THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000, as amended (the "FSMA"), or the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) ("Financial Markets Supervision Act") or the Czech Act on Conducting Business in the Capital Markets, as amended (zákon o podnikaní na kapitálovém trhu), or the Polish Trading in Financial Instruments Act (ustawa o obrocie instrumentami finansowymi) and who specialises in advising on the acquisition of shares and other securities.

This document (the "Prospectus") comprises a prospectus for the purposes of Article 3 of Directive 2003/71/EC of the European Parliament and the Council of the European Union (the "Prospectus Directive") relating to New World Resources N.V. (the "Issuer") and has been prepared in accordance with article 5:9 of the Financial Markets Supervision Act (Wet op het financieel toezicht) and the rules promulgated thereunder. This Prospectus has been approved by and filed with the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten (the "AFM")). The Issuer has requested that the AFM provide the competent authority in the United Kingdom, the UK Listing Authority (as defined below), the Czech National Bank (Česká národní banka) (the "CNB") and the Polish Financial Supervision Commission (Komisja Nadzoru Finansowego) (the "KNF") with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive (the "Notification") and a copy of this Prospectus in English. The Issuer may request that the AFM provide the Notification to competent authorities in additional countries which belong to the European Economic Area (the "EEA").

Application has been made (i) to the UK Financial Services Authority (the "FSA") in its capacity as competent authority under section 73A of the Financial Services and Markets Act 2000, as amended (the "UK Listing Authority") for all of the ordinary A shares in the share capital of the Issuer, issued and to be issued (and including the New Shares, as defined below) (the "A Shares"), to be admitted to the official list of the UK Listing Authority (the "Official List"); (ii) to the London Stock Exchange plc (the "London Stock Exchange" or "LSE") for admission to trading of the A Shares on the London Stock Exchange's main market for listed securities; (iii) to the Listing Committee of Burza cenných papírů Praha, a.s. (the "Prague Stock Exchange" or "PSE") for admission to trading of the A Shares on the main market of the Prague Stock Exchange; and (iv) to the Management Board of Gielda Papierów Wartościowych w Warszawie S.A. (the "Warsaw Stock Exchange" or "WSE") for admission to trading of the A Shares on the main market of the Warsaw Stock Exchange. Admission to the Official List together with admission to trading on the main market of the London Stock Exchange, the Prague Stock Exchange and the Warsaw Stock Exchange, respectively, for listed securities constitutes admission to official listing on a stock exchange (the "Admission"). This Prospectus also relates to the offer (the "Offer") of up to 13,500,000 new A Shares (the "New Shares") and up to 69,513,344 existing A Shares (the "Existing Shares") of the Issuer (the New Shares and the Existing Shares collectively, the "Offer Shares"). The Existing Shares are being offered by RPGI Industries SE ("RPGI" or the "Selling Shareholder"). Subject to acceleration or extension of the timetable for the Offer, conditional dealings in the Offer Shares are expected to commence on the LSE on 8 May 2008 and the PSE on 9 May 2008. There will be no conditional dealings on the WSE. Admission is expected to become effective, and unconditional dealings are expected to commence in the A Shares on the London Stock Exchange on 13 May 2008, and on the Warsaw Stock Exchange on or about 14 May 2008. On the PSE, admission is expected to become effective on or about 13 May 2008 and unconditional dealings are expected to commence on 14 May 2008. Prospective investors may subscribe for or purchase the Offer Shares during a period which is expected to commence on or about 22 April 2008 and is expected to end at 5 p.m. Central European Time on or about 7 May 2008 (the "Subscription Period"). The Offer Shares will first be made available for purchase by the employees of the Issuer and its Subsidiaries (the "Group") in the Czech Republic and Poland (such shares the "Employee Shares" and such offer, the "Employee Offer"), as described in PART XII of this document entitled "DETAILS OF THE OFFER." Thereafter, up to 5% of the Offer Shares may be made available for purchase by certain Directors, suppliers, business contractors, business counterparties and friends of the Issuer and the Selling Shareholder under a directed share program (the "Directed Share Program"), as also described in Part XII of this document entitled "DETAILS OF THE OFFER". If the Offer is cancelled or postponed prior to the Admission taking place, all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed null and void and any subscription payments made will be returned without interest or other compensation.

Admission is being sought only in respect of the A Shares. The A Shares are designed to track the performance of and represent the economic value of the Mining Division (as defined below). See PART I of this document entitled "SUMMARY—The Restructuring and The Recapitalisation" for further details. Holders of the A Shares are not entitled to receive any dividends, liquidation proceeds or other distributions which relate to the Real Estate Division (as defined below). For further details, see PART XV—"THE RESTRUCTURING AND THE RECAPITALISATION" and PART XVI—"ADDITIONAL INFORMATION"—"Summary of Articles of Association." No other class of share of the Issuer is, or is expected to be, admitted to trading on any stock exchange. Dealings before Admission will only be settled if Admission takes place. All dealings in the Offer Shares prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and such dealings will be at the sole risk of the parties concerned.

See PART II of this document entitled "RISK FACTORS" for a discussion of certain factors that should be considered in connection with an investment in the Offer Shares.

NWR
NEW WORLD RESOURCES

NEW WORLD RESOURCES N.V.

(a public limited liability company (naamloze vennootschap) incorporated in the Netherlands with its corporate seat in Amsterdam)

Offer of up to 83,013,344 A Shares with a nominal value of EUR 0.40 at an Offer Price between £10.75 and £13.25 per A Share and admission to the Official List and to trading on the London Stock Exchange, the Prague Stock Exchange and the Warsaw Stock Exchange

Joint Sponsors, Joint Global Coordinators and Joint Bookrunners

MORGAN STANLEY | *GOLDMAN SACHS INTERNATIONAL* | *JPMORGAN CAZENOVE*

Joint Lead Managers

CITIGROUP GLOBAL MARKETS LIMITED

Co-Lead Managers

BARCLAYS CAPITAL
ERSTE BANK
PATRIA FINANCE
UNICREDIT MARKETS & INVESTMENT BANKING (UNICREDIT CAIB UK LTD. AND UNICREDIT CAIB POLAND S.A.)
WOOD & COMPANY

Czech Lead Managers

ČESKÁ SPOŘITELNA | *PATRIA FINANCE* | *WOOD & COMPANY*

Polish Lead Manager

UNICREDIT MARKETS & INVESTMENT BANKING (UNICREDIT CAIB POLAND S.A.)

Share Capital Immediately Following Admission

A Shares

Authorised (Number)	Authorised (Nominal Value)	Issued and fully paid up (Number)	Issued and fully paid up (Nominal value)
1,124,988,999	*€449,995,599.60*	*263,739,999*	*€105,495,999.6*

The Issuer will receive net proceeds only from the offer and issue of the New Shares.

The Offer Shares are being offered, as specified in this Prospectus, subject to cancellation or modification of the Offer and subject to certain other conditions.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, the Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. The A Shares have not been and will not be registered under the United States Securities Act of 1933, (the ''Securities Act''), any state securities law in the United States or any of the applicable securities laws of Australia, Canada, Japan, South Africa or any other jurisdiction outside of the EEA. Subject to certain exceptions, the A Shares may not be offered or sold within the United States, Canada, Japan, Australia or South Africa to any national, resident or citizen of the United States, Australia, Canada, Japan or South Africa. Accordingly, the Offer is being made (i) within the United States only to qualified institutional buyers (''QIBs'') as defined in Rule 144A under the Securities Act (''Rule 144A'') in transactions exempt from the registration requirements of the Securities Act and (ii) outside the United States in reliance on Regulation S under the Securities Act (''Regulation S''). Offer Shares sold to persons in the United States are subject to transfer restrictions as set out in PART XII of this document entitled ''DETAILS OF THE OFFER—Selling and Transfer Restrictions''. In connection with the Offer, purchasers of the Offer Shares in the United States will be deemed to have made the representations as described in PART XII of this document entitled ''DETAILS OF THE OFFER—Selling and Transfer Restrictions''.

The Offer consists of a public offer in the Czech Republic and Poland and an international offer to certain institutional investors. No public market currently exists for the A Shares.

The price range of £10.75 to £13.25 per A Share (the ''Price Range'') is indicative only. The offer price per Offer Share (the ''Offer Price'') may be set within, above or below the indicative Price Range. A number of factors will be considered in determining the Offer Price and basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to acquire the Offer Shares, and the objective of establishing an orderly after-market in the A Shares. The exact number of Offer Shares will be determined by the Issuer and the Selling Shareholder after consultation with the Managers (as defined below) after the end of the Subscription Period. A pricing statement containing the Offer Price and confirming the number of the Offer Shares to be allotted and issued pursuant to the Offer (the ''Pricing Statement'') is expected to be published and deposited with the AFM on 8 May 2008. Further details on how the Offer Price and the number of the Offer Shares are to be determined are contained in PART XII of this document entitled ''DETAILS OF THE OFFER''. Prior to the end of the Subscription Period, the maximum number of the Offer Shares can be increased. Any such increase will be announced in a press release.

The timetable for the Offer may be accelerated or extended. Any such acceleration will be announced in a press release at least three hours before the proposed expiration of the accelerated Subscription Period. Any extension of the timetable for the Offer will be announced in a press release at least three hours before the expiration of the accelerated Subscription Period or original Subscription Period, as the case may be, provided that any extension will be for a minimum of one full business day. The Subscription Period will be no less than six business days.

The Offer Shares will be accepted for settlement through Clearstream Banking (''Clearstream''), the Polish National Depository for Securities (''NDS''), the facilities and procedures for the time being of the relevant system of which Euroclear UK & Ireland Limited has been approved as operator pursuant to the Uncertificated Securities Regulations 2001 of the United Kingdom (''CREST'') and UNIVYC, a.s. (''UNIVYC''). Delivery of the Offer Shares is to be made through the facilities of these clearing systems, and is expected to occur through Clearstream, CREST, UNIVYC and NDS on or about 13 May 2008. For further details of the settlement arrangements, see PART XII of this document entitled ''DETAILS OF THE OFFER.''

In connection with the Offer, the Selling Shareholder has granted the Stabilising Manager (as defined below) an option (the ''Over-Allotment Option''), exercisable for 30 calendar days after the publication of the Offer Price, pursuant to which the Stabilising Manager, on behalf of the Managers, may require the Selling Shareholder to sell at the Offer Price additional Existing Shares held by it and representing up to 15% of the total number of the Offer Shares to cover over-allotments, if any, in connection with the Offer and to cover short positions resulting from stabilisation transactions.

In connection with the Offer, Goldman Sachs International (''GSI''), as stabilising manager (the ''Stabilising Manager''), or any of its agents may (but will be under no obligation to), to the extent permitted by applicable law, over-allot or effect transactions with a view to supporting the market price of the A Shares at a level higher than that which might otherwise prevail in the open market. Such transactions may commence on or after the publication of the Offer Price and will end no later than 30 days thereafter. Such stabilising measures, if commenced, may be discontinued at any time. Save as required by law, the Stabilising Manager does not intend to disclose the extent of any over-allotments and/or stabilisation transactions under the Offer.

In connection with the Offer, the Managers and any of their respective affiliates acting as an investor for their own accounts may subscribe for and/or acquire Offer Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in the Offer Shares, any other securities of the Issuer or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Offer Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, the Managers and any of their respective affiliates acting as an investor for their own accounts. The Managers do not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

Morgan Stanley & Co. International plc (''Morgan Stanley''), GSI, JPMorgan Cazenove Limited (''JPMC''), Citigroup Global Markets Limited (''Citi''), Barclays Bank PLC (''Barclays Capital''), Česká spořitelna, a.s. (''Česká spořitelna''), Erste Bank (''Erste Bank''), Patria Finance, a.s. (''Patria Finance''), UniCredit Markets & Investment Banking (UniCredit CAIB UK Ltd. and UniCredit CAIB Poland S.A.) (''UniCredit''), Wood & Company Financial Services, a.s. (''Wood'') and J.P. Morgan Securities Ltd. (''JPMSL''), and Bank Austria Creditanstalt AG (''Bank Austria'') (together, the ''Managers'') are acting exclusively for the Issuer in relation to the Offer and no one else and will not be responsible to anyone other than the Issuer for providing the protections afforded to their respective customers nor for providing any advice in relation to the Offer, the contents of this Prospectus or any other matter referred to herein.

Dated 22 April, 2008

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PART I

SUMMARY

This summary should be read as an introduction to the full text of this document. Any decision by a prospective investor to invest in any A Shares should be based on a consideration of this Prospectus as a whole (including any amendment or supplement thereto) and not solely on this summary. Following the implementation of the relevant provisions of the Prospectus Directive in each member state, no civil liability will attach to the Issuer in any such member state for this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this document. Where a claim relating to the information contained in this document is brought before a court in a member state, the claimant may, under the national legislation of the member state in which the claim is brought, be required to bear the cost of translating this document before legal proceedings are initiated. Terms with capital letters stated in this Summary shall have the meanings ascribed to them in PART XVII of this document entitled ''DEFINITIONS''.

1. INFORMATION ON THE GROUP—OVERVIEW

The Issuer, through its subsidiary OKD, a.s. (''OKD''), is the Czech Republic's largest hard coal mining company and is a leading producer of hard coal in the Czech Republic and the geographic region of Central Europe (''Central Europe''), which includes Austria, the Czech Republic, Hungary, Poland and Slovakia (in each case, on the basis of revenues and volume of coal produced) and serves customers in Central Europe and Germany. It is one of the largest industrial groups in the Czech Republic in terms of revenues and employees. The Group was the third largest natural resources company in the Czech Republic, based on revenues in 2006. During the year ended 31 December 2007, the Group employed an average of 18,360 employees and utilised an average of 3,576 workers employed by contractors, making it one of the largest private employers in the country. The Group believes the landlocked position of its operations in the vicinity of key customers and the high quality of its coal (in terms of calorific value and relatively low sulphur content as well as the percentage of coking coal in its coal mix), have enabled the Group to become a leading supplier of hard coal in terms of tonnage in Central Europe, which is comprised of some of the fastest growing economies in Europe on the basis of gross domestic product.

The Group's principal business is hard coal mining and coke production (the ''Business''). Through its hard coal mining operations, the Group produces coking coal and steam coal. Coking coal is used as a raw material in steel production, whereas steam coal is sold to electric utilities, industrial users and other producers of electricity. Coking coal generally commands higher prices and generates higher revenues for the Group with higher margins relative to steam coal. In 2007, the Group sold approximately 13.1 million tonnes of coal (of which 1.0 million tonnes was sold to OKK), of which approximately 7.8 million tonnes was coking coal and approximately 5.3 million tonnes was steam coal representing 59% and 41% of total sales respectively. The Group also produced approximately 1.3 million tonnes of coke, converted from its own and purchased coking coal, which is used primarily as a raw material for steel, foundries and isolation material production. More than half of the Group's coal reserves consist of high quality coal (that is, coal having a high calorific (high BTU/short tonne) and low sulphur content) that can be sold as coking coal.

The Group's mining and related businesses operate in the northeastern region of the Czech Republic. The Group has five operating mines and two coking facilities that operate five coking batteries. As at 1 January 2008, the Group had approximately 419 million tonnes of proved and probable reserves (including the probable reserves at the Dębieńsko mine, an OKD mine being considered for development in Poland (''Dębieńsko'')) and approximately 229 million tonnes of proved and probable reserves (excluding the probable reserves at Dębieńsko).

As part of conducting its coal and coke business, the Group also engages in certain ancillary and support businesses, including energy services, land refurbishment, equipment repair and maintenance.

2. INDUSTRY OVERVIEW

Coal is one of the most abundant fossil fuels worldwide and a major contributor to global energy supply in terms of global consumption. It is a widely distributed natural resource that is mined commercially in over 50 countries and coal reserves are available in over 70 countries worldwide. According to World Coal Institute (the ''WCI'') estimates, world hard coal production in 2006 was approximately 5.37 billion tonnes. According to the WCI, the world currently relies on coal to generate approximately 40% of its electricity supply and for approximately 66% of its steel production.

Coal is used to fuel the generation of electric power and to produce coke for the steel making process. Coal also fuels and heats various industrial facilities including district heating systems, paper mills, chemical plants and other manufacturing and processing plants. The majority of coal produced is consumed regionally due to high transportation costs relative to coal prices. According to the WCI, approximately 18% of total coal consumed is traded internationally, primarily by sea. The two major markets are the Atlantic region and the Pacific region, and there can be significant pricing differences between the two due to the cost of ocean freight and other transportation related costs.

Global coal markets are fragmented by geographical location, with coal prices varying significantly between the different regions of the world. In regions where coal resources are scarce, coal-fired power plants and other coal users depend on the transport infrastructure to obtain coal supplies from other regions. Most Western European countries and several Asian countries (primarily Japan and South Korea) have a high demand for coal in terms of consumption but have limited domestic coal resources, while other countries such as Australia, South Africa and Indonesia have abundant coal resources but relatively limited domestic demand. As a result of a number of factors, including economic growth, in recent years there has been higher global consumption of coal and a substitution of imported coal for domestic coal in Europe. This substitution reduces exposure to the high costs associated with transporting coal over long distances.

3. COMPETITIVE STRENGTHS

The Group believes that its key strengths are:

- A leading market position in the Czech Republic and Central Europe in terms of revenue and amount of coal produced;
- Landlocked position of customers and close proximity of mines to customers and transportation;
- High quality coal (based on the calorific content and low sulphur in the Group's coal), with coking coal accounting for more than half of total coal production in 2007 and large and diversified reserve base to satisfy customers' needs;
- Long standing relationships with customers and their predecessors that have lasted for significant periods, some in excess of 50 years, and which have resulted in a stable customer base;
- Increase in steel demand and positive trends in steel production and industrial growth in Central Europe;
- Integration of coal mining and coke production operations;
- Significant operational improvements resulting from the Restructuring (as defined below), cost reduction initiatives and capital expenditure programs;
- Experienced and knowledgeable management and operational team based on their experience working with publicly-traded companies and with mining companies;
- Relationships with regulatory agencies and regional and municipal authorities; and
- Strategic shareholder support through regional and industry expertise.

4. BUSINESS STRATEGY

The Group seeks to maintain its leading market position in the Czech Republic and Central Europe by:

- Improving efficiency and profitability of mining operations. To achieve the goals of its profit improvement plan, the Group intends to:
  - invest in more efficient equipment and technology;
  - consolidate procurement efforts; and
  - enhance operational efficiency;

- Strengthening reserve base from existing mines.
- Actively pursuing growth opportunities in Poland, the rest of Central Europe and elsewhere. In particular, the Group is currently pursuing two mining projects in Poland in the Dębieńsko mining region and the Morcinek mining region;
- Maintaining a strong health and safety record; and
- Implementing and maintaining international best practices in corporate governance.

5. THE RESTRUCTURING AND THE RECAPITALISATION

Following the acquisition of the predecessor of OKD (''Former OKD''), from 2005 to 2008 the current shareholders of the Issuer and the Issuer's predecessor effected a restructuring (as described below, the ''Restructuring'') of the business held by the Group and its predecessor companies to (i) separate the mining business from various unrelated activities in which the Former OKD and its subsidiaries were previously involved; (ii) simplify the holding structure of the Group; (iii) relocate the holding entity for the mining business to the Netherlands so as to better position it for access to international securities markets; (iv) transfer the gas, transport and certain non-core real-estate businesses from the Group to RPGI; (v) transfer KARBONIA PL Sp. z o.o. (''Karbonia'') from OKD to become a direct subsidiary of the Issuer and create NWR Coking a.s. to be a direct subsidiary of the Issuer to serve as the holding company of OKD, OKK, a.s. (''OKK'') upon its transfer from OKD; and (vi) create a division of the Issuer consisting of all the Assets of the Real Estate Division, as at the Commencement Time (the ''Real Estate Division'').

6. MINING AND REAL ESTATE DIVISIONS

Prior to the Offer, the Issuer established two divisions within the Group which act as separate accounting and reporting units: the Real Estate Division and the division of the Issuer consisting of all assets and liabilities other than the assets and liabilities of the Real Estate Division (the ''Mining Division''). The A Shares being offered and sold in the Offer are designed to track the performance, and represent the economic value, of the Mining Division. The ''B'' ordinary shares of EUR 0.40 each in the share capital of the Issuer (''B Shares'') are designed to track the performance, and represent the economic value, of the Real Estate Division. The A Shares do not track the performance, and do not represent the economic value, of the Real Estate Division. The Issuer is offering only A Shares in the Offer. The B Shares will be held before and upon completion of the Offer solely by RPGI, the controlling shareholder of the A Shares. The creation of the B Shares structure was implemented to produce the same economic effect as if the Assets of the Real Estate Division had been removed from the Issuer and transferred to RPGI prior to the Offer. The allocation of rights and responsibilities between the Mining Division and the Real Estate Division is governed by the divisional policy statements (''Divisional Policy Statements'') adopted by the Board following approval by the Selling Shareholder.

