/or indicated mineral resource;
“ SDRT ”	UK stamp duty reserve tax;
“ SEDOL ”	the London Stock Exchange daily official list;
“ thermal coal ”	coal used in combustion processes by power producers and industrial users to produce steam for power and heat, also known as “steam” or “steaming” coal;
“ washing plant ”	a plant designed to size and clean material to produce pre-determined sizes of product.

DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the various sections of documents which are incorporated by reference into this document, so as to provide the information required pursuant to the Prospectus Rules and to ensure that Qualifying Shareholders and others are aware of all information which, according to the particular nature of NWR Plc and of the New A Shares, is necessary to enable Qualifying Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of NWR Plc, and of the rights attaching to the New A Shares. These documents are available free of charge in electronic format through NWR Plc's website at www.newworldresources.eu/en.

Reference document	Information incorporated by reference	Page number in the reference documents
3M 2014 Interim Consolidated Financials	Unaudited financial results for the first quarter of 2014	1-22
2013 Annual Report	Details of Related Party Transactions	87-89, 182
	Details of Directors' service contracts	102-103
	Independent Auditors' Report	113
	Consolidated Statement of Comprehensive Income	118
	Consolidated Statement of Financial Position	120
	Consolidated Statement of Changes in Equity	122
	Consolidated Statement of Cash Flows	124
	Notes to the Consolidated Financial Statements	126
2012 Annual Report	Details of Related Party Transactions	88-90, 135-136
	Independent Auditors' Report	105
	Consolidated Statement of Comprehensive Income	107
	Consolidated Statement of Financial Position	110
	Consolidated Statement of Changes in Equity	112
	Consolidated Statement of Cash Flows	114
2011 Annual Report	Details of Related Party Transactions	84-88, 138-139
	Notes to the Consolidated Financial Statements	103
	Independent Auditors' Report	
	Consolidated Statement of Comprehensive Income	105
	Consolidated Statement of Financial Position	108
	Consolidated Statement of Changes in Equity	110
	Consolidated Statement of Cash Flows	112

The documents incorporated by reference in this document have been incorporated in compliance with Prospectus Rule 2.4.1. Information that is itself incorporated by reference or referred or cross-referred to it in the documents referred to above is not incorporated by reference into this document. Except as set forth above, no other portion of the documents referred to above is incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for prospective investors or the relevant information is included elsewhere in this document.

New World Resources Plc

Registered in England and Wales No 7584218 and in the Netherlands No 55931758

NOTICE OF GENERAL MEETING

NOTICE is hereby given that a General Meeting of New World Resources Plc (“**NWR Plc**”) will be held at 10:00 a.m. (CET) on 20 August 2014 at NWR Plc’s corporate office at Jachthavenweg 109h, 1081 KM Amsterdam, the Netherlands for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as a special resolution:

THAT:

- (a) the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 to exercise all powers of NWR Plc to allot New A Shares (as defined in the prospectus of NWR Plc of which this Notice of General Meeting forms part (the “**Prospectus**”)), of NWR Plc and to grant rights to subscribe for, or to convert securities into, New A Shares:
 - (i) up to an aggregate nominal amount of EUR 545,734.45 for the purposes of the Placing (as defined in the Prospectus); and
 - (ii) up to a further aggregate nominal amount, of EUR 2,012,040.29 for the purposes of the Rights Issue (as defined in the Prospectus),provided that this authority shall expire on 31 December 2014;
- (b) the Directors be and are hereby given power pursuant to Section 570 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) for cash under the authority granted by paragraph (a) above, and/or where the allotment is treated as an allotment of equity securities under Section 560(3) of the Companies Act 2006, as if Section 561 of the Companies Act 2006 did not apply to any such allotment and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, provided that this power shall expire on 31 December 2014;
- (c) the Directors be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 to exercise all powers of NWR Plc to allot A ordinary shares of NWR Plc and to grant rights to subscribe for, or to convert securities into, A ordinary shares of NWR Plc up to an aggregate nominal amount of EUR 1,141,573.54 for the purposes of the New Convertible Notes and the Deed Poll (as defined in the Prospectus) and the allotment of A ordinary shares of NWR Plc pursuant to the Deed Poll, provided that this authority shall expire on the date falling five years following the date on which this Resolution is passed but, in each case, so that NWR Plc may make offers and enter into agreements before the expiry of such authority which would, or might, require A ordinary shares to be allotted or rights to subscribe for, or convert securities into, A ordinary shares to be granted after the authority expires and the Directors may allot A ordinary shares or grant rights to subscribe for, or convert securities into, A ordinary shares pursuant to any such offer or agreement as if the authority had not expired;
- (d) the allotment of 1,364,336,135 New A Shares (as defined in the Prospectus) to the Participating Existing Noteholders (as defined in the Prospectus) for cash at a price of EUR 0.023457891 per share, which is a discount of 82.93 per cent. to the closing middle market quotation (as derived from the daily official list of the London Stock Exchange) of an A ordinary share of NWR Plc of EUR 0.1374 per share on the last Business Day prior to announcement of the Rights Issue and the Placing (as defined in the Prospectus) and after adjusting for the subdivision referred to paragraph (e) and otherwise on the terms set out in the Prospectus be approved;
- (e) subject to, conditional upon and with effect from the amendment of the Official List of the UK Listing Authority in respect of the A Shares (as defined in the Prospectus) of EUR 0.40 each in the capital of NWR Plc each A Share be sub-divided into (i) one A Share of EUR 0.0004 nominal value, such shares having the same rights and being subject