Holders of the A Shares are not entitled to receive any dividends, liquidation proceeds or other distributions which relate to the Real Estate Division. See PART XV of this document entitled ''THE RESTRUCTURING AND THE RECAPITALISATION'' and PART XVI of this document entitled ''ADDITIONAL INFORMATION—Summary of Articles of Association.''

In addition, prior to the Offer, the Issuer authorised and issued one share of a new class of shares, (''C Share''), which is held by the Issuer's current sole shareholder, RPGI. Shortly following Admission, there shall be a distribution of the entire share premium reserve attributed to the C Share (amounting to EUR 75 million) to the holder of the C Share, and the C Share shall subsequently be cancelled.

7. SHAREHOLDERS

Immediately prior to Admission, RPGI will own 100% of the A Shares, 100% of the B Shares and the only issued C Share. Immediately following the completion of the Offer (assuming no exercise of the Over-Allotment Option), RPGI will own 68.5% of the issued A Shares, 100% of the B Shares and the sole issued C Share. RPG Partners Limited (''RPGP'') owns 81% of the issued shares in RPGI. Accordingly, after the Offer and the cancellation of the C Share, RPGP will have an 81% interest in the 68.5% of the issued A Shares and 100% of the B Shares held by RPGI.

8. SUMMARY OF ESSENTIAL RISKS ASSOCIATED WITH THE OFFER

Before investing in the A Shares, prospective investors should consider carefully, together with the other information contained in this Prospectus, the factors and risks attaching to an investment in the A Shares as described in PART II of this document entitled ''RISK FACTORS''. The following is a summary of the essential, but not all, of such factors and risks:

8.1 Risk Factors Relating to the Group's Business and the Industry

- The Group's business, results of operations and financial condition may vary with fluctuations in the production costs and the prices for coal.
- 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 affect on the Group's business, financial condition or results of operations.
- The volume and grade of the coal the Group recovers may be less than the estimates included in this Prospectus.
- Delay or failure by the Group in acquiring, developing and completing its development projects could have a material adverse effect on the Group's growth prospects.
- The Group must make significant capital expenditures in order to increase its production levels and improve overall efficiency. The inability to finance these and other expenditures could have a material adverse effect on the Group's business, financial condition or results of operations.
- A shortage of skilled labour in the mining industry could result in the Group having insufficient employees to operate its business, which could adversely affect the Group's business, results of operations and financial condition.
- The Group depends on a small number of large customers, the loss of any of which, or the Group's inability to collect payment from any customers, could adversely affect the Group's results of operations and financial condition.
- The Group's historical carve-out and consolidated financial information may not be representative of its historic or future results of operations and may not be comparable across periods, which may make it difficult to evaluate the Group's results of operations and future prospects.
- The Issuer is, and will be following the Offer, controlled by its controlling shareholder, RPGI, and the Indirect Shareholders (defined below), and their interests could conflict with the Issuer's interests, each other's interests and/or the interests of other holders of A Shares.
- The Issuer depends on its business relationships with its controlling shareholder, the Indirect Shareholders and external contractors which are affiliates of the Issuer.

8.2 Risk Factors Relating to the Different Classes of Share Capital

- Holders of the A Shares will be shareholders of the Issuer and will not have any legal rights relating to specific assets of the Mining Division.
- The Mining Division's use of the Assets of the Real Estate Division is dependent on the adherence of the Board to the Divisional Policy Statements.
- Holders of the A Shares may not have a remedy if any action, failure to act or decision by the Board, the Real Estate Committee or the officers of the Issuer has an adverse effect on the A Shares.
- The Issuer may pay lower dividends or distributions on the A Shares than if the Mining Division were a company separate from the Real Estate Division. In addition, dividends and/or distributions paid to the holders of the B Shares will reduce the reserves legally available for payment of future dividends and/or distributions to the holders of the A Shares.
- There may be conflicts between the interests of the Mining Division and the Real Estate Division which conflicts may be resolved by the Board in a manner adverse to the interests of the holders of the A Shares.

- The terms of inter-divisional transactions may be less favourable to the holders of the A Shares compared to those which may have been obtained if the Real Estate Division or the Assets of the Real Estate Division were not separated from the Mining Division.
- The complex capital structure of the Group may result in the Issuer having difficulty attracting and retaining investors and may adversely affect the market value of the A Shares.

8.3 Risk Factors Relating to the Group's Financial Condition

- The Group has substantial indebtedness and may be unable to service or refinance its debt, which could adversely affect the Group's ability to obtain additional financing, use the Group's operating cash flow in other areas of its business, prevent the Group from growing its business, or otherwise adversely affect its operations.

8.4 Risk Factors Relating to Government Regulation

- 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 Group may be unable to obtain and renew permits and licenses 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.

8.5 Risks relating to the A Shares and the Offer

- The market price of the A Shares may fluctuate widely in response to different factors.
- As the A Shares are to be listed on three exchanges, trading and liquidity will be split among three markets.
- The Issuer may not be able to pay dividends or make distributions due to contractual or legal constraints.

9. SUMMARY OF FINANCIAL INFORMATION AND OPERATING DATA

The following table sets forth, for the periods indicated, the summary historical consolidated and carve-out financial data.

The summary historical financial data for the year ended 31 December 2007 has been derived from the Group's audited consolidated financial statements (presented in euros) for the year ended 31 December 2007 included elsewhere in this Prospectus. The summary historical carve-out financial data (presented in Czech korunas) for the years ended 31 December 2006 and 2005 have been derived from the audited carve-out financial statements of the mining, coking and related operations of RPGI for each of the years ended 31 December 2006 and 2005 and are presented elsewhere in the Prospectus and which represent eleven commonly controlled entities (OKD, its current subsidiaries, NWR Coking a.s., its current subsidiaries, and Karbonia, jointly called the ''Carve-out Entities'') and which together make up the mining and coking operations.

Unless otherwise indicated, the summary historical financial data have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union (''IFRS'') effective as of the applicable year-end date of the respective financial statements.

The summary historical consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, the sections of PART X of this Prospectus entitled ''CERTAIN FINANCIAL INFORMATION—Selected Historical Carve Out and Consolidated Financial Data'' and ''CERTAIN FINANCIAL INFORMATION—Operating and Financial Review and Prospects'' and with the Group's financial statements and the related notes thereto contained elsewhere in this Prospectus.

	Historical			Historical		
	Issuer	Carve-out Entities		Issuer	Carve-out Entities	
	Year ended 31 December			Year ended 31 December		
(in millions, except for ratios)	2007[1]	2006	2005	2007	2006[2]	2005[2]
	CZK	CZK	CZK	EUR	EUR	EUR
Income Statement:						
Revenues	37,948	35,002	38,741	1,367	1,235	1,300
Changes in inventories of finished goods and work in progress	(278)	(265)	744	(10)	(9)	25
Consumption of material and energy	(10,105)	(9,029)	(11,797)	(364)	(319)	(396)
Service expenses	(8,495)	(7,587)	(6,054)	(306)	(268)	(203)
Personnel expenses[3]	(9,383)	(9,648)	(9,546)	(338)	(340)	(320)
Depreciation[4]	(4,358)	(6,103)	(5,922)	(157)	(215)	(199)
Amortization[5]	(250)	(270)	(263)	(9)	(10)	(9)
(Impairment)/reversal of impairment of property, plant and equipment	611	1,438	(2,907)	22	51	(98)
Reversal of impairment of receivables	—	43	197	—	2	7
Net gain from material sold	167	135	113	6	5	4
Gain from sale of property, plant and equipment	28	11	116	1	—	4
Other operating income	110	238	92	4	8	3
Other operating expenses	(222)	(895)	(490)	(8)	(32)	(17)
Subtotal (operating income)	5,773	3,070	3,024	208	108	101
Financial income	3,970	1,878	1,272	143	66	43
Financial expenses	(3,081)	(1,252)	(884)	(111)	(44)	(30)
Profit from continuing operations before tax	6,662	3,696	3,412	240	130	114
Income tax expense	(1,360)	(844)	(848)	(49)	(30)	(28)
Profit after tax from continuing operations	5,302	2,852	2,564	191	100	86
Balance Sheet Data (at period end):						
Cash and cash equivalents[6]	12,618	27,354	11,574	474	995	399
Total assets	54,118	69,137	56,007	2,033	2,514	1,931
Total debt[7]	28,909	19,756	114	1,086	718	4
Equity	10,036	34,598	40,398	377	1,258	1,393
Other Financial Data:						
EBITDA[8]	9,742	7,994	12,000	351	283	403
Capital expenditures	2,165	2,324	2,537	78	82	85
Net debt[9]	16,291	(7,598)	(11,460)	612	(276)	(395)
Net working capital[10]	53	882	1,148	2	32	40
Ratios:						
Total debt/EBITDA	2.97	2.47	0.01	3.09	2.54	0.01
Net debt/EBITDA	1.67	(0.95)	(0.96)	1.74	(0.98)	(0.98)

Calculation of EBITDA:

(in millions)	Historical			Historical		
	Issuer	Carve-out Entities		Issuer	Carve-out Entities	
	Year ended 31 December			Year ended 31 December		
	2007[1]	2006	2005	2007	2006[2]	2005[2]
	CZK	CZK	CZK	EUR	EUR	EUR
Profit after tax from continuing operations	5,302	2,852	2,564	191	100	86
Income tax	1,360	844	848	49	30	28
Financial expenses, net[11]	(889)	(626)	(388)	(32)	(22)	(13)
Depreciation and amortization	4,608	6,373	6,185	166	225	208
Impairment (reversal) of impairment of PPE	(611)	(1,438)	2,907	(22)	(51)	98
(Gain)/loss from sale of PPE	(28)	(11)	(116)	(1)	—	(4)
EBITDA[8]	**9,742**	**7,994**	**12,000**	**351**	**283**	**403**

The additional information in the table below headed ''Additional financial data'' is derived from the Issuer's financial and operating records, but the information is not determined in accordance with IFRS.

Additional financial data:

	Year ended 31 December		
	2007	2006	2005
Coal and coke operating data:			
Tonnes sold (in thousands)			
Coking coal[12]	6,781	6,590	5,665
Steam coal	5,283	5,707	5,771
Coke	1,262	1,310	1,145
Average sales prices per tonne (CZK)			
Coking coal[12]	2,388	2,190	2,617
Steam coal	1,333	1,284	1,326
Coke	4,941	4,077	5,395
Average sales prices per tonne (EUR)[13]			
Coking coal[12]	86	77	88
Steam coal	48	45	45
Coke	178	144	181

Source: The Issuer

For notes to the Summary of Financial Information and Operating Data, please see PART X of this document entitled ''CERTAIN FINANCIAL INFORMATION—SELECTED HISTORICAL CARVE OUT AND CONSOLIDATED FINANCIAL DATA.''

10. RECENT DEVELOPMENTS, CURRENT TRADING AND PROSPECTS

In the three months ended 31 March 2008 there has been an increase in coal prices based on contracts entered into by the Group during that period and the Group's coal production volume shows an increase compared to the first quarter of 2007. The effect of these developments was offset in part by increased wages and energy and material costs. The Issuer has identified the following trends in respect of the first quarter of 2008:

- The Group has negotiated prices for coal sales with virtually all of its coal customers. Based upon these contracted prices in 2008, coking coal prices increased 61% and steam coal prices increased 44%, in each case compared to sales prices in 2007. Approximately 14% of contractual volumes for coal were for six months, while 86% of contracted volumes for coal were for 12 months. In addition, six months contracted coke prices increased 128%, and twelve month contracted coke prices increased 37% compared to sales prices in 2007. These contractual prices were implemented in January and February 2008, were denominated in EUR or CZK and such price increases reflect these currencies.
- For the first three months of 2008, the Group's aggregate coal production (in tonnes of coal produced) was 3,648 thousand, which represented an increase of 9.4% compared to the Group's

coal production during the same period in 2007. A monthly breakdown for the first three months of 2008 is provided below:

Month	2008	2007
	(in thousands of tonnes)	(in thousands of tonnes)
January	1,264	1,089
February	1,210	1,108
March	1,174	1,139

- For the first three months of 2008, the Issuer recorded external sales of 1,818 thousand tonnes of coking coal and 1,323 thousand tonnes of steam coal, an increase of 13% and 2%, respectively, above sales for the first three months of 2007. Coking coal sold to OKK in this period amounted to 268 thousand tonnes.
- As a result of annual negotiations with labour unions, the Issuer expects the average employee wage rate for 2008 to increase by approximately 7% as compared to the same period in 2007.
- On 27 March 2008, the Issuer paid a dividend of EUR 87 million to RPGI as the sole holder of the A Shares.

In addition, the Issuer is reviewing its energy related assets with a view toward aggregating ownership of those assets and managing them as a separate business unit. The Issuer is also considering the sale of such an energy unit to a major European provider of energy services and entering into an energy services agreement and a coal sale agreement with such a buyer, whereby the buyer would agree to provide energy services to, and purchase coal from the Group, however, there are no assurances that any such transaction will occur or on what the terms of such a transaction may be. The sale is not expected to be made to RPGI or any of its affiliates. While the Issuer is in the process of assessing the Group's energy assets, the Issuer does not expect the accounting value of its energy assets to exceed 3% of the Group's total assets.

The Group is also currently reviewing the reorganisation of services provided by OKD, Bastro, a.s., a subsidiary which performs maintenance for both the Group and third parties. The reorganisation is expected to involve the (i) transfer of energy related assets and employees to a newly established business unit within the Group, (ii) transfer of the intragroup maintenance related services, assets and employees to OKD, (iii) disposal of certain surplus assets and (iv) disposal of the external maintenance business to a third party. Currently, the assets of OKD, Bastro, a.s. amount to less than 1% of the Group's assets.

Finally, as of 1 April 2008, OKD consolidated the management of two of its mines, Mine Lazy and Mine ČSA, under a new business unit named Karviná Mine.

11. SUMMARY OF RESERVES AND RESOURCES

The John T. Boyd Company (''Boyd'') has reviewed the practice and estimation methods undertaken by the Group for reporting reserves and has stated the reserves and resources (as discounted for coal losses and dilution) of the coal assets held by the Issuer.

The mining expert report included as Annex I to this Prospectus (the ''Mining Expert Report'') includes a review of the practice and estimation methods used by the Group for reporting reserves in accordance with the criteria for internationally recognised reserve and resource categories as included in the Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) 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''). The coal holdings at each active mine and the Dębieńsko project were estimated and reviewed according to guidelines consistent with JORC standards to identify currently mineable demonstrated reserves. The reserve quantifications were initially prepared and reported on using the classification system and estimation methods for reserves and resources established by the Former Soviet Union (''FSU System'') and then considered according to guidelines consistent with JORC standards.

The following table sets out the coal reserves for the Group's mines as at 1 January 2008. The information has been extracted from ANNEX I to this document entitled ''MINING EXPERT'S REPORT'' and must be read in conjunction with, and is qualified in its entirety by, such report.

Coal Reserves, (according to JORC)
('000t)

Mine / Project	Proved	Probable	Total
ČSA	32,551	36,321	68,872
ČSM	37,302	17,912	55,214
Darkov	30,801	20,496	51,297
Lazy	22,687	3,217	25,904
Paskov	13,918	13,889	27,807
Dębieńsko	—	189,858	189,858
Frenštát	(classified as a resource by Boyd)		
Total	**137,259**	**281,693**	**418,952**

Source: Boyd

The reserve estimates provided in this Prospectus are an indicative equivalent to the JORC Code having been originally classified in accordance with the FSU System. The relevant definitions from the JORC Code and FSU classification systems each can be found in PART XVII of this document entitled ''DEFINITIONS''.

12. SUMMARY OF THE OFFER

The summary below describes the principal terms of the Offer. Certain of the terms and conditions described below are subject to important limitations and exceptions.

Issuer — New World Resources N.V., a public limited liability company incorporated under the laws of the Netherlands with its corporate seat in Amsterdam.

The Offer — The Offer comprises up to 13,500,000 New Shares and up to 69,513,344 Existing Shares. The Offer consists of a public offer in the Czech Republic and Poland including offering to retail investors and an international private placement to institutional investors. The Offer Shares are being offered to certain QIBs in the U.S. in reliance on Rule 144A or in other transactions not subject to the registration requirements of the Securities Act, and outside the United States in reliance on Regulation S. No other class of shares of the Issuer will be offered in the Offer. The Offer Shares will first be made available to employees of the Group in the Czech Republic and Poland (such shares, the ''Employee Shares'' and such an offer, the ''Employee Offer''). Thereafter, up to 5% of the Offer Shares may be made available for purchase by certain Directors, suppliers, business contractors, business counterparties and friends of the Issuer and the Selling Shareholder under a directed share program (the ''Directed Share Program''). See PART XII of this Prospectus entitled ''DETAILS OF THE OFFER.''

Selling Shareholder — RPGI which is directly or indirectly owned by each of the following Indirect Shareholders: Zdeněk Bakala (40.5%), Crossroads Capital Investments, Inc. (40.5%), First Reserve (14.25%), and American Metals & Coal International Inc. (4.75%)

Over-Allotment Option . . . . The Selling Shareholder has granted to the Stabilising Manager on behalf of the Managers the Over-Allotment Option exercisable for a period of 30 days after publication of the Offer Price to purchase additional Existing Shares held by it and representing up to 15% of the total number of the Offer Shares to cover over-allotments, if any, and to cover short positions resulting from stabilisation transactions. See PART XII of this document entitled ''DETAILS OF THE OFFER''—''Stabilisation and Over-Allotment'' for further details of the Over-Allotment Option.

Price Range . . . . The Price Range is indicative only. The Offer Price may be set within, above or below the indicative Price Range. The maximum price per share in respect of the retail offering in Poland and the Czech Republic is £13.25 per A Share, being the highest price in the indicative Price Range.

A number of factors will be considered in determining the Offer Price and basis of allocation, including the prevailing market conditions, the level and nature of demand for the Offer Shares, the prices bid to acquire the Offer Shares and the objective of establishing the development of an orderly after-market in the A Shares. The Pricing Statement containing the Offer Price and confirming the number of the Offer Shares to be allotted and issued pursuant to the Offer is expected to be published and deposited with the AFM on 8 May 2008. Further details on how the Offer Price and the number of the Offer Shares are to be determined are contained in PART XII of this document entitled ''DETAILS OF THE OFFER''.

The Price Range is and the Offer Price will be in UK Sterling only. Any currency translations of the Price Range and the Offer Price into Czech korunas, Polish Zlotys or other currencies are solely for convenience. Investors will bear sole responsibility for currency fluctuations.

The Offer Shares . . . . Up to 83,013,344 A Shares of the Issuer, consisting of up to 13,500,000 New Shares issued and offered by the Issuer and up to 69,513,344 Existing Shares sold and offered by the Selling Shareholder. The New Shares and Existing Shares will rank pari passu with each other. The final number of the Offer Shares will be determined by the Issuer and the Selling Shareholder after consultation with the Managers, after the end of the Subscription Period, on or about 7 May 2008 and published by means of the Pricing Statement to be published on or about 8 May 2008.

Use of Proceeds . . . . Based on the mid-point of the Price Range, the Issuer's estimated net proceeds from the Offer will be EUR 155,206,551 (equivalent to £124,165,241 converted into UK Sterling from EUR at an exchange rate of £1/EUR 1.25), after deduction of certain commissions and estimated fees and expenses. The Issuer intends to use the net proceeds of the Offer principally:

- to fund additional growth opportunities by developing new and mothballed mines, whether by way of further exploration, joint ventures or strategic acquisitions; and
- to fund, in part, the Group's capital investment programme, including the leasing or purchase of new underground mining equipment.

The Issuer will not receive any portion of the proceeds from the sale of Existing Shares by the Selling Shareholder.

Distribution on C Share . . . . The Issuer intends to distribute the entire balance of the share premium reserve allocated to the C Share to the holder of the C Share (amounting to EUR 75 million) shortly following Admission and the C Share shall subsequently be cancelled.

Subscription Period . . . . The period which is expected to commence on or about 22 April 2008 and ending on or about 5 p.m. Central European Time on 7 May 2008, which includes the Czech Retail Offer subscription period (starting on 24 April 2008 and ending on 6 May 2008 at 3 p.m. Central European Time), and the Polish Public Offer period (starting on 29 April 2008 and ending on 6 May 2008 at 5 p.m. Central European Time).

Joint Sponsors, Joint Global Co-ordinators and Joint Bookrunners . . . . Morgan Stanley & Co. International plc, Goldman Sachs International and JPMorgan Cazenove Limited

Co-Lead Managers . . . . Citigroup Global Markets Limited, Barclays Bank PLC, Erste Bank, Patria Finance, UniCredit Markets & Investment Banking (UniCredit CAIB UK Ltd. and UniCredit CAIB Poland S.A.) and Wood & Company.

Czech Lead Managers . . . . Česká spořitelna, Patria Finance and Wood & Company.

Polish Lead Manager . . . . UniCredit Markets & Investment Banking (UniCredit CAIB Poland S.A.)

Issued Shares; Authorised Capital Immediately prior to the Offer the Issuer had 100,096,000 A Shares with a nominal value of EUR 1.00 per share and 4,000 B Shares with a nominal value of EUR 1.00 per share issued and outstanding. On the Conversion Date (as defined below), the Issuer will have 250,239,999 A Shares with a nominal value of EUR 0.40 per share issued and outstanding, 10,000 B Shares issued and outstanding with a nominal value of EUR 0.40 per share and one C Share with a nominal value of EUR 0.40 per share issued and outstanding. The authorised share capital of the Issuer is EUR 450,000,000. Immediately after the completion of the Offer and the Conversion Date, the Issuer will have 263,739,999 A Shares (assuming subscription for all of the Offer Shares and no excercise of the Over-Allotment Option), which corresponds with a dilution of 31.5%, 10,000 B Shares and one C Share issued and outstanding. See Part XVI of this document entitled ''ADDITIONAL INFORMATION'' for further details.

Lock up . . . . The Issuer, the Directors and the Selling Shareholder have agreed, pursuant to the underwriting agreement between the Issuer, the Directors, and the Managers (the ''Underwriting Agreement''), with the Managers that until 180 days (in the case of the Issuer or the Selling Shareholder), or 365 days (in the case of the Directors) from Admission (which is more fully described in PART XII of this Prospectus entitled ''DETAILS OF THE OFFER—Underwriting Arrangements), not to dispose of its or his interest in all or any of the A Shares which are legally or beneficially owned or otherwise controlled by it or him, on Admission, subject to certain customary exceptions.

Dividends	Holders of the A Shares will be entitled to receive amounts (if any) paid by the Issuer as dividends or distributions from the dividend reserve A on the A Shares. See PART VIII of this document entitled ''USE OF PROCEEDS AND DIVIDEND POLICY—Dividend Policy''.
Taxation	For a discussion of certain United Kingdom, Dutch, Czech, Polish and U.S. tax consequences of purchasing and holding A Shares, see PART XIII of this document entitled ''TAXATION.''
Payment	Delivery will take place through the book-entry facilities of UNIVYC, the NDS and CREST in accordance with their respective settlement procedures applicable to equity securities. Delivery of the Offer Shares is expected to be made on or about 13 May 2008. Payment for the Offer Shares must be made in UK Sterling on or about 13 May 2008. To make payment for the Offer Shares in any other currency, investors must make arrangements with their financial intermediary, a Manager or selling agent. In connection with the retail offering in the Czech Republic (the ''Czech Retail Offer''), the Czech Retail Managers may establish arrangements to allow investors in the Czech Retail Offer to acquire A Shares in UK Sterling or may accept the payment in Czech korunas from retail investors based upon currency exchange rates determined by such relevant Czech Retail Manager. For investors who make payment in Czech Koruna, fluctuations in the value of the Czech Koruna relative to UK Sterling will affect the Czech Koruna equivalent price of the A Shares and the number of A Shares that Czech retail investors subscribing for the Offer Shares in the Czech Republic (''Czech Retail Investors'') will receive as part of their allocation based upon their binding subscriptions, which are denominated in UK Sterling, and Czech Retail Investors will bear the risk of any fluctuations in currency. The Price Range in this Prospectus is, and the Offer Price to be determined by the Issuer shall be in UK Sterling. In connection with the retail offering in Poland (the ''Polish Retail Offer''), the Polish Lead Manager may establish arrangements to allow investors in the Polish Retail Offer to acquire A Shares in UK Sterling or may accept the payment in Polish Zlotys based upon currency exchange rates determined by the Co-Lead Manager. For investors who make payment in Polish Zloty, fluctuations in the value of the Polish Zloty relative to UK Sterling will affect the Polish Zloty equivalent price of the value of the A Shares and the number of A Shares that Polish retail investors subscribing for the Offer Shares in Poland (''Polish Retail Investors'') will receive as part of their allocation based upon their binding subscriptions, which are denominated in UK Sterling, and Polish Retail Investors will bear the risk of any fluctuations in currency. The Price Range in this Prospectus is, and the final price per A Share to be established by the Issuer shall be, in UK Sterling.

Listing, Trading and Currency	The Issuer has applied for admission of all of the A Shares to the Official List and to the LSE, PSE and WSE for such A Shares to be admitted to trading on the main market for listed securities of the LSE, PSE and WSE. Prior to the Offer, there has not been any public market for the A Shares. The Price Range is indicative only and may be changed during the course of the Offer. Upon Admission to the LSE, A Shares will be traded through the LSE and will be quoted in UK Sterling. Trades in A Shares on the LSE will be settled through CREST in the form of depository interests (''DIs'') no later than 3 business days after the trade is executed (on a ''T+3 basis'') payable in UK Sterling. Upon Admission to the PSE, A Shares will be traded through the PSE and will be quoted in Czech Koruna. Trades in the A Shares on the PSE will be settled through UNIVYC on a T+3 basis and payable in Czech Koruna. Upon Admission to the WSE, A Shares will be traded through the WSE and will be quoted in Polish Zloty. Trades in the A Shares on the WSE will be settled only through NDS on a T+3 basis and will be payable in Polish Zloty.
Listing; Conditional Dealings	The A Shares are expected to be listed and conditional dealings are expected to commence on the LSE on 8 May 2008 and the PSE on or about 9 May 2008. The A Shares are expected to be listed on the WSE on or about 14 May 2008.
Settlement and Delivery	The A Shares are expected to be delivered through Euroclear, Clearstream, CREST and UNIVYC on or about 13 May 2008 and unconditional dealings will commence on the LSE on that date and on the PSE on or about 14 May 2008. The A Shares are expected to be delivered through NDS on or about 14 May 2008 and unconditional dealings will commence on the WSE on or about that date.
Relationship Agreement with RPGI	The relationship between the Issuer and RPGI will be governed by a relationship agreement (which is more fully described in PART XIV of this Prospectus entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS'') which establishes guidelines to allow the Issuer to carry on its business independently of RPGI and any of its affiliates, and provide that transactions and relationships between the Issuer and RPGI and its affiliates be on arms-length terms (the ''Relationship Agreement'').
Jersey Registrar	Computershare Investor Services (Channel Islands) Limited
Registrar to the Depository Interest Arrangements and Depository	Computershare Investor Services PLC
Czech Listing Agent	Patria Finance, a.s.
Czech Retail Managers	Česká spořitelna, a.s. Patria Finance, a.s.
Czech Selling Agents	brokerjet České spořitelny, a.s. Československá obchodní banka, a.s. Patria Direct, a.s.
Polish Listing Agent	UniCredit CAIB Poland S.A.

Polish Retail Managers	Centralny Dom Maklerski Pekao S.A. Dom Maklerski Pekao
Share Trading Information	ISIN: NL0006282204 Common Code: 035877762 SEDOL: (OPOL : XLON) : B2QWCJ6 : (OPOL : XPRA) : B2QWG50 : (OPOL : XWAR) : B2QWG38

PART II

RISK FACTORS

An investment in the A Shares involves a significant degree of risk, including the risks described below. Prospective investors should carefully consider the following risk factors and the other information in this Prospectus before deciding to invest in the A Shares. Although the Group believes that the risks and uncertainties described below are the most material risks and uncertainties facing the Group's business, they are not the only ones facing the Group. Additional risks and uncertainties not currently known to the Group or that the Group currently deems immaterial may also materially and adversely affect the Group's business, financial condition, results of operations or liquidity which could negatively affect the price of the A Shares. Any of the following risks could materially adversely affect the Group's business, financial condition or results of operations. In such case, the value of the A Shares could decline and investors may lose all or part of their original investment.

Prospective investors should read the detailed information set out elsewhere in this Prospectus and should reach their own views before making an investment decision with respect to any A Shares. Before making an investment decision with respect to any A Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the A Shares and consider such an investment decision in light of their personal circumstances.

1. RISKS RELATING TO THE GROUP'S BUSINESS AND THE INDUSTRY

The Group's business, results of operations and financial condition may vary with fluctuations in the production costs and the prices for coal.

As the majority of the Group's revenue is derived from sales of coal to external parties (approximately 61%, based on consolidated accounts for the year ended 31 December 2007), the Group's business, results of operations and margin 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 year to year. These fluctuations in prices and production costs which affect the Group's results of operations and cashflows 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;
- 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;
- 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.

A majority of the Group's coal revenue is derived from sales of coking coal (approximately 70%, based on consolidated accounts for the year ended 31 December 2007), and as such, the Group's results of operations are particularly dependent on demand by such customers. 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 customers for coal is directly linked to the global market conditions of the steel industry. A drop in global steel prices is likely to put downward pressure on the prices the Group can charge its coking customers. In addition, consolidation in the steel industry may lead to increased purchasing power for steel producers which could reduce the price paid for coking coal.

Historically, the domestic and international markets for coal have at times experienced alternating periods of increased demand, causing insufficient production capacity and higher prices and margins, as well as periods of excess supply, resulting in excess production and lower prices and margins. Central European or international demand for coal may not grow and may decline, in which case the Central European or international coal markets would likely experience excess supply. A significant decline in demand for coal may have a material adverse effect on the Group's business, results of operations and financial condition.

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. For the year ended 31 December 2007 and 2006, approximately 71% and 86%, respectively, of the Group's total coal and coke gross sales (based on consolidated accounts) were pursuant to contracts entered into with the Group's Central European customers. 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 business, financial condition, and results of operations.

The Group operates in a competitive industry, and the Group's business, financial condition or results of operations will be adversely affected if the Group is not able to compete effectively.

Competition in the coal industry is based on many factors, including price, production capacity, coal quality and characteristics, transportation capability and costs and brand name. The Group's coal business competes principally in Central Europe with other Central European coal producers and faces competition from third parties, including state-owned and formerly state-owned coal industries in Central Europe, such as the Polish coal industry. The operations of state-owned coal companies may not be driven solely by profit and, as a result, may sell coal at lower prices than the Group does. 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, deterioration of coal reserve mining conditions or 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, results of operations and financial condition.

The Group's coal mining operations are subject to operating risks that could result in decreased coal production which could reduce its 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;
- the Group's inability to acquire, maintain or renew necessary permits for mining or surface rights in a timely manner, or at all;
- the unavailability of qualified mining labour in the Czech Republic or other countries, including Poland, Slovakia and Ukraine where the Group seeks employees and contractors;
- 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.

In addition, the Group's underground mining operations are 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 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 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, 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 cost and dependability of transportation are critical factors in the Group's customers' purchasing decisions. Increases in these transportation costs could make coal a less competitive source of energy or could make some of the Group's operations less competitive than other coal producers. The Group depends primarily upon railroads to deliver coal to its customers. The Group purchases transportation services from two main railroad companies: ČD Cargo, a.s., an entity owned by the Czech government that operates the national railway system and provides a significant part of the Group's transportation services; and OKD, Doprava (''Doprava''), which is owned by the Selling Shareholder, and which operates a regional railway system in the northeastern region of the Czech Republic. Further transportation services are purchased from Metalimex a.s. (''Metalimex''). The Group's transportation providers may face difficulties in the future that may impair the Group's ability to supply coal and coke to its customers. In addition, disruption of railroad 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. 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.

Doprava was previously a wholly-owned subsidiary of the Issuer prior to its distribution to the Issuer's shareholder, RPGI, in June 2007. Doprava is owned and controlled by the Selling Shareholder and Indirect Shareholders. The Group has entered into supply agreements with Doprava to provide for stability in price, service levels and other key terms. These agreements can be terminated by either party upon notice of one to six months. Doprava may terminate its supply agreements with the Group or may significantly increase its prices which could have a material adverse effect on the Group's business, financial condition or results of operations. The Selling Shareholder and the Indirect Shareholders of the Issuer will, subject to the terms of Doprava's track transport supply agreements, be able to control or significantly influence the outcome of negotiations over transport services and amendments or renewals to such agreements. The interests of the Selling Shareholder and Indirect Shareholders may diverge from that of the Issuer and with those of other shareholders of the Issuer with respect to transport services, and it is possible that Doprava could be sold in the future to another person that is not an affiliate of the Indirect Shareholder; any of which could adversely affect the costs and availability of transport services. Any or all of these factors may adversely affect the Group's ability to provide coal to customers at a competitive price, which could negatively affect the Group's business, results of operations and prospects.

Doprava 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 Doprava which can be terminated on 18 months' notice. If these track supply agreements are terminated, not renewed or the Group is no longer able or permitted to make use of the track, the Group may be unable to transport coal to its customers and suitable alternative transportation may not be available. Such disruption may have a material adverse effect on the Group's business, financial condition or results of operations.

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

The Group's coal reserves and resources data with respect to the Group's mines and the Dębieńsko project, on which the Group's production and capital investment programme are based, are estimates that were provided by the Group and reviewed and substantiated by the independent mining consultant, Boyd.

In addition, although the Group reports its coal reserves in accordance with the JORC Code, its coal resources were originally estimated and reported using the FSU System. Although the resource tables in ANNEX I of this document entitled ''MINING EXPERT'S REPORT'' are quoted pursuant to the JORC Code, there is no guarantee that the Group's resources would be of the same amount had the resource amounts been originally reported in accordance with the JORC Code.

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. Consequently, coal reserve and mineral resource estimates are often regularly revised based on actual production experience or new information and could 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 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, the volumes of coal that the Group can feasibly extract may be significantly lower than the reserve and resource estimates indicated in this Prospectus. If it is determined that mining of certain of the Group's coal reserves have become uneconomic, this may ultimately lead to a reduction in the Group's aggregate reserves. Additionally, the reserve estimates in ANNEX I of this document entitled ''MINING EXPERT'S REPORT'' include the Dębieńsko mine (''Dębieńsko''), even though it is a long-term development project rather than an existing operating mine. If the Group's actual mineral reserves and resources are less than current estimates, the Group's prospects, value, business, results of operations and financial condition may be adversely affected.

The Group's reserves and resources differ from those disclosed in filings with the U.S. Securities and Exchange Commission in accordance with SEC Industry Guide 7.

Boyd, an independent mining consultant, has received the reserve and resource statements compiled by the Group in accordance with the criteria for internationally recognised reserve and resource categories as included in the JORC Code. The reserve and resource estimates are disclosed in accordance with the EU Prospectus Regulation, applicable Dutch law, guidance from the Committee of European Securities Regulators, and the best practice principles associated with the former Chapter 19 of the Rules of the London Stock Exchange as in existence prior to the implementation of the Prospectus Regulation on 7 July 2005. These reserve and resources estimates are disclosed on a different basis than those disclosed in registration statements and other documents filed with the U.S. Securities Exchange Commission (the ''SEC''). The disclosure rules and practices that are the basis for Boyd's report (which are based on the JORC Code) differ in several significant respects from the SEC Industry Guide 7 (''Guide 7''), which governs disclosures of mineral reserves in registration statements and reports filed with the SEC. In particular, Guide 7 does not recognise classifications other than proved and probable reserves, and the SEC does not permit mining companies to disclose mineral resources in SEC filings. The reserve and resources estimates included in this Prospectus and the report of Boyd, attached hereto, include measured, indicated and inferred resources, which are generally not permitted in disclosure filed with the SEC. Under SEC Guide 7, minerals may not be classified as a ''reserve'' unless the determination has been made that the minerals could be economically and legally produced or extracted at the time the reserve determination is made. All or any part of measured or indicated resources may never be classified as reserves. Further, there is a great amount of uncertainty as to the existence of ''inferred resources'' and as to whether they can be mined legally or economically. Accordingly, it should not be assumed that all or any part of an ''inferred resource'' will be upgraded to a higher category.

The reserves of the Group attributed to Dębieńsko include probable reserves of approximately 189.9 million tonnes. Dębieńsko, however, is not an operational mine and the development of this mine into an operational mine would require mining and environmental permits, approvals from and agreements with municipal authorities and significant capital expenditures (which are estimated to be in the region of EUR 0.6 billion to EUR 0.8 billion). In addition, even if these permits are obtained, while actual shaft construction can be achieved in less than four years, once land acquisition, mining rights, surface site preparation, contract mobilisation and underground workings and development are taken into account, the total development process will take longer.

Potential outsourcing of the Group's energy related assets could increase the cost of the provision of energy related services and supply of energy and could place these energy assets and services outside the control of the Group.

The provision of energy related services including steam, heat and compressed air and the procurement and transport of electricity and natural gas are necessary to the functioning of the Group's mining business. The Group currently provides substantially all of these energy related services through Group owned assets and businesses, although the electricity and natural gas themselves are provided by third parties not affiliated with the Group.

The Group is in the process of reviewing its energy assets with a view towards aggregating them in a new business unit and separately managing these energy assets. The Group's energy assets unit would include, inter alia, its power distribution grid, gas pipelines, compressed air and heat assets. Virtually all of these assets are on-site at the Group's locations and owned and managed by the Group's existing coal and coke companies and operating mines. Some of the Group's employees would be allocated to the new unit. In connection with its review and consolidation of its energy assets, the Group is also considering the potential sale and outsourcing of such business unit to a third party. Any such outsourcing would involve the sale of these energy assets, long term supply agreements for these energy services and coal sale agreements. The Group has discussed the prospect of a sale with interested buyers but has not entered into any agreement for such an outsourcing. There are no assurances whether or when any such outsourcing would occur and, if so, the exact terms.

Although the Group would negotiate agreements with an interested buyer to provide energy related services to meet the Group's business objectives, any buyer of those assets may face difficulties in managing these energy assets and would be managing these assets for its own business purposes. Any disruption in energy related services may have a material effect on the Group's business, results of operations and prospects. Because these services are currently provided internally, the outsourcing would lead to an increase in costs. In addition, any coal supply agreement between the Group and the supplier to sell coal could be at a lower price than the market price. The Group would face risks related to conditions of such supply over the long term, its costs, reliability and the flexibility of the third party operator.

The Group's profitability depends upon its ability to successfully exploit existing reserves and acquire and develop economically attractive coal reserves at competitive costs.

The Group's profitability 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 those characteristic of the Group's current costs. Additionally, the Group may not be able to accurately assess the geological characteristics of any reserves that it acquires, 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.

The Group has a right to develop the Morcinek mine but does not have a permit to commence mining operations. The Group has also obtained the designation of the Dębieńsko mining area as an official mining area from the Polish Ministry of Industry and is currently seeking a license to commence mining operations at Dębieńsko. The Group has also entered into a Letter of Intent dated 16 October 2007 to develop the Morcinek mining region with Jastrzębska Spółka Węnglowa, including to designate Morcinek as an official mining region in Poland and to obtain a license to commence mining operations at Morcinek. The Group may not be able to obtain the necessary permits to commence mining operations at some or all of these sites, and in particular, the Group may also be unable to economically mine the resources present at the Frenštát mine in the near future or at all, due to opposition from environmental organisations and local municipalities. In addition, the quantity, quality, demand and price of the coal mined at these mining areas may not outweigh the costs related to the acquisition, development and mining of such reserves to make these projects profitable.

Failure by the Group to implement further cost reduction profit improvement initiatives could have a material adverse effect on its business, results of operations or financial position.

The Group must continue to implement cost reduction and profit improvement initiatives to achieve its business plan and preserve its long-term prospects. These profit improvement plans 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. In addition, the wage levels of the Group's employees are likely to increase as a result of the continued integration of the Czech Republic into the EEA. 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, results of operations or financial position.