to the same restrictions (save as to nominal value) as the Existing A Shares of EUR 0.40 each in the capital of NWR Plc as set out in NWR Plc's articles of association as amended by paragraph (f) below and the Divisional Policy Statements (as defined in the Prospectus), and (ii) 999 D Shares of EUR 0.0004, such shares having the rights and being subject to the restrictions set out in NWR Plc's articles of association as amended by paragraph (f) below;

- (f) the articles of association of NWR Plc be amended by the insertion of a new article 7A immediately after article 7, as follows:

7A. The D Shares

7A.1 The rights and restrictions attached to the deferred shares of EUR 0.0004 each in the capital of the Company (the "**D Shares**") are as follows:

- (i) Notwithstanding any other provisions of these Articles, a D Share:
 - (A) does not entitle its holder to receive any dividend or other distribution;
 - (B) does not entitle its holder to receive a share certificate in respect of the relevant shareholding;
 - (C) does not entitle its holder to receive notice of, nor to attend, speak or vote at, any general meeting of the Company;
 - (D) entitles its holder on a return of capital on a winding up of the Company (but not otherwise) only to the repayment of the amount paid up or credited as paid up on that share and only after payment of the amounts entitled to be paid to holders of A Shares and B Shares in the share capital of the Company and the further payment of EUR 1.00 on each such ordinary share;
 - (E) does not entitle its holder to any further or other participation in the capital, profits or assets of the Company; and
 - (F) shall not be capable of transfer at any time other than with the prior written consent of the Directors.
- (ii) The Company may at its option and is irrevocably authorised at any time after the creation of the D Shares to:
 - (A) appoint any person to act on behalf of any or all holder(s) of a D Share(s), without obtaining the sanction of the holder(s), to transfer any or all of such shares held by such holder(s) for nil consideration to any person appointed by the Directors and to execute for and on behalf of such holder(s) such documents as are necessary in connection with such transfer;
 - (B) without obtaining the sanction of the holder(s), but subject to the Legislation:
 - a. purchase any or all of the D Shares then in issue and to appoint any person to act on behalf of all holders of D Shares to transfer and to execute a contract of sale and a transfer of all the D Shares to the Company for an aggregate consideration of EUR 1.00 payable to one of the holders of D Shares to be selected by lot (who shall not be required to account to the holders of the other D Shares in respect of such consideration); and
 - b. cancel any D Share without making any payment to the holder.
- (iii) Any offer by the Company to purchase the D Shares may be made by the Directors depositing at the registered office of the Company a notice addressed to such person as the Directors shall have nominated on behalf of the holders of the D Shares.
- (iv) The rights attaching to the D Shares shall not be, or be deemed to be, varied, abrogated or altered by:
 - (A) the creation or issue of any shares ranking in priority to, or *pari passu* with, the D Shares;
 - (B) any amendment or variation of the rights of any other class of shares of the Company;
 - (C) the Company reducing its share capital or share premium account;

(D) the cancellation of any D Share without any payment to the holder thereof; or

(E) the redemption or purchase of any share, whether a D Share or otherwise,

nor by the passing by the members of the Company or any class of members of any resolution, whether in connection with any of the foregoing or for any other purpose, and accordingly no consent thereto or sanction thereof by the holders of the D Shares, or any of them, shall be required;