Furthermore, entrenched views on the part of management and employees about modern machinery, its potential and the specificity of local conditions as well as employment policy are barriers to implementing cost reduction initiatives. Such views are present within OKD at all levels and necessitate considerable and sustained management action to rectify.

OKD's mines have historically been treated as cost centres rather than profit centres and, accordingly, incentives for coal preparation plants to maximise the yield of higher value coking coal have been low. This represents a loss of potential profitability.

Delay or failure by the Group in acquiring, developing and completing its development projects could have a material adverse effect on the Group's growth prospects.

Because the Group's coal reserves deplete as it produces coal, the Group's ability to sustain or increase its current level of production in the long-term depends, in part, upon its ability to acquire and develop additional coal reserves that are economically recoverable and to develop new and expand existing mining operations. The average reserve life of the Group's mines in the Czech Republic is estimated to be approximately 17 years based on current production plans at the Group's current reserves. 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.

The Group's ability to obtain other reserves in the future could be limited by many factors beyond its control, including, but not limited to: the Group's ability to raise sufficient financing; restrictions under the Group's existing or future debt agreements; competition from other coal companies for suitable properties; the lack of suitable acquisition candidates; the inability to acquire coal properties on commercially reasonable terms; or economic conditions in Central Europe. Additional factors affecting the ability of the Group to successfully complete a project include the gathering of geological data, obtaining reserve assessments by external engineers, 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 license or governmental approval may harm the Group. There can be no guarantee as to when the

Group's development projects will receive the appropriate government approval 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.

In particular, the Group may be unable to economically mine the resources present at the Frenštát mine in the near future or at all, due to opposition from environmental organisations and local municipalities. Moreover, the Group is seeking to develop and mine the Dębieńsko and Morcinek mining areas, each of which requires various approvals and licenses by the Polish government ministries and local municipalities and, in the case of Morcinek, an agreement between Czech and Polish regulators. The Group has only limited experience working with Polish regulatory bodies on a significant mining project. 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 makes it more difficult for the Group to obtain such necessary permits for new mining opportunities in the Czech Republic, Poland, Ukraine and other countries. 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 licenses and permits are obtained, if the Group is unable to complete its development projects within the time frame allowed by the licenses and permits, it may lose its licenses to mine some of the mining areas designated to the Group.

The Group's inability to complete its development projects as planned may have a material adverse effect on the growth prospects of the Group or the results of the operations or financial condition of the Group.

Proposed joint venture arrangements may not be successful.

The Group is considering joint venture arrangements and minority investments for new mining projects and acquisitions. The successful operation of any joint ventures and minority investments entered into by the Group will be dependent on maintaining good relationships with the Group's joint venture partners and minority investors, who may have interests different from the Group's interests. If the Group is unable to maintain good relationships or resolve conflicts with the other joint venture parties and minority investors, the Group's results of operations may be harmed. Any current or future acquisitions, joint ventures or and minority investments may involve the Group making significant cash investments, issuing shares or incurring substantial debt. In addition, such acquisitions, joint ventures or and minority investments may require significant managerial attention, which may be diverted from the Group's other operations and could entail a number of additional risks, including problems with effective integration of operations, increased operating costs, exposure to unanticipated liabilities, and difficulties in realising projected efficiencies, synergies and cost savings.

The Group must make significant capital expenditures in order to increase its production levels and improve overall efficiency. The inability to finance these and other expenditures 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 require 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, acquisition of machinery and equipment, expanding certain of the Group's producing companies and increasing production efficiency. 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. In late 2007, the Group adopted a new capital investment programme which includes investments of approximately EUR 315 million over three years beginning 2008 to improve productivity and its reserve base at its existing mines in the Czech Republic. Pursuant to this plan, the Group has entered into an agreement to aquire EUR 150 million worth of mining equipment and has submitted a purchase order to acquire a majority of the remaining EUR 165 million worth of equipment in the second quarter of 2008.

The business and mining plans for Frenštát, Dębieńsko and Morcinek will also entail significant capital expenditures if, and when, mining operations begin there. Boyd has estimated that the initial investment required for the Dębieńsko project alone, prior to full production, will be in the range of EUR 0.6 billion to EUR 0.8 billion.

The Group is planning to implement continuous mining methods to extract coal in two of the sites at the Darkov mine, an OKD mine located in the northeastern region of the Czech Republic, (''Darkov'') that are currently identified as the Group's probable reserves. While the continuous mining method is a common and well known coal production method, the Group has not used such method in the past and its implementation could require such significant additional capital expenditures that it could render the coal reserves not economically recoverable.

The Group's current coke-production facilities produce coke at a level considerably below their original capacity and will need significant refurbishment or replacement in the near future, which will require significant capital expenditure. The Board has approved the construction of a new coking battery at its existing plant for an estimated cost of EUR 70 million. The Directors intend to maintain the Group's current coke production capacity. In addition, to maintain coke production, the Group will require additional investments to finance the refurbishment of, or technological improvements at one or more of its facilities, or the construction of another coking facility. The Group has not yet determined which of such options to pursue or the timing of pursuing any of these options, but will be evaluating feasibility proposals for these options. Pursuing any of the foregoing options would require significant additional capital expenditures.

The Group's ability to secure 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 capital markets. See PART II of this document entitled ''RISK FACTORS—Risks Relating to the Group's Financial Condition'' for further details. If the Group is unable to raise the necessary financing, it will have to revise its planned capital expenditures. 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 current levels.

An increase in the Group's production costs could have a material adverse effect on its profitability.

An increase in the Group's production costs could have a major impact on its profitability. The Group's main production expenses are contractor costs, materials, personnel costs and energy. 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 may be beyond the Group's control.

Wage levels, whilst historically low by comparison with Western European standards, are expected to increase at above inflation rates in the future, which would have an adverse effect on the Group's results of operations and financial condition. The Group expects employee wage rates to increase by approximately 7% in 2008 based upon the most recent annual wage agreement between the Group and its miners under the terms of the applicable collective bargaining agreements.

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 costs of electricity in the Czech Republic has increased significantly in the past few years, and the Group expects that such increase will continue and has budgeted accordingly. Any material increase in the cost of raw materials, or the inability by the Group to source third party suppliers for the supply of its raw materials, could have a material adverse effect on the Group's results of operations or financial condition.

The Group's long-term 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 specifications.

The Group's long-term framework agreements are typically periodic in nature. Long-term framework agreements are 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 these long-term framework agreements require the purchase price and quantity to be renegotiated at periodic (typically annual) intervals, these agreements generally do not commit the Group's customers to purchase any quantity of coal at any price beyond a one year period. Any renegotiations would likely reflect prevailing market conditions at the time of the renegotiation and could result in decreased price, volume or both. As a result, the Group's long-term framework agreements would provide only limited price protection if coal prices decline. When the Group's current long-term framework agreements expire or are renegotiated, the Group's customers may decide not to extend or enter into new long-term 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 long-term framework agreements with the Group's major customers were modified 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 to the extent that it is unable to find alternate buyers for its coal on comparable terms as in its existing agreement.

The Group sometimes experiences a reduction in coal prices in new long-term framework agreements that replace some of its expiring contracts. Long-term framework agreements also typically 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.

Additionally, most of the Group's long-term framework agreements contain provisions requiring the Group to deliver coal meeting quality thresholds for certain characteristics such as BTU, 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, termination of the contracts.

Consequently, due to the risks mentioned above, the Group may not achieve the revenue or profit it expects to achieve from its long-term framework agreements.

A shortage of skilled labour in the mining industry could result in the Group having insufficient employees to operate its business, which could adversely affect the Group's business, results of operations and financial condition.

Efficient coal mining using modern techniques and equipment requires skilled labourers, preferably with at least one year of experience and proficiency in multiple mining tasks. There is currently a shortage of qualified skilled labour in the Czech mining industry, and the Group has been increasingly dependant upon its contractors to provide skilled labours to offset such shortage. Contractors represented 16% of total employees in 2007, compared with 16% in 2006 and 13% in 2005. In addition, the average age of the Group's mine workers is over 40 years of age, which is relatively old for the mining industry. It is expected that there will be a reduction in available skilled labour in the next few years due to limitations regarding cumulative dust exposure of current mine employees combined with competition for labour from other industries in the Ostrava region. In the event the current shortage of skilled labour continues or worsens or the Group is unable to retain the necessary amount of skilled labourers, 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, results of operations and financial condition.

In the 1990s the Group began to increasingly rely on contractors who had been trained in other countries, particularly Poland, or on Polish contracting agencies operating in the Czech Republic that provided Polish as well as Czech and Slovak skilled workers. The Polish mining industry is currently government-owned. If the Polish mining industry becomes privatised in part or in full in the future, certain Polish skilled workers may return to Poland to work. In such event, the Group may not be able to compete with Polish mining companies for such skilled workers. As a result, the Group could be forced to rely on training workers on an in-house basis, could have insufficient workers to conduct its business at full capacity or could be forced to increase contractors' wages, each of which could increase the Group's operating costs and have a material adverse impact on the Group's business, results of operations and financial condition.

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

A substantial portion of the Group's sales volume of coal, including to its major customers, is sold under long-term framework agreements. For the year ended 31 December 2007, the Group derived approximately 65% of its third party steam coal revenues from sales to its six largest steam coal customers and 84% of its coking coal revenues from sales to its six largest coking coal customers. In addition, the Group derived approximately 78% of its third party coke revenue from sales to its six largest coke customers during this period. The Group's six largest coking coal customers during this period were U.S. Steel Košice, s.r.o. (''U.S. Steel''), Mittal Steel Company N.V. (''Arcelor Mittal Steel''), Voestalpine Stahl, Moravia Steel a.s. (''Moravia Steel''), Dalkia Česká republika, a.s. (''Dalkia'') and ČEZ a.s., and its largest coke customers were Evonik Trading (formerly RAG Trading), Voestalpine Stahl, Moravia Steel and Arcelor Mittal Steel. At 31 December 2007, the Group had material supply agreements with these customers that expire at various times from 2008 to 2016. If one or more of these customers reduces their volume of purchased coal or does not renew their supply agreements, this could have a material adverse affect on the Group's business, results of operations and financial condition.

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 historical carve-out and consolidated financial statements may not be representative of its historic or future results of operations and may not be comparable across periods, which may make it difficult to evaluate the Group's results of operations and future prospects.

The financial information included in this Prospectus comprise: (i) the audited carve-out financial statements of the mining operations of RPGI for the years ended 31 December 2005 and 2006 (the ''Carve-out Accounts''); (ii) audited historical financial statements of the Issuer for the period from 29 December 2005 to 30 June 2006 (which constitutes the period from the date of its incorporation through 30 June 2006) and the six-month period ended 31 December 2006 (collectively, the ''Audited 2006 Financial Statements''); and (iii) the audited consolidated financial statements of the Issuer for the year ended 31 December 2007 (the ''2007 Consolidated Financial Statements''). While the Issuer believes that the carve-out financial statements provide a meaningful accounting presentation of the businesses currently owned and operated by the Group, they may not be comparable across the periods, which may make it difficult for investors to evaluate the Group's results of operations and future prospects.

The Carve-out Accounts included in this Prospectus may not reflect the financial condition, results of operations or cash flows that the Group would have achieved through the combined operations of its businesses as the Group is currently structured or those that may be achieved in the future. While the coke and coal mining have been operated by entities controlled by the Issuer's current controlling shareholder since November 2004, the Issuer was formed on 29 December 2005 and commenced actual operations in September 2006 when it acquired the businesses from its parents. Consequently, the audited financial statements of the Group from its date of incorporation to 30 June 2006 and the six-month period ended 31 December 2006 are not indicative of the financial condition, results of operations or business performance of the Group as it reflects only a limited period of time of actual business operations and may not be comparable to prior financial statements of the Group or its predecessor or with the Group's subsequent financial periods.

Because of the significance of the Restructuring and the recapitalisation transactions of OKD (the ''Recapitalisation''), the financial statements for periods prior to such transactions are not comparable with those after the transactions, and the lack of comparable data may make it difficult to evaluate the Group's results of operations and future prospects.

The divisional financial information included in this Prospectus with respect to the Group's Mining Division and Real Estate Division may not accurately reflect the accounting effects of this separation.

The Group has prepared limited illustrative financial information to show the separate financial position of the Mining Division and Real Estate Division. The information was based on the Divisional Policy Statements, estimates and assumptions with respect to, among other things, the real estate used or useful in the mining business, assumptions relating to the working life of the Group's mines, and depreciation and amortisation changes. While the Group believes the estimates and assumptions it used in preparing the illustration financial information are reasonable, those estimates and assumptions may change.

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, results of operations and financial condition.

The Group currently does not maintain insurance coverage with respect to its operations except for certain coverage or statutory reserves against natural disasters and business interruption, among others (See PART V of this document entitled ''INFORMATION ON THE GROUP—Insurance'' for further details). The Group may be subject to liability or other losses for hazards that cannot be insured against or against which it may elect not to be insured because of high premium costs. For example, the Group currently does not have insurance coverage on its underground mining operations because it does not consider that the premium costs are proportionate to the risks that would be insured against. Where present, insurance may not provide adequate cover for the potential losses. In addition, the Group may incur liabilities to third parties (in excess of any insurance cover or statutory reserves) arising from negative environmental impacts or other damages or injury. The occurrence of a significant event leading to losses that are not fully covered by insurance could have a material adverse effect on the business, results of operations and financial condition of the Group.

The privatisation of the group comprising Former OKD, Doprava, Green Gas DPB, a.s., formerly DPB, a.s. (''DPB''), RPG Industries a.s. and their respective subsidiaries (''Former OKD Group'') and government sales could be challenged and could result in the Group's ownership of its business being deemed invalid or could result in additional liability being attributed to the Group, which could materially affect the Group's business, financial condition and results of operations.

The Group's business was privatised by the Czech government in a series of transactions throughout 1992 and 2004. These transactions involved privatisation through a voucher program and sales of shares to Karbon Invest, a.s. (''Karbon Invest'') by the National Property Fund of the Czech Republic (''NPF''). In addition, between 2002 and 2004, Former OKD transferred mines that have become inactive (together with certain liabilities) to Czech state public enterprises. Such transactions generally are complex and may have been implemented by the government in a way that lacked transparency or is otherwise open to criticism and adverse publicity, which may lead to attempts to unwind or otherwise challenge such transactions through legal action. In the event that the ownership of any of the Group's subsidiaries or Group's assets is challenged through such legal action and the Group is unable to defeat any such action, the Group risks losing or altering ownership in such companies or such assets which could materially adversely affect its business, financial condition and results of operations.

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

For the financial year ended 31 December 2007, the Group employed an average total of 18,360 employees and 3,576 contracted workers. At 31 December 2007, approximately 79% of the Group's employees were members of trade unions. Relations with the Group's employees and organised labour are important to its success. The majority of existing collective bargaining agreements with such unions are set to expire on 31 December 2008. The collective bargaining agreements do not stipulate any exact date of initiation of negotiation for renewal of such contracts, but the Group has a general obligation to initiate negotiation within one month following the labour unions' request. If the Group is unable to renew or extend these contracts with the respective trade unions on acceptable terms or if some or all of the affected employees strike, the Group's production levels, operating costs and deliveries to customers would be adversely affected.

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 Group policy and procedure that may result from the implementation of the Group's profit improvement plan. The Group's current compensation structure under OKD's collective bargaining agreement with trade unions is renegotiated annually. The next compensation negotiation is expected to commence before the end of 2008 in connection with negotiation of new collective bargaining agreements. If these negotiations result in changes in compensation structure or any other changes in Group 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, results of operations and financial condition.

The Group's ability to operate effectively could be impaired if the Group fails to attract and retain key managers.

The Issuer's senior executives together have an average of approximately 18 years of experience in the coal industry, with experience in, among others, maintaining strong customer relationships and making strategic and opportunistic acquisitions. The Issuer strengthened the senior management team by appointing, in 2007, Miklos Salamon as Executive Chairman of the Issuer and Klaus-Dieter Beck as the Chief Executive Officer and Chairman of the board of directors of OKD, and Marek Jelínek as the Chief Financial Officer of the Issuer. Due to Mr. Salamon and Dr. Beck's experience as coal mining executives and the important role they and Mr. Jelínek have taken in developing the Group's mining, business and financial plans, the Group could be adversely affected if any of Mr. Salamon, Dr. Beck or Mr. Jelínek ceased to actively participate in the management of the Issuer or left the Issuer entirely. There may be a limited number of persons with the requisite experience and skills to serve in the Issuer's senior management positions if existing management leave the Issuer. The Group may not be able to locate or employ qualified executives on acceptable terms. The Group does not currently maintain ''key person'' insurance.

The ability to maintain the Group's competitive position and to implement the Group's business strategy is dependent on the Group's senior management and the ability to attract and retain experienced and qualified members of management. If the Group's competitors offer, for instance, better compensation or working conditions, the Group could potentially lose some of its key managers. If the Group cannot attract, train and retain qualified managers, the Group may be unable to successfully manage its growth or otherwise compete effectively in the Central European coal industry, which could adversely affect its business.

The Issuer is, and will be following the Offer, controlled by its controlling shareholder, RPGI, and the Indirect Shareholders, and their interests could conflict with the Issuer's interests, each other's interests and/or the interests of other holders of A Shares.

Following the Offer, the controlling shareholder of the Issuer, RPGI, will own approximately 68.5% of the A Shares or 63.8% of the A Shares if the Over-Allotment Option is exercised in full. In addition, RPGI will own 100% of the B Shares. Whilst the Issuer and RPGI have entered into a Relationship Agreement which governs their relationship following Admission (see PART XIV of this document entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS'' for further details), certain risks are inherent as a result of such shareholding.

RPGI is owned by the Indirect Shareholders. As a result of RPGI and the Indirect Shareholders' interests in the A Shares and the B Shares, RPGI and the Indirect Shareholders will have the power to control the outcome of matters to be decided by vote at a shareholders' meeting of the respective classes of shares and the general meeting of shareholders which do not require the approval of shares representing a higher percentage of the issued share capital of the Issuer (or the relevant class thereof) than is held by RPGI at the time of such meeting and, as long as they hold the majority of the A Shares, will control the election of the Board. RPGI and the Indirect Shareholders, through their holdings in the A Shares and the B Shares, will also be able to control or significantly influence the enforcement of the Relationship Agreement and the outcome of any vote on any proposed amendment to the articles of association of the Issuer (''Articles of Association''), the Divisional Policy Statements and any proposed substantial sale of assets from the Mining Division and any other major corporate transactions or agreements by and between the Mining Division on the one hand and either the Real Estate Division and/or the Issuer's affiliates on the other, including Doprava and DPB.

RPGI and the Indirect Shareholders also have the power to influence the outcome of any proposed sale of Assets of the Real Estate Division from the Real Estate Division, acquisitions of assets by the Real Estate Division, mortgaging or encumbering of the Assets of the Real Estate Division and financing of the Real Estate Division from third party funding sources.

To the extent that any conflicts between RPGI and the Indirect Shareholders on the one hand, including in their capacity as holders of the B Shares or as owners of Doprava and DPB who have material contracts with the Issuer, and the holders of A Shares on the other are resolved in favour of RPGI or the holders of the B Shares, there could be a material adverse effect on the Group's business, financial condition, results of operations or prospects generally or as they relate to the Mining Division. These conflicts may be resolved by the Board in a manner adverse to the interests of the holders of the A Shares.

The interests of the respective Indirect Shareholders may also conflict as the Indirect Shareholders may have different strategies in the future in pursuing the Group's development or any other conflicts of interests with respect to the Group's business. Any such conflicts or deterioration in the relationship among the Indirect Shareholders may have a material adverse effect on the Group's business, financial condition or results of operations.

The Board and the members of the senior management of the Issuer may have interests in and/or other duties to companies that may directly or indirectly compete with the Issuer, or may otherwise have interests that are not aligned with the Issuer's interests. See PART IX-A of this document entitled ''DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE—Potential Conflicts of Interest'' for further details.

The Issuer depends on its business relationships with its controlling shareholder, Indirect Shareholders and external contractors which are affiliates of the Issuer.

The Issuer believes that the involvement of RPGI and the Indirect Shareholders in the Group's operations has been, and will continue to be, important in the pursuit and implementation of the Group's strategy, due to their knowledge and experience of the mining industry in general and of the regions in which the Group operates. However, there can be no assurance that RPGI or the Indirect Shareholders will remain the Issuer's shareholders in the future or, even if they do remain shareholders, that they will continue to participate in the Group's business and support the implementation of the Group's strategy. The Group's business and results of operation could be adversely affected if RPGI or any of the Indirect Shareholders ceases to participate in the Group's operations.

The Group's operations are also dependent to a significant extent on the efforts and abilities of outside contractors, experts and other advisers that are affiliated with RPGI and Indirect Shareholders. The Issuer is party to agreements with certain Indirect Shareholders and certain of their affiliates involving the operation of its business, including consultancy and advisory agreements. Such agreements generally cover advisory services in connection with coal mining, pricing, group structure, and corporate governance. Therefore, the Indirect Shareholders and their affiliates are able to exert influence over the Issuer through these agreements. See PART XIV of this document entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Agreements with Indirect Shareholders and Certain of Their Affiliates'' for further details. The Issuer may not be able to maintain these relationships in the future.

In particular, the transport and gas services are provided by Doprava and DPB, respectively, which are controlled by the Selling Shareholder and the Indirect Shareholders. In addition, OKD, Rekultivace, a.s. (''Rekultivace'') is part of the Real Estate Division and provides recultivation services to the Mining Division. It is currently proposed that Rekultivace will be distributed in specie to the Selling Shareholder in 2008. The Selling Shareholder and the Indirect Shareholders are able to influence such entities in ways that are adverse to the Group. If one of the affiliates terminates the relationship with the Group, or substantially increases the costs for services, the Group may not be able to find a qualified replacement on a timely basis or at all. If this were to occur, production and operations may be curtailed or subject to interruptions or operating costs could increase thereby reducing the competitiveness of the Group.

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

The Group's coal products are typically priced in Czech korunas and euros, and the Group's direct costs, including raw materials, labour and transportation costs, are largely incurred in Czech korunas, while other costs, such as interest expense, are incurred in Czech korunas and euros. 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. The Czech koruna appreciated against the euro by 4.8% in 2005, 5.2% in 2006 and 3.2% in 2007 according to data published by the CNB. 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 would be subject to fluctuations of the Polish zloty against the euro and Czech koruna. However, since the projects are not yet in operation, the potential adverse impact of said fluctuations on the Group's results of operations is difficult to estimate.

Projected coal prices and coal demand projections included in this Prospectus may differ materially from actual coal prices and demand.

The proposed coal price and demand projections included in this Prospectus are based upon a number of assumptions including, among other things, general economic activity, industrial production levels, existing and projected coal supply, the cost of other commodities and substitutes for coal, regional demand and supply considerations and transportation infrastructure and costs.

Some or all of these underlying assumptions may, or may not materially change. In addition, unanticipated events may adversely affect any of the assumptions stated above and may otherwise adversely affect the price and demand projections included in this Prospectus. Consequently, actual coal prices and demand may vary materially from this projections included in the Prospectus and annexes hereto.

The Group's management information systems, accounting systems and internal controls may be subject to error.

The Group's management information system and financial reporting function may be less developed in certain respects than those of companies in more developed markets and may not provide the Group's management with as much or as accurate information as those in more developed markets. Additionally, while the Group intends to establish an internal audit department, its internal audit function is currently underdeveloped in comparison to companies in more developed markets.

In addition, as of 1 January 2008, the Issuer's capital structure requires the Issuer to prepare one annual report containing one set of consolidated financial statements with separate financial information relating to the Mining Division and the Real Estate Division, which the Issuer has not previously prepared.

The Group does not have integrated information systems and each subsidiary has its own accounting platform and chart of accounts. The Issuer's subsidiaries prepare separate financial statements under Czech Republic accounting standards for statutory purposes. Part of the IFRS financial statements consolidation process is manual. It involves first, the transformation of the statutory financial statements of the Issuer's subsidiaries into IFRS financial statements through accounting adjustments and, second, a consolidation of all entities' financial statements. This process is complicated and time-consuming and involves significant manual intervention which increases the possibility of errors. In addition this requires significant attention from the Issuer's senior accounting personnel at the Issuer's corporate headquarters and subsidiaries.

The Group is required under Czech law to create and maintain cash reserves for reclamation costs and potential liability for damages 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 for potential liabilities arising from damages associated with the Group's mining activities made to properties owned by third-parties. At 31 December 2007, 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, as contemplated, in the event that 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 damages, either of which could require the Group to make significant payments in the future adversely impacting the Group's business, results of operations and financial condition.

2. RISKS RELATING TO THE DIFFERENT CLASSES OF SHARE CAPITAL

Holders of the A Shares will be shareholders of the Issuer and will not have any legal rights relating to specific assets of the Mining Division.

The Mining Division is not a separate legal entity but rather is a part of the Group. Accordingly, holders of the A Shares will be shareholders of the Issuer and will not have any legal rights related to specific assets of any specific Division and will be subject to all of the risks of an investment in the Group and all of its businesses, assets and liabilities, including those of the Real Estate Division.

If the Real Estate Division is unable to satisfy liabilities or costs relating to that division out of the Assets of the Real Estate Division, the Issuer as a whole will be required to satisfy those liabilities or costs. The separate financial reporting of the Real Estate Division and the creation of the B Shares have not resulted, and will not result, in any change in the legal title to any Assets of the Real Estate Division or the removal from the Group of any liabilities arising in relation to Assets of the Real Estate Division, except pursuant to any distribution of Assets of the Real Estate Division to the holder of the B shares. As a result, the Issuer remains liable for any claims or costs arising from Assets of the Real Estate Division, even if the Divisional Policy Statements attribute these claims or costs to the Real Estate Division.

Furthermore, in the event of a liquidation, dissolution or winding up of the Issuer (whether voluntary or involuntary) the Issuer will first pay or provide for payment of debts and other liabilities of the Issuer to creditors, including those of the Real Estate Division, which may reduce the net assets which will be attributable to the A Shares. Additionally, transfers of real estate assets outside of OKD may mean that the Mining Division loses the protection of the indemnity provided by the Czech Government in respect of historical environmental liabilities prior to privatisation.

The Mining Division's use of the Assets of the Real Estate Division is dependent upon the adherence by the Board to the Divisional Policy Statements.

All of the Assets of the Real Estate Division are held within the Real Estate Division. The rights granted in the Divisional Policy Statements to the Mining Division for full use and access to the Assets of the Real Estate Division are dependent upon the various layers of management within the Group, including the Board adhering to the Divisional Policy Statements.

All of the B Shares, which, represented in the meeting of the holders of the B Shares, carry the power to nominate one director to the Board, and a majority of the A Shares will be held by RPGI upon completion of the Offer. RPGI therefore has the power to control the composition of the Board. Accordingly, the Mining Division is dependent upon Directors associated with the holders of the B Shares adhering to the Divisional Policy Statements for use of the Assets of the Real Estate Division that the Mining Division requires in order to perform its mining activities and operations.

Furthermore, if the Group transfers Assets of the Real Estate Division to a third party that is not affiliated to RPGI, the Group may need to enter into negotiations with such third party regarding the Assets of the Real Estate Division which will be outside the control of the Group and therefore also the Divisional Policy Statements.

If land is transferred, OKD may not be able to seek recovery pursuant to the state indemnity in respect of such land.

The Real Estate Committee is reliant on the subsidiaries of the Issuer complying with the Divisional Policy Statements on a daily basis and may not be able to prevent violations occuring in relation to them. Judgment calls required as part of the enforcement of the Divisional Policy Statements may be made by the management of the subsidiaries of the Issuer which the Real Estate Committee will find hard to verify independently.

Holders of the A Shares may not have a remedy if any action, failure to act or decision by the Board, the Real Estate Committee or the officers of the Issuer has an adverse effect on the A Shares.

Established principles of Dutch law provide that all members of the board of directors of a Dutch public company owe a duty to all stakeholders and consequently to, amongst others, all shareholders regardless of class. Under these principles it would be difficult for holders of any class of shares in the Issuer to challenge a good faith business decision made by the board of directors with respect to any matter having, for instance, different impacts upon the holders of A Shares or holders of B Shares. In that respect any action in violation of the Divisional Policy Statements may not be capable of challenge by the holders of A Shares, unless such actions constitute acts of the board of directors of the Issuer that are unreasonable and unfair towards the holders of the A Shares. In addition, even if such actions were unreasonable and unfair it may be difficult for holders of A Shares to successfully claim any damages that may have been suffered as a result thereof from the Issuer, the directors, the holder(s) of the B Shares or RPGI.

The Issuer may pay lower dividends or distributions on the A Shares than if the Mining Division were a company separate from the Real Estate Division. In addition, dividends and/or distributions paid to the holders of the B Shares will reduce the reserves of the Issuer legally available for payment of future dividends and/or distributions to the holders of the A Shares.

The Board may pay lower dividends or distributions on the A Shares than if the Mining Division were a separate company to the Real Estate Division. Subject to the limitations set out in the Articles of Association and the Divisional Policy Statements, the Issuer may declare and pay dividends and distributions on both the A Shares and the B Shares in the amounts that it determines, subject to any limitations under Dutch law and the Articles of Association.

Dividends and/or distributions paid to the holders of the B Shares will reduce the reserves of the Issuer legally available for payment of future dividends or distributions to the holders of the A Shares. Net losses of the Real Estate Division and dividends or distributions on the B Shares will reduce the reserves of the Issuer available for payment of future dividends or distributions on the A Shares. As a result, dividends or distributions, if any, paid to the holders of the A Shares could be lower than they would be if the Assets of the Real Estate Division were not separated from the Mining Division.

There may be conflicts between the interests of the Mining Division and the Real Estate Division which may be resolved by the Board in a manner adverse to the interests of the holders of the A Shares.

The existence of the Mining Division and the Real Estate Division of the Issuer could give rise to occasions when the interests of the Mining Division or the holders of the A Shares conflict with the interests of the Real Estate Division or the holders of the B Shares. The outcome of such conflicts may result in operational or financial decisions or the implementation of new policies that may be adverse to the Mining Division. Examples include determinations by the Board to:

- pay or decide not to pay dividends or make other distributions on the A Shares or the B Shares;
- approve disposals of assets attributed to the Real Estate Division (with the approval of the meeting of the holders of the B Shares) or the Mining Division;
- approve inter-divisional agreements, transactions or amendments to the Divisional Policy Statements;
- allocate liabilities between the Divisions which may adversely affect the financial performance of either Division and, as a result, reduce, or eliminate, the amount of dividends payable to the holders of the A Shares;
- allocate or share business opportunities and resources that, in each case, may be adverse to the Mining Division;
- transfer services, funds or assets between Divisions and other inter-division transactions,
- formulate public policy positions for the Issuer;
- obtain funds for the Real Estate Division that may adversely affect the ability of the Mining Division to obtain funds or may increase the costs of those funds;
- take a position with respect to various regulatory issues which could have an adverse impact on the Mining Division;
- establish material commercial relationships between Divisions on terms that could be considered adverse to the Mining Division; and
- make operational and financial decisions that could be adverse to the Mining Division.

In accordance with the Divisional Policy Statements and Dutch law, the Board should seek to resolve matters that come before it in a manner that it determines to be in the best interests of the Issuer and all of the Issuer's stakeholders after, amongst other things, giving fair consideration to the potentially divergent interests and all other relevant interests of the holders of the A Shares and B Shares. Nevertheless, the Board could take positions on any given issue that may be adverse to the Mining Division and the holders of the A Shares.

RPGI is the holder of 100% of the B Shares and, following the Offer, will be the holder of a majority of the A Shares. Accordingly, RPGI will be able to control the composition of the Board and there may be occasions where there is an economic incentive to favour the interests of the holders of the B Shares over the holders of the A Shares.

The Mining Division may be charged with higher future taxes than if the Mining Division were a stand-alone company.

There is a tax sharing policy statement in place which provides for the allocation of tax charges and tax benefits between each of the Divisions (''Tax Sharing Policy Statement''). The Tax Sharing Policy Statement could result in the Mining Division being charged a greater portion of the total tax liability of the Issuer and reporting lower net income after taxes in the future than would have been the case if the Real Estate Division or the Assets of the Real Estate Division were not separated from the Mining Division.

The terms of inter-divisional transactions may be less favourable to the holders of the A Shares compared to those which may have been obtained if the Real Estate Division or the Assets of the Real Estate Division were not separated from the Mining Division.

There will be a number of transactions between the Real Estate Division and the Mining Division, in particular relating to the use of certain of the Assets of the Real Estate Division by the Mining Division in its operations. In addition, from time to time the Board may make short-term or long-term loans between the Divisions or transfer assets between the Divisions. The Board expects to formulate the terms of these inter-divisional loans or transactions, either in specific instances or by setting generally applicable policies, after considering the Articles of Association, the Divisional Policy Statements, financing requirements and objectives of the receiving Division, the objectives of the transferring Division, the availability, cost and time associated with alternative financing sources, prevailing interest rates and general economic conditions.

The activities of third parties and/or issues relating to the mining operations carried on by the Mining Division may mean that the Divisional Policy Statements will need to be modified, suspended or rescinded, and such modification, suspension or rescission may not be to the benefit of the holders of the A Shares.

The Group's activities and operations are carried out subject to the regulations and requirements imposed by, and the actions of, third party bodies such as municipalities and regulatory authorities. In certain circumstances the implementation or continuance of one or more of the policies set out in the Divisional Policy Statements may be affected by the activities of these third parties or by issues relating to the mining activities carried on by the Mining Division. As a result, the Issuer may be required to amend, suspend or rescind one or more of the policies set out in the Divisional Policy Statements and such amendments, suspensions or rescissions may be adverse to the interests of the holders of A Shares.

Following the creation of the B Shares, the previous policies and practices of the Issuer in respect of land swaps or exchanges were modified.

With effect from the date of creation of the B Shares, the previous policies and practices of the Issuer in relation to swaps or exchanges of real estate with any local municipality or other person have been modified. The Divisional Policy Statements require all swaps and exchanges of real estate to be approved by the Board (subject to prior review of the Real Estate Committee) and the holder of the B Shares. This additional requirement may lead to the process under which land is swapped or exchanged being longer and more cumbersome than was previously the case. In addition, if the Mining Division wishes to use any of the Assets of the Real Estate Division for a land swap or exchange, it will need to make allocation in the financial statements for, or pay to the Real Estate Division, the relevant arms' length value for such Real Estate Asset.

Land which, as at the Commencement Time, was set aside to be swapped or exchanged may be swapped or exchanged, subject to the allocation for, or payment of, the arms' length value for such land. However, it may be that proposals by the Issuer for future land swaps or exchanges may not be received favourably by either the Board or by the holder of the B Shares. If local municipalities or other third parties with whom the Issuer routinely swaps or exchanges land have an expectation that the Issuer's previous land swapping practices will continue, but such practices do not continue or continue on altered terms, the local municipalities or other third parties may be concerned or disappointed and may attempt to influence the Issuer in other ways. For example, local municipalities, in particular, are relied upon by the Issuer to provide certain approvals or licences to facilitate its mining activities, the absence of which could have an adverse impact on the Issuer's ability to exploit its mining activities to the fullest extent possible.

The complex share capital structure of the Issuer may adversely affect the market value of the A Shares or the Issuer's ability to raise additional equity finance.

The complex share capital structure of the Issuer may not be understood by investors, which could inhibit the effective valuation of the A Shares and adversely affect the market value of the A Shares. In addition, the market value of the A Shares could be affected by market reaction to decisions taken by the Board, the Real Estate Committee and senior management of the Issuer that the investors perceive as adversely affecting the A Shares, and the Issuer may have difficulty raising additional equity finance, which could have an adverse impact on the further growth of the Group.

There are no restrictions on transfers of B Shares.

The B Shares will be owned by RPGI upon consummation of the Offer, but there are no restrictions on transfers of the B Shares, including to a competitor of the Issuer. The B Shares, represented in the meeting of the holders of the B Shares, carry the right to nominate one member of the Board and have certain approval rights with respect to certain amendments of Articles of Association and the Divisional Policy Statements and certain matters relating to conduct of the Issuer's business as it relates to the Assets of the Real Estate Division. Any subsequent transferee of the B Shares could exercise these rights attaching to the B shares in a manner that is disruptive to the Issuer's business or otherwise adverse to holders of the A Shares. In addition, if a subsequent transferee is associated with a competitor, it would have access to sensitive information about the Issuer that could put the Issuer at a competitive disadvantage. See PART IX of this document entitled ''MANAGEMENT AND THE DIVISIONS—THE RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION'' for further details.

Further issues of B Shares

There will on Admission be 1,000 authorised but unissued B Shares which are capable of issue by the Issuer. Such authorised but unissued B Shares are expected to be issued to the extent the Issuer determines it may be appropriate to do so as part of the implementation of a corporate, tax or other restructuring, subject to the terms of the Divisional Policy Statements. Any further issue of B Shares or material increase in the relative proportion of B Shares to A Shares will only be made after prior consultation with the UKLA for so long as the A Shares remain admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. Should the UKLA not approve any proposed further issue of B Shares, this could impact the Issuer's ability to carry out a corporate, tax or other restructuring. In addition, should the Issuer fail to consult the UKLA or contravene its decision in relation to any proposed material increase in the relative number of B Shares to A Shares, the Issuer may become ineligible for continued admission to the Official List.

3. RISKS RELATING TO THE GROUP'S FINANCIAL CONDITION

The Group has substantial indebtedness and may be unable to service or refinance its debt, which could adversely affect the Group's ability to obtain additional financing, use the Group's operating cash flow in other areas of its business, prevent the Group from growing its business or otherwise adversely affect its operations.

The Group has a substantial amount of indebtedness. As at 31 December 2007, the Group's total consolidated indebtedness (consisting of the aggregate amounts outstanding under facilities used to finance the Recapitalisation (the ''Senior Secured Facilities'') and the Senior Notes) was approximately

CZK 28,909 million (EUR 1,086 million). All of this debt, including related interest expenses, has been allocated to the Mining Division.

The Group's ability to pay principal and interest on or to refinance the outstanding indebtedness under the Senior Secured Facilities and the Senior Notes depends upon the Group's operating performance, which will be affected by, among other things, general economic, financial, competitive, regulatory and other factors, some of which are beyond the Group's control. In particular, economic conditions could cause the price of coal to decline, which would lead to a diminishment of the Group's revenue, and thus, hamper its ability to repay or refinance such indebtedness. Moreover, the Group may not be able to refinance such indebtedness under the Senior Secured Facilities or redeem the Senior Notes (after they become redeemable) on commercially reasonable terms, on terms acceptable to the Group or at all. A failure to refinance such outstanding indebtedness could result in the Group being obligated to make principal and interest payments under such indebtedness that may be higher than payments that the Group would otherwise be obliged to make.

The level of the Group's indebtedness could have important consequences, including:

- increasing the Group's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of the Group's cash flow from operations to the payment of principal of, and interest on, its indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business, the competitive environment and the industry in which it operates;
- placing the Group at a competitive disadvantage as compared to its competitors that are not as highly leveraged; and
- limiting the Group's ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on the Group's ability to satisfy its debt obligations, which could adversely affects the Group's business and operations.

The Group may incur more debt in the future.

The Group may need to incur additional debt in the future to complete acquisitions or capital projects or for working capital. See PART V of this document entitled ''INFORMATION ON THE GROUP—Projects and Prospects'' for further details.

The Group's capital investment programme provides for the acquisition of new underground mining equipment of approximately EUR 315 million over the 3 years beginning from 2008. The Group expects to use a portion of the proceeds from the Offer and cash from operations to finance its capital investment programme. The business and mining plans for Frenštát, Dębieńsko and Morcinek will also entail significant capital expenditures, for the Dębieńsko project alone which is expected to be in the region of EUR 0.6 billion to EUR 0.8 billion, if and when mining operations begin there. To the extent the foregoing is insufficient to fully fund the Group's capital investment programme, the Group may also need to incur a substantial amount of additional indebtedness.

The Group is pursuing two Polish mining projects associated with the reopening of Polish mining sites. In the event that the Group is awarded mining licenses and commences construction at one or both of these projects (or in relation to any other new mining project), the Group may incur significant capital expenditure as well as substantial additional indebtedness to bring such mining projects to a state that would provide for active production. See PART V of this document entitled ''INFORMATION ON THE GROUP—Projects and Prospects'' for further details.

In addition, the Group operates two coking facilities, consisting of five coking batteries. The remaining useful life of one of the coking batteries is expected to end in 2011. In the event that the Group refurbishes one or more of these facilities or constructs new coking facilities, it would incur substantial capital expenditures and would likely need to use cash from existing operations and incur additional indebtedness to finance such capital expenditures. The Board has approved the construction of a new coking battery at the existing plant for an estimated cost of EUR 70 million, and has agreed in principle to maintain its current production capacity, which may include additional refurbishment or the acquisition of additional coking facilities from a third party. See PART V of this document entitled ''INFORMATION ON THE GROUP—Coke Production'' for further details.