- (g) the Directors be and are hereby generally and unconditionally authorised, subject to completion of the Rights Issue and the Placing, for the purposes of Section 551 of the Companies Act 2006 to exercise all powers of NWR Plc to allot A ordinary shares of NWR Plc and to grant rights to subscribe for, or to convert securities into, A ordinary shares of NWR Plc up to an aggregate nominal amount of EUR 266,367.16 on terms that such authority is to apply in substitution for all previous authorities pursuant to Section 551 of the Companies Act 2006 (other than those authorities granted pursuant to this Resolution) is for the sole purpose of assisting NWR Plc to cure a breach of its requirement to maintain sufficient free float in accordance with the listing rules of any applicable stock exchange or regulatory authority and is to expire three months following the Restructuring Effective Date (as defined in the Prospectus) but, so that NWR Plc may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into such nominal amount of shares to be granted after the authority ends:
- (h) the Directors be and are hereby given power pursuant to Section 570 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) for cash under the authority granted by paragraph (g) above, and/or where the allotment is treated as an allotment of equity securities under Section 560(3) of the Companies Act 2006, as if Section 561 of the Companies Act 2006 did not apply to any such allotment, for the sole purpose of assisting NWR Plc to cure a breach of its requirement to maintain sufficient free float in accordance with the listing rules of any applicable stock exchange or regulatory authority, such power to expire three months following the Restructuring Effective Date (as defined in the Prospectus) but so that NWR Plc may make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the power ends.

By order of the Board

Ivona Ročárková
Secretary

30 July 2014

Registered in England and Wales No. 7584218

Registered Office:
c/o Hackwood Secretaries Limited
One Silk Street
London
United Kingdom
EC2Y 8HQ

NWR Plc is also registered with the trade register in the Netherlands under number 55931758.

Notes:

Proxy Appointment

1. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the General Meeting. A proxy need not be a shareholder of NWR Plc. 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.
2. A form of proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.
3. To appoint a proxy, the form of proxy must be received by one of the following methods, so as to be received no later than 10.00 a.m (CET) on 18 August 2014:

- (a) in hard copy form, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), sent to NWR Plc's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY;
- (b) by electronic proxy appointment via www.investorcentre.co.uk/eproxy, the shareholder will need control number, the shareholder reference number (SRN) and PIN number shown on the paper Form of Proxy enclosed; or
- (c) by CREST Proxy Voting Service in accordance with Note 11 below.

Nominated persons

- 4. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from NWR Plc in accordance with section 146 of the Companies Act ("**nominated persons**"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Information about shares and voting

- 5. Holders of Existing A Shares and B Shares are entitled to attend and vote at general meetings of NWR Plc. The total number of issued Existing A Shares and B Shares in NWR Plc on 29 July 2014, which is the latest practicable date before the publication of this document is 264,742,143 and 10,000, respectively, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 29 July 2014 is 264,752,143.

Right to attend and vote

- 6. Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to NWR Plc's register of members at 12.00 p.m. (London time) on 18 August 2014 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.

Venue arrangements

- 7. To facilitate entry to the meeting, members are requested to bring with them the admission card which is attached to the proxy card.
- 8. Members should note that the doors to the General Meeting will be open at 9.30 a.m. (CET).
- 9. Mobile phones may not be used in the meeting hall, and cameras, tape or video recorders are not allowed in the meeting hall.

CREST members

- 10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following 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) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
- 11. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (3RA5D) by the latest time(s) for receipt of proxy appointments specified in Note 3 above. 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 issuer's agent is able to retrieve the message by

enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him by other means.

12. CREST members (and, where applicable, their CREST Sponsors or voting service providers) should note that Euroclear 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 member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) 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.
13. NWR Plc may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Questions

15. Any member attending the meeting has the right to ask questions. NWR Plc must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of NWR Plc or the good order of the meeting that the question be answered.

Website information

16. A copy of this notice and other information required by section 311A of the Companies Act can be found at www.newworldresources.eu.

Voting by poll

17. The Resolution to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the NWR Plc Board considers it a more democratic method of voting. It is also in line with recommendations made by the Shareholder Voting Working Group and Paul Myners in 2004. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the meeting. The results of the poll will be published on NWR Plc's website and notified to the UK Listing Authority once the votes have been counted and verified.

Use of electronic address

18. Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed form of proxy) to communicate with NWR Plc for any purposes other than those expressly stated.