Although the Senior Secured Facilities, (i) the CZK 1.138 billion Loan Products Agreement between OKD and Česká spořitelna, a.s. (''Česká spořitelna'') dated 4 December 2006; (ii) the CZK 300 million Loan Products Agreement between OKK and Československá obchodní banka, a.s. dated 20 July 2007; (iii) the CZK 150 million Loan Agreement between Česká spořitelna and Czech Karbon, s.r.o. dated 2 September 2005; (iv) the CZK 70 million Loan Agreement between Rekultivace and Česká spořitelna dated 10 November 2005; and (v) the CZK 170 million Loan Products Agreement between OKD, Bastro, a.s. and Citibank a.s. dated 20 March 2006, in each case, as amended, replaced, restructured or refinanced from time to time (the ''Revolving Credit Facilities''), the Senior Notes, and other indebtedness may impose some limits on the Group's ability to incur debt, the Group may incur additional debt if the Group satisfies a fixed charge coverage ratio or other exceptions from the debt incurred and covenants in the Indenture. See PART XI of this document entitled ''CAPITALISATION AND INDEBTEDNESS'' for further details. The Group may also need to refinance its existing indebtedness or negotiate new credit facilities in connection with incurring additional indebtedness. If the Issuer and its subsidiaries incur new debt in addition to its current debt level, the related risks related to being in a highly leveraged company that the Group now faces, as described elsewhere in these ''RISK FACTORS,'' could intensify.

The Issuer is subject to restrictive debt covenants that may limit its ability to finance its future operations and capital needs and to pursue business opportunities and activities.

The terms of the Senior Secured Facilities and the Indenture, among other things, restrict the Group's ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the Group's shares or those of its subsidiaries other than DPB, Dagrave, DLT s.v.o., ŽDD, a.s. and Rekultivace (the ''Initial Unrestricted Subsidiaries'') and any other subsidiaries of the Issuer that may be designated as unrestricted subsidiaries in the future in accordance with the terms of the Indenture (the ''Unrestricted Subsidiaries'') (the ''Restricted Subsidiaries'');
- make investments;
- prepay or redeem subordinated debt;
- repurchase the Group's securities;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Group or any of its Restricted Subsidiaries;
- sell, lease or transfer certain assets, including stock of Restricted Subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities;
- materially change the nature of the Group's business, enter into unrelated businesses or engage in prohibited activities; and
- impair the security interest for the benefit of the holders of the Senior Notes.

All of these limitations are subject to significant exceptions and qualifications. These covenants could limit the Group's ability to finance its future operations and capital needs and its ability to pursue business opportunities and activities that may be in the Group's interest.

In addition, the Issuer's Senior Secured Facilities limit the Issuer's ability to complete acquisitions using total consideration in excess of EUR 250 million during the term of the Senior Facilities Agreement without the consent of a majority of the lenders and contain other restrictions on permitted acquisitions. These limitations may reduce the Issuer's ability to make future acquisitions. See PART XI of this document entitled ''CAPITALISATION AND INDEBTEDNESS'' for further details.

The Issuer's Senior Secured Facilities also require it to, among other things, comply with financial ratios including the ratio of consolidated EBITDA (as defined below) to consolidated total net interest payable, and the ratio of consolidated total debt to consolidated EBITDA.

In addition, the Issuer and certain of its subsidiaries are subject to the affirmative and negative covenants contained in the Issuer's other indebtedness.

If the Issuer breaches any of these covenants, or if the Issuer is unable to comply with the required financial ratios, it may be in default under the Senior Facilities Agreement, the Indenture or other indebtedness. A significant portion of the Issuer's indebtedness may then become immediately due and payable. If the debt under the Senior Notes or other debt instruments is accelerated, the Issuer may not have sufficient assets to repay amounts due thereunder. The Issuer's ability to comply with these provisions of the Indenture and other agreements governing the Issuer's other debt may be affected by changes in economic or business conditions or other events beyond its control. See above in this PART II entitled ''RISK FACTORS—Risks Relating to the Issuer's Business and the Industry.''

The Issuer's subsidiaries are subject to statutory cross guarantees which could be called upon at any time and monies thereunder may become immediately due and payable

In connection with the Restructuring, and pursuant to Czech law, OKD and a number of companies controlled by RPGI are subject to a statutory cross guarantee. The statutory cross guarantee was given by each successor entity in relation to the liabilities of the demerged entity (Former OKD) existing at the time of the demerger that were assumed by each successor entity on the date of the demerger. The cross guarantee of each successor entity is limited to the value of the net assets of the guarantor as at the effective date of the demerger. Similar statutory cross guarantees have arisen as a result of the spin-off of the shares in OKK into a new subsidiary, NWR Coking, a.s., a wholly-owned subsidiary of the Issuer. Each guarantee covers only liabilities existing at the time of the spin-off and is limited to the value of net assets of the guarantor as of the date of the spin-off. See PART XV of this document entitled ''The Restructuring and the Recapitalisation—The Recapitalisation'' for further details.

These statutory cross guarantees could be called upon at any time and monies thereunder may become immediately due and payable. OKD and NWR Coking may not have sufficient assets to pay amounts due under these cross guarantees and to the extent the guarantor's assets are insufficient, the Group may need to incur a substantial amount of indebtedness. If the Group incurs new debt in addition to its current debt level, the risks relating to it being a highly leveraged company, as described elsewhere in these ''RISK FACTORS'' could intensify.

4. RISKS RELATING TO GOVERNMENT REGULATION

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 regulation by Czech law 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 protection of employee safety and health. It is costly and time-consuming to comply with these requirements and new regulations or orders and this may materially adversely affect the Group's mining operations or cost structure, any of which could harm the Group's future results.

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 cleanup 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. See PART VII of this document entitled ''MINING AND ENVIRONMENTAL REGULATORY MATTERS'' for further details.

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.

The passage of environmental regulations in response to the Kyoto Protocol or similar governmental initiatives could result in restrictions on coal use and reduce the demand for coal.

The Czech Republic and more than 160 other nations are signatories to the 1992 Framework Convention on Global Climate Change, commonly known as the Kyoto Protocol, which is intended to limit or capture emissions of greenhouse gases, such as carbon dioxide. In December 1997, the signatories to the convention established a potentially binding set of emissions targets for developed nations. Although the specific emission targets vary from country to country, the Czech Republic would be required to reduce emissions to 92% of 1990 levels over a five-year budget period from 2008 through 2012. Increased efforts to control greenhouse gas emissions 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.

With effect from July 2007, manufacturers and importers of chemical substances must comply with the requirements set forth in the Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (''REACH''). Under REACH, each manufacturer or importer of a chemical substance in quantities of more than 1 tonne per year shall submit a registration to the European Chemicals Agency. In the event that any of the registered substances will be evaluated as hazardous, its future manufacturing or import may be subject to approval and restrictions. Such restrictions may result in increased costs and/or reduced demand for coal and therefore have a material adverse effect on the Group's business, prospects and results of operations.

In addition, stricter environmental regulations of emissions from coal-fired electric generating plants, including emissions of carbon dioxide, 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. Stricter regulations could make coal a less attractive fuel alternative in the planning and building of utility power plants in the future.

The Group may be unable to obtain and renew permits and licenses 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 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 licenses for mining of specific coal deposits including the Polish Projects. See PART VII of this document entitled ''MINING AND ENVIRONMENTAL REGULATORY MATTERS'' for further details. While the Group holds a license 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. Although the Group has 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. Although the Czech Act No. 44/1988 Sb., as amended (''Mining Act'') allows the relevant authorities to waive the requirement of entering into such agreement in certain circumstances, the relevant authorities have not been willing to grant any such waiver in the past. 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 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 on-going basis for its existing mining operations. In addition, the Group requires permits and licenses with respect to any new mining project at all phases of project development. The failure, or delay, in obtaining the necessary permits and licenses to develop mining projects into commercial operations may adversely affect the Group's business, financial condition and prospects.

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

Pursuant to the Mining Act, holders of mining licenses are required to pay concession fees to the Czech government. The concession fees comprise of 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 to CZK 1,000 p.a. per hectare of the mined area in case of the mined area fee and (ii) 10% of the average price of the unprocessed coal in 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% 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 for unprocessed coal and (ii) the mined area fee of CZK 100 p.a. per hectare of the mined area. For the year ended 31 December 2007, the Group's total payment of mined coal fees was approximately CZK 115.3 million and mined area fees was approximately CZK 1.97 million.

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

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 materials usage either before or after the Group was involved with those locations. The Group may be subject to claims, for toxic torts, natural resource damages, and other damages as well as the investigation and 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, or even for the entire share. 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 the Group 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.

Mining operations can also impact flows and water quality in surface water bodies and remedial measures may be required, such as lining of stream beds, to prevent or minimise such impacts. The Group is studying, or addressing, those impacts and it has not finally resolved those matters. 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.

Currently, 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 Former OKD and the NPF. See PART VII of this document entitled ''MINING AND ENVIRONMENTAL REGULATORY MATTERS—Czech Environmental Liabilities—Historical Environmental Liabilities'' for further details. Former OKD was the original party to the Ecological Agreement. Upon the de-merger of Former OKD into OKD (for details of the de-merger see PART XV of this document entitled ''THE RESTRUCTURING AND THE RECAPITALISATION—The Restructuring''), by the operation of law and in accordance with the applicable government order the rights and obligations of Former OKD under the Ecological Agreement were assigned to OKD.

Under this state indemnity the Ministry of Finance has the authority, in its sole discretion, to approve any reclamation project relating to historically damaged land and to decide whether compensation will or will not be paid in respect of such reclamation work carried out by OKD. As a result, if the Ministry of Finance decides not to indemnify OKD, OKD will be subject to the full costs of reclamation for historical damage.

The Group has transferred certain contaminated real estate property from OKD to OKK. Unless the Ministry of Finance for the Czech Republic (the ''Czech State'') consents to the assignment of the Ecological Agreement by OKD to OKK, the Group will retain its legal obligations to reclaim and pay for the reclamation of any historical environmental damage. In such a situation, although the Group will retain its right to claim for compensation under the state indemnity, there is a risk that the possibility of recovering the costs from the Czech State will be reduced.

Political, economic and regulatory changes in Poland could negatively impact the Group.

Part of the Group's assets and operations are expected to be located in Poland in connection with the Group's Polish Projects. Changes and developments in economic, regulatory, administrative or other policies of Poland, over which the Group has no control, could significantly affect the Group's business, prospects, financial conditions and results of operations.

5. RISKS RELATING TO THE A SHARES AND THE OFFER

The market price of the A Shares may fluctuate widely in response to different factors.

The market price of the A Shares may be subject to wide fluctuations in response to many factors. Stock markets have from time to time experienced extreme price and volume volatility which could adversely affect the market price for the A Shares. The market price of the A Shares may fluctuate significantly in response to a number of factors, many of which are beyond the Group's control, including: variations in operating results in the Group's reporting periods; divergence in financial results from stock market expectations; changes in financial estimates by securities analysts; changes in market valuation of similar companies; a perception that other market sectors may have higher growth prospects; announcements of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments; legislative changes in the Group's sector; any shortfall in revenues or net income or any increase in losses from levels expected by securities analysts; future issues or sales of the A Shares; and general stock market price and volume fluctuations. Any of these events could result in a material decline in the price of the A Shares.

Furthermore, the Czech and Polish securities markets are influenced by economic developments and volatility in other emerging securities markets. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging securities markets may affect investors' confidence and cause increased volatility of the trading price of the A Shares.

There has been no prior public trading market for the A Shares, and an active trading market may not develop or be sustained in the future.

Prior to the Offer, there has been no trading market for the A Shares. After the Offer, there will be no public market for the A Shares outside of the United Kingdom, Czech Republic and Poland. Although the Issuer has applied to the Financial Services Authority for admission to the Official List and has applied to the London Stock Exchange, the Prague Stock Exchange and the Warsaw Stock Exchange for admission to trading on their respective markets for listed securities, the Issuer can give no assurance that an active trading market for the A Shares will develop in these or any other markets or, if developed, can be sustained following the closing of the Offer. There can be no assurance that the Offer Price will correspond to the price at which the A Shares will trade in the public market subsequent to this Offer or that the price of the A Shares available in the public market will reflect the Group's actual financial performance. If an active trading market is not developed or maintained, the liquidity and trading price of the A Shares could be adversely affected.

The Prague Stock Exchange and the Warsaw Stock Exchange are substantially smaller and less liquid than the London Stock Exchange.

As of 3 April 2008, according to the Prague Stock Exchange shares representing 32 companies were registered for trading on the Prague Stock Exchange and as of 2 April 2008, according to Warsaw Stock Exchange shares representing 356 companies were registered for trading on the Warsaw Stock Exchange with a market capitalisation of approximately CZK 1,735.6 billion (EUR 69.6bn) and PLN 940.3bn (EUR 270.2bn), respectively. The equity securities of 13 companies were registered for trading on the main market of the Prague Stock Exchange and represented 98.0% of the total equity market capitalisation as of end of 3 April 2008 and the trade value of equities listed on the main market represented 99.1% of shares' trade value in 2007. At the Warsaw Stock Exchange, the equity securities of 332 companies were registered for the trading on the main market and represented 99.8% of the total equity market capitalisation as of 2 April 2008 and trade value of equities listed on the main market represented 99.7% of shares' trade value in 2007. Accordingly, a very small number of companies represent the gross majority of the market capitalisation and trading volumes of both the Prague Stock Exchange and the Warsaw Stock Exchange. There is no assurance that the A Shares, even though expected to be listed on the main market of the Prague Stock Exchange and the Warsaw Stock Exchange, respectively, will be actively traded on these exchanges, and if they are not, this is likely to increase their price volatility and/or adversely affect the price and liquidity of the A Shares on these exchanges.

As A Shares are to be listed on three exchanges, trading and liquidity will be split among three markets, and it is not certain which exchange or exchanges will become the principal place of trading of the A Shares.

Application has been made to list the A Shares on each of the London Stock Exchange, the Prague Stock Exchange and the Warsaw Stock Exchange. The trading of the A Shares and liquidity will be divided among these three exchanges. The A Shares will be quoted and traded in UK Sterling on the London Stock Exchange, Czech Koruna on the Prague Stock Exchange and Polish Zloty on the Warsaw Stock Exchange. The A Shares traded on the London Stock Exchange will settle and clear in the form of DIs through CREST. The share trading on each of the Prague and Warsaw Stock Exchanges will settle and clear through the respective Czech and Polish national clearing systems. Differences in settlement and clearing systems, trading currencies, transaction costs and other factors may hinder the ability of shares to move among these three exchanges. In addition, it is uncertain as to which exchange or exchanges will be the principal trading place by value or volume. This could adversely affect the trading of the A Shares on these exchanges and increase their price volatility and/or adversely affect the price and liquidity of the A Shares on these exchanges.

While the London Stock Exchange is a larger market than the Prague Stock Exchange and the Warsaw Exchange, there is no assurance that the London Stock Exchange will become the principal trading place for the A Shares or whether there will be active trading on the London Stock Exchange. In the event that there may be active trading on the London Stock Exchange immediately after the consummation of the Offer and admission to trading, it is possible that the A Shares may migrate to the Prague Stock Exchange due to the large business presence and the name recognition that the Issuer's subsidiaries have in the Czech Republic.

Future sales of the A Shares could depress the market price of the A Shares and could dilute interests of existing shareholders.

Sales of a substantial number of the A Shares after the Offer could result in a lower market price of the A Shares by introducing a significant increase in the supply of the A Shares to the market. The increased supply could cause the market price of the A Shares to decline significantly. Subsequent equity offers may also reduce the percentage ownership of the Issuer's existing shareholders. Moreover, newly issued shares may have rights, preferences or privileges senior of the A Shares.

Upon Admission (assuming no exercise of the Over-Allotment Option), the controlling shareholder of the Issuer, RPGI, will own approximately 68.5% of the A Shares, 100% of the B Shares and the sole issued C Share. The Issuer or the controlling shareholder of the Issuer may issue or sell A Shares or other classes of shares in future public offers, in private placements, under an employee share and stock option plan or in connection with acquisitions. If such shares are not issued on a pre-emptive basis or if certain holders of the A Shares outside the Netherlands are not able to exercise pre-emption rights, it may not be possible for existing shareholders to participate in such future share issues, which may dilute the existing shareholders' interests in the Group.

The Issuer may not be able to pay dividends or make distributions due to contractual or legal constraints.

As a holding company whose principal assets are the shares of the Issuer's subsidiaries, the Issuer relies primarily on dividends and other statutorily and contractually permissible payments from its subsidiaries to generate reserves necessary to meet its obligations and to pay dividends to its shareholders. Future dividends will also depend, among other things, on the Issuer's future profits, financial position, distributable reserves, holding capital requirements, general economic conditions and other factors that the Board deem significant from time to time. See PART VIII of this document entitled ''USE OF PROCEEDS AND DIVIDEND POLICY—Dividend Policy'' for further details. The regulatory systems under which some of the Issuer's subsidiaries operate may restrict their ability to pay dividends. Due to all these factors, the Issuer might not be able to pay dividends or make distributions on the A Shares.

Any dividend payments on the A Shares or distributions from the dividend reserve allocated to the A Shares will be declared in euros, and any investor whose principal currency is not euros will be subject to exchange rate fluctuations.

The A Shares are, and any dividends or distributions from the dividend reserve allocated to the A Shares to be declared in respect of them will be, denominated in euros. An investment in the A Shares by an investor whose principal currency is not euros exposes the investor to foreign currency exchange rate risk. Any depreciation of euros in relation to such foreign currency will reduce the value of an investment in the A Shares or any dividends or distributions from the dividend reserve allocated to the A Shares in foreign currency terms, and any appreciation of euros will increase the value in foreign currency terms.

Holders of A Shares outside the Netherlands may not be able to exercise pre-emption rights.

In the event of an increase in the Issuer's share capital or granting of rights to subscribe for A Shares, holders of the A Shares are generally entitled under Dutch law to full pre-emption rights, unless these rights are limited or excluded either by a resolution of the general meeting of shareholders upon the proposal of the Board, or by a resolution of the Board if such Board has been granted such authority by the general meeting. See PART IX-B of this document entitled ''RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION'' for further details. Certain holders of the A Shares outside the Netherlands may not be able to exercise pre-emption rights unless local laws have been complied with and the Issuer may not be able, or may choose not to take steps necessary, to make rights available for exercise by shareholders outside the Netherlands in compliance with local laws.

Investors purchasing the Offer Shares will suffer immediate and substantial dilution.

The Offer Price will be substantially higher than the equivalent net tangible book value per share of the Issuer's outstanding A Shares immediately after this Offer. If potential investors purchase the Offer Shares, they will incur substantial and immediate dilution in the net tangible book value of their investment. Net tangible book value per share represents the amount of total tangible assets less total liabilities, divided by the number of ordinary shares then outstanding.

The Issuer is subject to Dutch law and the rights of the shareholders may be different from those rights associated with companies governed by other laws.

As a result of being organised under the laws of the Netherlands, the Issuer's corporate structure as well as the rights and obligations of its shareholders may be different from the rights and obligations of shareholders in English companies listed on the London Stock Exchange, Czech companies listed on the Prague Stock Exchange and Polish companies listed on the Warsaw Stock Exchange. The exercise of pre-emption and certain other shareholders' rights for English, Czech, Polish or other non-Dutch investors in a Dutch company may be more difficult and costly than the exercise of rights in an English, Czech or Polish company. Resolutions of the general meeting of shareholders may be taken with majorities different from the majorities required for adoption of equivalent resolutions in English, Czech Republic or Polish companies. Additionally, like other companies in the Netherlands, the Articles of Association contain control-enhancing rights that may have the effect of preventing, discouraging or delaying a change of control.

NOTICES TO INVESTORS

Unless otherwise stated, all information contained in this Prospectus, including all historical financial information, is information of the Issuer and all of its subsidiaries.

1. RESPONSIBILITY

New World Resources N.V. accepts responsibility for the information contained in this Prospectus. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is to the best of its knowledge, in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should not assume that the information in this Prospectus is accurate as of any other date than the date of its publication (the ''Publication Date''). The delivery of this Prospectus at any time after the Publication Date will not, under any circumstances, create any implication that there has been no change in the Issuer's affairs since the Publication Date or that the information set forth in this Prospectus is correct as of any time since the Publication Date.

Prospective investors are responsible for making their own examination of the Issuer and their own assessment of the merits and risks of investing in the A Shares. By purchasing the A Shares, prospective investors acknowledge that:

- they have reviewed this Prospectus;
- they have not relied on the Managers or on any person affiliated with the Managers in connection with their investment decision;
- no person has been authorised to give any information or to make any representation concerning the Issuer or its shares other than as contained in this Prospectus. If given or made, any such information or representation should not be relied upon as being authorised by the Issuer or the Managers; and
- the Managers are not responsible for, and are not making any representation to them concerning, the Issuer's future performance or the accuracy or completeness of this Prospectus.

The Issuer and the Managers are not providing prospective investors with any legal, financial, business, tax or other advice. Prospective investors should consult with their own advisers as needed to assist them in making their investment decision and to advise them whether they are legally permitted to purchase the A Shares.

2. NO INCORPORATION OF THE ISSUER'S WEBSITE

The contents of the Issuer's website, including any websites accessible from hyperlinks on the Issuer's website, do not form part of this Prospectus.

3. RESTRICTIONS ON OFFER AND SALE

This Prospectus does not constitute an offer to sell or an invitation to subscribe for or purchase any of the A Shares in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation, and is not for distribution in Australia, Canada, Japan or South Africa. Prospective investors must comply with all laws that apply to them in any place in which they buy, offer or sell any A Shares or possess this Prospectus. Prospective investors must also obtain any consents or approvals that they need in order to purchase any A Shares. The Issuer and the Managers are not responsible for prospective investors' compliance with these legal requirements.

The Issuer is offering the Offer Shares in the United States in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offer. The Offer Shares offered by this Prospectus have not been approved or disapproved by any U.S. federal, state or any non-U.S. securities authorities, nor have any such authorities determined that this Prospectus is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

The A Shares are subject to restrictions on resale and transfer as described in PART XII of this document entitled ''DETAILS OF THE OFFER''. By purchasing the A Shares, prospective investors will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this Prospectus. They may be required to bear the financial risks of investing in the A Shares for an indefinite period of time.

4. STABILISATION

In connection with the Offer, the Stabilising Manager or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot or effect transactions with a view to supporting the market price of the A Shares at a higher level than that which might otherwise prevail in the open market. Such transactions may commence on or after the publication of the Offer Price and will end no later than 30 days thereafter. Such stabilising measures, if commenced, may be discontinued at any time. Save as required by law, the Stabilising Manager does not intend to disclose the extent of any over-allotments and/or stabilisation transactions under the Offer. In connection with the offer, the Selling Shareholder has granted the Stabilising Manager an Over-Allotment Option, exercisable for 30 calendar days after the publication of the Offer Price, to make available additional Existing Shares held by it and representing up to 15% of the total number of Offer Shares offered at the Offer Price to cover over-allotments, if any, made in connection with the Offer and to cover short positions resulting from stabilisation transactions.

5. INDUSTRY AND MARKET DATA

Certain information relating to market share, ranking and other industry data contained in this Prospectus is based on independent industry publications, reports by market research firms or other published independent sources. The Issuer has not independently verified market share, ranking or other industry data from such third party sources. McCloskey Group (an independent commodities consultant) has reported to the Issuer on the global production of coal, regional and global trends and cost and pricing information as it relates to the coal mining industry. While the Issuer believes this information is reliable and market definitions are appropriate, and accepts responsibility for the correct reproduction of this information and ascertains that, to the best of the Issuer's knowledge, no facts have been omitted which would render such information inaccurate or misleading, this information has not been verified by independent sources. Accordingly, the Issuer cannot assure prospective investors that such market share, ranking and other industry data are accurate or complete in all material respects.

In addition, in certain cases the Issuer has made statements in this Prospectus regarding the Group's industry and its position in the industry based on the Group's experience and the Group's own investigation of market conditions. The Issuer cannot assure prospective investors that any of these statements are accurate or correctly reflect the Issuer's position in the industry, and none of the Issuer's internal surveys or information has been verified by independent sources.

The various geographic regions and categories in which the Issuer's business is divided for the purposes of calculating market shares and assessing its competitive position are determined by management and may vary from those geographic regions and categories defined by other companies in the Group's industry. As a result, the market share data presented for the Group's geographic regions and categories may not be comparable to the market share data relating to other companies, including the Group's competitors, that might define their segments and categories differently.

6. COAL RESERVE INFORMATION

Coal reserves are broadly defined as coal that can be economically mined using current technology and are further classified as proved or probable according to the degree of confidence of existence. The Group reviews and updates its estimates on a yearly basis to reflect reserve depletion by coal production, new data received and changes in other assumptions and parameters. Accordingly, reserve estimates will change from year to year to reflect mining activities, changes in both mining and coal processing technology, changes of mine plans, changes of economical parameters like prices or production costs and other factors.

Boyd has reviewed the reserves and resources statements compiled by the Issuer and has stated the reserves as set out in ANNEX I to this document entitled ''MINING EXPERT'S REPORT''.

Unless otherwise indicated, reserve data included in this Prospectus is based on the JORC Code. Resources data included in this Prospectus is based on the FSU System.

Boyd has reviewed the practice and estimation methods undertaken by the Issuer for reporting reserves and has stated the reserves and resources (as discounted for coal losses and dilution) of the coal assets held by the Issuer in the Mining Expert Report.

The Mining Expert Report includes a review of the practice and estimation methods undertaken by the Issuer for reporting reserves in accordance with the criteria for internationally recognised reserve and resource categories as included in the JORC Code.

The coal holdings at each active mine and the Dębieńsko project were reviewed and restated to identify currently proved and probable reserves. The reserve quantifications were initially prepared and reported using the FSU System and then considered according to guidelines consistent with JORC standards. Equivalence statements of resources into JORC are based on a comparable review of JORC methodology on the one hand and FSU System methodology on the other hand, and may not be the same as resource data that would result if the Group's resource data were compiled in JORC. The reserve and resource estimates have been prepared by the Group and substantiated by evidence obtained from Boyd's site visits and observations and are supported by details of drilling results, analyses and other evidence and take account of information supplied by the Group's management and the Directors.

Coal resources are based on coal occurrences quantified on the basis of geological data and an assumed cut-off grade, and are divided into measured, indicated and inferred categories reflecting decreasing confidence in geological and/or grade continuity. No allowances are included for dilution and losses during mining, but the reporting of resource estimates carries the implication that there are reasonable prospects for eventual economic exploitation. Resources may therefore be viewed as the estimation stage prior to the application of more stringent economic criteria for reserve definition, such as a rigorously defined cut-off grade and mine design outlines, along with allowances for dilution and losses during mining. It is common practice, for example, for companies to include in the resources category material with a reasonable expectation of being converted to reserves, but for which either the detailed mine planning work has not been undertaken or for which an improvement in economic conditions or exploitation efficiencies would be required to enable the company to exploit the resources economically. An inferred resource is that part of a coal resource for which tonnage, grade and coal content can be estimated with a low level of confidence. This categorisation is inferred from geological evidence and assumed, but not verified, geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be of limited or of uncertain quality and reliability. Coal reserves (as defined by the JORC Code) are designated as proved and probable, and are derived from the corresponding measured and indicated resource estimates by including allowances for dilution and losses during mining. It is an explicitly stated further requirement that other modifying economic, mining, metallurgical, marketing, legal, environmental, social and governmental factors also be taken into account. The measured and indicated coal resources can be reported as either being inclusive of those coal resources modified to produce the coal reserves or additional to the coal reserves. In this Prospectus, measured and indicated resources are stated inclusive of reserves but with no allowance for coal loss or dilution. Inferred resources are stated on an exclusive basis.

Included in this Prospectus are various statements relating to coal potential at the Group's mining operations. Boyd has reviewed the information supporting these statements compiled by the Group and has stated the coal potential in compliance with section 18 of the JORC Code. The disclosure of coal potential follows specific guidance in section 18 of the JORC Code; specifically, that the coal potential should be expressed as a range of quantity and grade, with an explanation of the basis of the statement. The summary statement of potential for each target is expressed explicitly on the basis that (i) the potential range of quantity and grade is conceptual in nature, there has been insufficient exploration to define a coal resource on the target and it is uncertain if further exploration will result in the discovery of a coal resource on the target; and (ii) the coal potential constitutes a possible coal deposit that is to be the target of further exploration.

The reserve and resource estimates provided in this Prospectus comply with the reserve and resource definitions of the 2004 edition of JORC Code and are designated as proved and probable reserves. The relevant definitions can be found in PART XVII of this document entitled ''DEFINITIONS''. Information included in the main body of this Prospectus relating to reserve and resource estimates has been extracted from or derived from ANNEX I of this document entitled ''MINING EXPERT'S REPORT''.

7. PRESENTATION OF FINANCIAL INFORMATION

7.1 Historical Financial Information

The historical financial information of the Issuer included in this Prospectus consists of the 2007 Consolidated Financial Statements and Audited 2006 Financial Statements, which have been prepared in accordance with IFRS and are presented in euros with convenience translation to Czech korunas. Further, the Carved-out Accounts have been prepared in accordance with IFRS and are presented in Czech korunas with convenience translation to euros. Because of the corporate and accounting history of the businesses controlled by the Issuer and its predecessors, the Issuer presents carved-out financial statements of several legal entities as they relate to the results of operations and financial position of the Issuer and its predecessors or of businesses which the Issuer controls. This Prospectus includes the financial information set forth below. As a result of the recent creation of the Issuer and because of the effects of the Restructuring on the business of the Group and Former OKD (OKD's predecessor) the financial statement information between certain periods are not directly comparable as disclosed below. See PART X of this document entitled ''CERTAIN FINANCIAL INFORMATION—OPERATING AND FINANCIAL REVIEW AND PROSPECTS''—''Presentation of Financial Information and Comparability'' for further details.

- **Financial Statements of the Group.** The audited financial statements for the period from the date of incorporation on 29 December 2005 to and as at 30 June 2006, the audited consolidated financial statements as at and for the six months ended 31 December 2006, and the audited consolidated financial statements as at and for the year ended 31 December 2007.

The audited financial statements of NWR B.V. for such period ended 30 June 2006 and the six-month period ended 31 December 2006 have no comparable financial periods and collectively do not reflect the operations of the Issuer's business for the full year because the Issuer had no business operations until 7 September 2006 and prior to 31 December 2006 changed its fiscal year end date to 31 December. The audited financial statements for the period ended 31 December 2006 are consolidated statements of the Issuer, however, the audited financial statements for the fiscal year ended 30 June 2006 are not consolidated financial statements. Because of the limited business operations of the Issuer during 2006, the Issuer has, in addition, provided the carve-out financials for 2006 and for 2005 relating to businesses it controls as described below.

- **Carve-Out Financial Statements of the Mining Operations of RPGI.** Audited carve-out financial statements for the entities comprising the mining operations of RPGI for each of the years ended 31 December 2006 and 2005.

These carve-out financial statements comprise the results of OKD and its current subsidiaries and OKK.

- **No Separate Financials on Mining Division or Real Estate Division.** Because the Mining Division and Real Estate Division are represented by tracking stocks which track the value of separate divisions of the same legal entity, the Issuer, separate financial statements of the divisions are not provided in this Prospectus or after the Offer. As of 31 December 2007 the financial position of the Mining Division and the Real Estate Division was disclosed in the notes to the 2007 Consolidated Financial Statements. As from 1 January 2008, the operations of the Mining and Real Estate Divisions have been separately accounted for and disclosed. See PART IX of this document entitled ''MANAGEMENT AND THE DIVISIONS—RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION'' for further details. For each financial period after 1 January 2008, the Issuer has reported separate segment financial information with respect to the Mining Division and the Real Estate Division.

7.2 Non-IFRS Measures

This Prospectus contains references to certain non-IFRS measures, including EBITDA.

The Issuer defines EBITDA as net profit after tax from continuing operations, before minority interest, income tax, net financial costs, depreciation and amortisation, impairment and reversals of impairment of property, plant and equipment (''PPE''), gain/loss on disposal of interest in subsidiaries and gains/loss from sale of PPE (''EBITDA''). While the amounts included in EBITDA are derived from the Issuer's consolidated financial statements and carve-out financial statements, it is not a financial measure determined in accordance with IFRS and, accordingly, should not be considered as an alterative to net income or operating income as an indication of the Issuer's performance or as an alternative to cash flows as a measure of the Issuer's liquidity. The Issuer 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 Issuer finds it a useful tool to assist in evaluating performance because it excludes interest, taxes and other non-cash charges.

EBITDA as presented in this Prospectus 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 Prospectus are each separately defined and are not the same as the definition of EBITDA used in the Senior Secured Facilities or the definition of Adjusted EBITDA used in the Indenture governing the Senior Notes. The financial information included in this Prospectus is not intended to comply with reporting requirements of the SEC. Compliance with such requirements would require the modification or exclusion of certain financial measures.

8. FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are not historical facts and are ''forward-looking.'' Forward-looking statements appear in various locations, including, without limitation, under the headings ''SUMMARY,'' ''RISK FACTORS,'' ''OPERATING AND FINANCIAL REVIEW AND PROSPECTS'' and ''INFORMATION ON THE GROUP,'' and located elsewhere in this Prospectus regarding the prospects of the Group's industry and the Group's prospects, plans, financial position and business strategy, may constitute forward looking statements. Forward-looking statements are not historical facts and can often be identified by the use of terms like ''estimates,'' ''projects,'' ''anticipates,'' ''expects,'' ''intends,'' ''believes,'' ''will,'' ''may,'' ''should'' or the negative of these terms. All forward-looking statements, including discussions of strategy, plans, objectives, goals and future events or performance, involve risks and uncertainties.

While these statements are based on sources believed to be reliable and on the current knowledge and best belief of the Group's management, they are merely estimates or predictions and cannot be relied upon. The Group cannot assure prospective investors that future results will be achieved. Factors, risks and uncertainties that may cause actual outcomes and results to be materially different from those indicated, expressed, projected or implied in the forward-looking statements used in this Prospectus include, among others, the following:

- risks relating to changes in political, economic and social conditions in the Czech Republic and the Central and Eastern European geographical region (the ''CEE'');
- future prices and demand for the Group's products and demand for the Group's customers' products;
- coal mine reserves;
- risks relating to the computations and assumptions underlying net present value as set forth in the Reserve Report included elsewhere in this Prospectus;
- remaining life of the Group's mines;
- coal production;
- trends in the coal industry and domestic and international coal market conditions;
- risks in coal mining operations;
- future expansion plans and capital expenditures;
- the Group's relationship with, and conditions affecting, the Group's customers;
- competition;
- railroad and other transportation performance and costs;
- availability of specialist and qualified workers and the Group's relationship with labour unions;
- the ability of the Group to attract and retain key management personnel;
- weather conditions or catastrophic damage;
- risks relating to relationships with affiliates that provide services to the Group;

- risks relating to Czech law, regulations and taxation, including laws, regulations, decrees and decisions governing the Czech Republic coal mining industry, the environment and currency and exchange controls relating to Czech entities and their official interpretation by governmental and other regulatory bodies and by Czech Republic courts;
- risks relating to other countries where the Group may operate in the future;
- the indebtedness of the Group;
- risks relating to the A Shares and the Offer, including those related to:
  - fluctuation and volatility of the market price of the A Shares;
  - the future trading of the A Shares;
  - dividend payments or other distributions by the Group;
  - the financial results of the Real Estate Division;
  - transfers of assets from the Real Estate Division;
  - compliance with and changes to the Divisional Policy Statements;
  - inter-divisional agreements; and
  - conflicts between the Divisions;
- the effects of exchange rate fluctuations on certain investors; and
- other risks and uncertainties described in this Prospectus.

THIS LIST OF IMPORTANT FACTORS IS NOT EXHAUSTIVE. WHEN RELYING ON FORWARD-LOOKING STATEMENTS, PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE FOREGOING FACTORS AND OTHER UNCERTAINTIES AND EVENTS, ESPECIALLY IN LIGHT OF THE POLITICAL, ECONOMIC, SOCIAL AND LEGAL ENVIRONMENT IN WHICH THE GROUP OPERATES. SUCH FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE ON WHICH THEY ARE MADE. ACCORDINGLY, THE ISSUER DOES NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR REVISE ANY OF THEM, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE, EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW. THE ISSUER DOES NOT MAKE ANY REPRESENTATION, WARRANTY OR PREDICTION THAT THE RESULTS ANTICIPATED BY SUCH FORWARD-LOOKING STATEMENTS WILL BE ACHIEVED, AND SUCH FORWARD-LOOKING STATEMENTS REPRESENT, IN EACH CASE, ONLY ONE OF MANY POSSIBLE SCENARIOS AND SHOULD NOT BE VIEWED AS THE MOST LIKELY SCENARIO. THESE CAUTIONARY STATEMENTS QUALIFY ALL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE ISSUER OR PERSONS ACTING ON THE ISSUER'S BEHALF.

PART III

DIRECTORS, SECRETARY AND ADVISERS

Directors	Miklos Salamon—Executive Director / Chairman Marek Jelínek—Executive Director / CFO Klaus-Dieter Beck—Executive Director Zdeněk Bakala—Non Independent Non-Executive Director / Vice-Chairman Peter Kadas—Non Independent Non-Executive Director / Vice-Chairman Alex T. Krueger—Non Independent Non-Executive Director Christiaan Norval—Non Independent Non-Executive Director Milan Jelinek—Non Independent Non-Executive Director Hans-Jürgen Mende—Non Independent Non-Executive Director Pavel Telička—Non Independent Non-Executive Director Hans-Jörg Rudloff—Independent Non-Executive Director Bessel Kok—Independent Non-Executive Director Steven Schuit—Independent Non-Executive Director Barry Rourke—Independent Non-Executive Director Paul Everard—Independent Non-Executive Director
Company Secretary / Group Compliance Officer	Ivona Ročárková
Registered Office	New World Resources N.V. Fred. Roeskestraat 123-3 1076 EE Amsterdam The Netherlands
Joint Sponsors, Joint Global Coordinators and Joint Bookrunners	Morgan Stanley & Co. International plc 25 Cabot Square Canary Wharf London E14 4QA United Kingdom Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom JPMorgan Cazenove Limited 20 Moorgate London EC2R 6DA United Kingdom

Joint Lead Managers	Citigroup Global Markets Limited Citigroup Centre 25 Canada Square Canary Wharf London E14 5LB United Kingdom
Co-Lead Managers	Barclays Bank PLC 5 The North Colonnade Canary Wharf London E14 4BB United Kingdom Erste Bank Graben 27 A-7070 Vienna Austria Patria Finance, a.s. Jungmannova 24 110 00 Praha 1 Czech Republic UniCredit CAIB UK Ltd. Moor House, 120 London Wall EC2Y 5ET London United Kingdom UniCredit CAIB Poland S.A. ul. Emilii Plater 53 00-113 Warsaw Poland Wood & Company Financial Services, a.s. Václavské nám. 772/2 110 00 Praha 1 Czech Republic
Czech Lead Managers	Česká spořitelna, a.s. Olbrachtova 1929/62 140 00 Praha 4 Czech Republic Patria Finance, a.s. Jungmannova 24 110 00 Praha 1 Czech Republic Wood & Company Financial Services, a.s. Václavské nám. 772/2 110 00 Praha 1 Czech Republic
Polish Lead Manager	UniCredit CAIB Poland S.A. ul. Emilii Plater 53 00-113 Warsaw Poland

Legal advisers to the Issuer as to English and U.S. law	Dechert LLP 160 Queen Victoria Street London EC4V 4QQ United Kingdom
Legal advisers to the Issuer as to Dutch law	De Brauw Blackstone Westbroek N.V. Burgerweeshuispad 301 1076 HR Amsterdam The Netherlands
Legal advisers to the Issuer as to Czech law	Procházka Randl Kubr Jáchymova 2 110 00 Praha 1 Czech Republic
Legal advisers to the Issuer as to Polish law	Domański Zakrzewski Palinka Sp. K. Rondo ONZ 1 0-124 Warszawa Poland
Legal Advisers to the Managers as to English and U.S. law	Skadden, Arps, Slate, Meagher & Flom (UK) LLP 40 Bank Street Canary Wharf London E15 5DS United Kingdom
Legal advisers to the Managers as to Czech law	Glatzová & Co., v.o.s. Betlémský palác Husova 5 110 00 Praha 1 Czech Republic
Legal advisers to the Managers and Polish Listing Agent as to Polish law	Weil, Gotshal & Manges—Pavel Rymarz Sp.K. Warsaw Financial Center, ul. Emilii Plater 53 Warsaw, 00-113
Independent Auditors of the Issuer	KPMG Accountants, N.V. Burgemeester Rijnderslaan 10-20 1185 MC Amstelveen The Netherlands
Mineral Expert	John T. Boyd Company 1500 Corporate Drive Suite 100 Canonsburg, PA 15317 United States of America
Commodities Consultant	McCloskey Group Limited Unit 6, Rotherbrook Court Bedford Road Petersfield GU32 3QG
Jersey Registrar	Computershare Investor Services (Channel Islands) Limited P.O. Box 83 Ordance House 31 Pier Road St. Helier JE4 8PW Jersey

Registrar to the Depository Interest Arrangements and Depository	Computershare Investor Services PLC P.O. Box 82 The Pavilions Bridgewater Road Bristol BS99 7NH United Kingdom
Principal Paying Agent	The Bank of New York One Canada Square London E14 5AL England
Czech Listing Agent	Patria Finance, a.s. Jungmannova 24 110 00 Praha 1 Česká republika
Polish Listing Agent	UniCredit CAIB Poland S.A. ul. Emilii Plater 53 00-113 Warsaw Poland
Czech Selling Agents	brokerjet České spořitelny, a.s. Na Příkope 29/584, 11000 Praha 1, Česká republika Československá obchodní banka, a.s. Radlická 333/150, 150 57 Praha 5 Česká republika Patria Direct, a.s. Jungmannova 745/24, 110 00 Praha 1 Česká republika
Czech Retail Managers	Česká spořitelna, a.s. Olbrachtova 1929/62 140 00 Praha 4 Česká republika Patria Finance, a.s. Jungmannova 24 110 00 Praha 1 Česká republika
Polish Retail Managers	Centralny Dom Maklerski Pekao S.A. Ul. Wołoska 18 02-675 Warsaw Poland Dom Maklerski Pekao ul. Grzybowska 53/57 00-950 Warsaw Poland

PART IV

OFFER STATISTICS AND EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Offer statistics

Price Range	£10.75 to £13.25
Maximum Price for Czech Public Offer and Polish Public Offer	£13.25
Number of Existing Shares subject to the Offer	up to 69,513,344
Number of New Shares subject to the Offer	up to 13,500,000
Number of additional Existing Shares subject to the Over-Allotment Option	up to 12,452,001
Number of A Shares in issue following the Offer and Admission	up to 263,739,999
Percentage of issued A Shares held by RPGI following the Offer and Admission(1)	68.5%
Estimated net proceeds of the Offer receivable by the Issuer(1)(2)	£124,165,241
Expected market capitalisation following the Offer(1)(3)	£3,164,879,988

(1) Based on the mid-point of the Price Range and assuming no exercise of the Over-Allotment Option.

(2) Net proceeds of the Offer (which includes net proceeds of the Employee Offer) are after deduction of underwriting commissions as well as other estimated fees and expenses. £124,165,241 is equivalent to EUR 155,206,551 at an exchange rate of EUR 1.25/£1.

(3) The expected market capitalisation has been calculated based on the number of A Shares in issue following Admission at the mid-point of the Offer Price. £3,164,879,988 is equivalent to EUR 3,956,099,985 at an exchange rate of EUR 1.25/£1.

Expected timetable of principal events

Event	*2008*
Commencement of Czech retail subscription period	24 April
Commencement of Polish retail subscription period	29 April
End of Czech and Polish retail subscription period	6 May
Announcement of Offer Price and allocation	8 May
Commencement of conditional dealings on the LSE(1)	8 May
Commencement of conditional dealings on the PSE(1)	9 May
Admission and commencement of unconditional dealings on the LSE	13 May
Admission to the PSE	13 May
Commencement of unconditional dealings on the PSE	14 May
Issue of New Shares, Payment and Settlement	13 May
Admission and commencement of unconditional dealings on the WSE	on or about 14 May
Where applicable, CREST accounts credited	13 May

Each of the times and dates in the above timetable is subject to change

(1) It should be noted that if Admission does not occur, all conditional dealings will be in unlisted securities and will be of no effect. Any such dealings will be at the sole risk of the parties concerned. There will be no conditional trading on the WSE.

PART V

INFORMATION ON THE GROUP

1. OVERVIEW

The Issuer, through its subsidiary OKD, is the Czech Republic's largest hard coal mining company and is a leading producer of hard coal in the Czech Republic and in Central Europe (in each case, on the basis of revenues and volume of coal produced) serving customers in the Czech Republic, Slovakia, Austria, Poland, Hungary and Germany. It is one of the largest industrial groups in the Czech Republic in terms of revenues and employees. For the year ended 31 December 2007, the Group employed an average of 18,360 and utilised an average of 3,576 workers employed by contractors, making it one of the largest private employers in the country. In terms of revenues in 2006, the Group was the third largest natural resources company in the Czech Republic.

The Group's business is hard coal mining and coke production. Through its hard coal mining operations, the Group produces coking coal and steam coal. Coking coal is used as a raw material in steel production, whereas steam coal is sold to electric utilities, industrial users and other producers of electricity. Coking coal generally commands higher prices and generates higher revenues with higher margins for the Group relative to steam coal. In 2007, the Group sold approximately 13.1 million tonnes of coal of which approximately 7.8 million tonnes was coking coal (of which 6.8 million tonnes was sold to third parties) and approximately 5.3 million tonnes was steam coal. The Group also produced approximately 1.3 million tonnes of coke, converted from its own and purchased coking coal, which is used primarily as a raw material for steel, foundries and isolation material production. More than half of the Group's coal reserves consist of high quality coal (that is, coal having a high calorific (high BTU/short tonne) and low sulphur content) that can be sold as coking coal.

The Group 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 a leading supplier of hard coal in Central Europe. Through the implementation of the Group's efficiency enhancement program, the Group has further consolidated and improved the efficiency and productivity of its mining operations. The Group has recently implemented a capital investment programme involving the purchase of new underground mining equipment, implementation of new mining technologies and modernisation of underground mining processes. The objectives of the capital investment programme are to improve productivity in the short term and enhance the Group's reserve base in the long term.

The Group's mining and related businesses operate in the northeastern region of the Czech Republic. The Group has five operating mines, and two coking facilities that operate five coking batteries. As at 1 January 2008, the Group had approximately 419 million tonnes of proved and probable reserves (including the probable reserves at Dębieńsko) and approximately 229 million tonnes of proved and probable reserves (excluding the probable reserves at Dębieńsko).

The Group has historically managed a portfolio of Assets of the Real Estate Division located predominantly in the northeastern region of the Czech Republic. As a part of the Restructuring, a substantial portion of the real estate held by the Group's predecessor was transferred to certain real estate holding subsidiaries of RPGI. The real estate initially transferred consisted primarily of commercial and residential buildings, but excluded the land relating to mining activities and land above active and inactive mines. Following the establishment of the Divisions, the Assets of the Real Estate Division, the IMGE business unit of OKD, Rekultivace and Garáže Ostrava a.s. (''Garáže'') (to the extent owned by the Issuer), have been allocated to the Real Estate Division. The Real Estate Division will be managed as a separate business to the mining business carried out by the Mining Division.

For the year ended 31 December 2007, the Group had consolidated revenues from continuing operations (which excludes gas and transport businesses, which were held as assets held for sale until their disposition in June 2007) of approximately EUR 1.37 billion and EBITDA of EUR 351 million. During this period, the Group's external coal and coke sales at EXW basis accounted for EUR 1,058 million, which represented 77% of consolidated revenues in 2007.

As at 31 December 2007, the carrying value of the Assets of the Real Estate Division was EUR 460,323 thousand, of which buildings accounted for EUR 354,103 thousand, and land accounted for EUR 18,196 thousand. These amounts were allocated to the Mining Division based on the overriding rules of the Divisional Policy Statements.

2. COMPETITIVE STRENGTHS

- ***A Leading Market Position in the Czech Republic and Central Europe in Terms of Revenue and Amount of Coal Produced.*** The Group is the largest hard coal producer in the Czech Republic and a leading producer of hard coal in the Czech Republic and in Central Europe in terms of revenues and volume of coal produced. It is also the leading supplier of foundry coke for foundries and stone (mineral) wool producers based in the Czech Republic in terms of tonnage sold. Traditionally, the Group's main competitors in the Central European and Czech markets have been and continue to be Polish companies controlled by the Polish government. However, recent mine closures in Poland have strengthened the Group's position in Central Europe, allowing the Group to capitalise on increased sales opportunities and improve its market position within Central Europe generally and the Czech Republic in particular. With high-calorific and low sulphur content coal reserves located in the middle of Central Europe, the Group believes it is well positioned to maintain its position as a leading producer of coking coal in the region. The Group expects to benefit as the region's steel production continues to grow to meet the demands of the auto, appliance, construction and other manufacturing industries in Central Europe.

- ***Landlocked Position of Customers and Close Proximity of Mines to Customers and Transportation.*** The Group benefits significantly from the landlocked location of the production facilities of its customers in the Czech Republic and Central Europe and the proximity of its reserves and its facilities to the facilities of its customers. The limited reach of navigable waterways near many industrialised areas of Central Europe provides a competitive cost advantage to coal producers, such as the Group, with its coal mines being located near the sites of steel mills and electricity generating facilities in the region. The landlocked location of customers in Central Europe makes importing coal from overseas generally more expensive than using locally sourced coal. The Group believes that the higher transportation costs associated with such overseas coal provide the Group with a competitive cost advantage in servicing such customers as a result of the close proximity of the Group's coal mines to its customers' production facilities, and to a regional transportation system which facilitates the Group's delivery of coal to its customers, relative to overseas competitors, who rely on long distance sea freight, ports with limited capacity and longer overland distances from port to customer. This cost advantage is evidenced by the recent rises in costs for the transportation of coal in the region.

- ***High Quality Coal (Based on the Calorific Content and Low Sulphur in the Group's Coal), with Coking Coal Accounting for more than Half of Total Coal Production in 2007 and Large and Diversified Reserve Base to Satisfy Customers' Needs.*** A high percentage of the Group's proved and probable reserves is high quality coal (that is, coal having high calorific (high BTU/short tonne) and low sulphur content) which can be sold as coking coal. Coking coal generally commands higher prices and generates higher revenues for the Group with higher margins relative to steam coal. Approximately 56% of the volume of coal sold to third parties by the Group in 2007 consisted of coking coal, and the growth in coking coal sales in 2007 is primarily the result of the Group's growth in sales to steel producers in the region. The Group also has a large reserve base and is able to source coal from multiple mines to meet the demands of customers who require specific blends of coal of varying specifications to run their businesses. As of 1 January 2008, the Group has approximately 419 million tonnes of proved and probable reserves (including the probable reserves at Dębieńsko) and approximately 229 million tonnes of proved and probable reserves (excluding the probable reserves at Dębieńsko). Having diversified reserves allows the Group to be flexible in times when one type of coal is preferred over another type of coal or when coal blends of several types of coal are required. The Group also adds, when necessary, small amounts of certain grades of high quality coal from overseas to blend with locally sourced coal to meet customer specifications. The Group's mix of coal qualities provides it with an opportunity to work with many different types of coal customers.

  Furthermore, by improving its blending and benefication (coal washing) processes, the Group intends to make a larger portion of its coal suitable for use as a coking product, and to increase the overall percentage of coking coal recovered from its coal reserves. The Group's mining plan and capital investment programme were also designed to allow the mining of deeper seams where coal quality is typically higher, and enable the Group to mine thinner seams and therefore increase the productivity of its mining operations.

- ***Long-Standing Relationships with Customers and Their Predecessors That Have Lasted for Significant Periods, Some in Excess of 50 Years, and Which Have Resulted in a Stable Customer Base.*** The Group has long-standing relationships with its key customers, many of which have production facilities which the Group or its predecessors have served for over 50 years. The Group's customers include large, established companies, including global steel producers, large regional steel producers, electric utilities and large industrial companies. The Group believes it has a reputation for reliability, superior product delivery, familiarity with its customers' needs and customer service that has enabled it to maintain these customer relationships. For example, steel companies typically adapt their coking ovens for specific coal qualities to increase efficiency and organise their logistics for coal delivery with their coal supplier. Consequently, the Group believes that coal customers have substantial investments embedded in their relationships with a particular supplier, such as the Group, and that the Group's long-term supply and logistics relationships with its customers, together with its ability to supply high quality coal blends, therefore provide it with a competitive advantage over other suppliers of coal.

- ***Increase in Steel Demand and Positive Trends in Steel Production and Industrial Growth in Central Europe.*** The Group believes it is well positioned to take advantage of any increase in industrial production generally and steel demand in particular in Central Europe, principally driven by the automobile, construction, manufacturing and machinery industries, which have been for the past 10 years, and are expected to continue to be, significant sources of growth in the region. Because steel production is an important component of industrial production in Central Europe, and because coal, particularly high calorific coking coal, is an essential component of steel production, coal production is currently a beneficiary of this industrial growth. In particular, the Group expects the demand for steel production, and in turn, coking coal, in Central Europe to increase due to the region's industrial base and lower cost work force compared to Western Europe.

  The Group expects to continue to benefit from these industry trends, industrial growth in Central Europe and the related demand for high quality coal, partially due to recent large investments by the Group's steel customers to increase their steel production capacity, as well as the recent foreign direct investment inflow particularly from auto makers and auto industry suppliers. This growth in Central Europe is evidenced by the continued expansion of the automobile (exemplified by the expected opening of new Hyundai and Kia car production facilities in the Czech Republic and Slovakia, respectively), construction, manufacturing and machinery industries. The rise of coal demand worldwide in recent years (in terms of consumption)—particularly in Asia and also in Central Europe—as a result of an increasing demand for energy, and the emergence of new technologies that make coal more efficient and cleaner burning have also increased the price of coal.

- ***Integration of Coal Mining and Coke Production Operations.*** The Group benefits from the integration of its coal mining and coke production operations compared to its competitors who only operate coal mining operations. The Group generally sells coke to regional steel companies and foundries, who rely on the Group to provide certain qualities and blends of coke, and to larger steel companies, who rely upon the Group to supplement coking capacity during tight market conditions. In addition to allowing the Group to provide a broader range of services to its customers, the Group believes that this integration allows it to capture higher margins attributable to the sale of coke than would otherwise be achieved through the sale of coking coal alone and also allows the Group to maintain strong customer relationships by providing coke capacity.

- ***Significant Operational Improvements Resulting from the Restructuring, Cost Reduction Initiatives and Capital Expenditure Programs.*** Through the Restructuring and the implementation of the efficiency enhancement program, the Group and its predecessor have in the past few years commenced the process of transforming the Group from a previously state-owned Group to a streamlined business with a simpler corporate holding structure, efficient mining operations and a productive workforce. The EBITDA margin for the year ended 31 December 2006 was 23% based on the Carve-out Accounts, and the EBITDA margin for the year ended 31 December 2007 was 26%. The Group also believes that it has lower unit operating production costs and logistics costs compared to its competitors in countries such as Germany and Poland. The Group believes that while labour costs in Poland are generally commensurate with the Czech Republic, Polish state-owned companies have historically maintained larger numbers of workers compared to the privately-held mining companies such as the Group, and the Group believes its unit operating costs are lower than its Polish peers. The Group has achieved a level of profitability which the Group believes has enabled it to maintain strong financial performance. This low operating cost provides the Group with an advantage as compared to other regional mining companies, including those in Poland. The Group, however, is working with the Polish government to allow the Group to reopen and operate at certain Polish mines in a manner consistent with the business plan at the Group's mines in the Czech Republic. The Group's recently implemented capital investment programme is expected to further improve the Group's profitability by allowing the Group to go deeper into mines using new mining equipment and, consequently, mine more coking coal, which commands better margins than steam coal. See PART V of this document entitled ''INFORMATION ON THE GROUP—Business Strategy'' for further details.

- ***Experienced and Knowledgeable Management and Operational Team (Based on Their Experience Working with Publicly-Traded Companies and with Mining Companies).*** The Group, with the support of the Indirect Shareholders, has assembled an executive team with several years of experience to provide strategic direction, mining expertise and international professionalism to the Group. This senior management team complements the existing Czech management team's knowledge and experience in working with the Group's mines, its customers, government agencies and the Czech and Polish work force. The Group strengthened the senior management team by appointing, in 2007, Miklos Salamon, who most recently served as a director of BHP Billiton, as Executive Chairman of the Issuer and Klaus-Dieter Beck, who most recently served as a senior vice president for planning and engineering of Foundation Coal Holdings, Inc., as the Chief Executive Officer and the Chairman of the board of directors of OKD. In 2007, the Group also appointed Marek Jelínek, formerly Financial Officer of RPG Advisors, a.s. (''RPGA''), as the Chief Financial Officer of the Issuer. Each of Mr. Salamon and Dr. Beck have many years of executive experience with international mining companies, and Mr. Jelínek is familiar with the Group's organisation and finances as well as its business operations in the Czech Republic. They are supported by newly appointed officers of OKD, including the chief administration and development officer, chief financial officer and chief operations officer. The Group's senior executives together have an average of approximately 18 years of experience in the coal industry, and bring to the Group regional experience, knowledge of coal marketing, cost cutting, managing coal production, financial structuring, and business development.

- ***Relationships with Regulatory Agencies and Regional and Municipal Authorities.*** The Group believes that its long-standing relationships with Czech government agencies and its new working relationship with Polish government agencies provide it with an advantage, enabling it to respond to changes in the regulatory environment. The coal industry in the Central European region is heavily regulated, with various regulatory agencies that oversee mining, environmental, health, safety and employment matters. The Group believes it benefits from established and cooperative relationships with regulatory agencies in the Czech Republic, attributable to the Group's predecessors having been Czech government controlled entities and the Group's position as one of the largest employers in the Czech Republic. These relationships are further enhanced by the Group's management and its Indirect Shareholders, who have several years of experience in working with the agencies responsible for regulating the mining industry in the Czech Republic. In Poland, the Group has also developed good relationships with the Polish government and the relevant regional and municipal governmental authorities in connection with the development of the Polish Projects, which includes reopening Polish mines. See PART V of this document entitled ''INFORMATION ON THE GROUP—Projects and Prospects'' for further details. The historically high degree of regulatory oversight of the Group in its role as the Czech Republic's largest hard coal producer has resulted, in part, in the Group's emphasis on its health and safety record. In addition, good relationships with local communities and regional and municipal governmental authorities help to obtain mining permits for the Group in the Czech Republic and in Poland. The Group benefits from established and cooperative relationships with such communities and authorities in the Czech Republic and is working on building similar relationships through dialogue and collaboration efforts in Poland.

- ***Strategic Shareholder Support Through Regional and Industry Expertise.*** The Issuer's Indirect Shareholders are experienced investors with significant expertise and background in the energy industry and significant expertise and in-depth knowledge of the the CEE market generally and the Czech Republic in particular. Zdeněk Bakala and Crossroads Capital

Investments Inc, both Indirect Shareholders, have made significant investments in and have a track record for growing companies in the CEE. Zdeněk Bakala, a Non-Executive Director of OKD, is an established figure in the Czech business community and has been involved in finance and business in the Czech Republic and the CEE since the early 1990s. Peter Kadas, a Non-Executive Director, has been involved in many investments in the CEE. In 1990, Mr. Kadas established the Budapest office of Credit Suisse First Boston and, in 1995, he co-founded Renaissance Capital, the first private investment bank in Russia. From 1997 to 2000, Mr. Kadas was managing director of a joint venture between Croesus of New York and Central European Partners. See PART IX-A of this document entitled ''DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE'' for further details. In addition, experienced coal industry investors, First Reserve Corporation, through its affiliates (''First Reserve'') and American Metals & Coal International Inc., through its affiliates (''AMCI''), purchased a minority equity stake in the Group in the second half of 2005. The Group benefits from the in-depth regional knowledge of its Indirect Shareholders, and RPGA, an affiliate of RPGI, which is an advisory group based in Prague and advises the Group on strategic matters. The Group seeks to leverage their expertise and regional and industry knowledge to maintain its relationships with leading coal consumers, to secure new mining sites and to implement operational improvements.

3. BUSINESS STRATEGY

The Group seeks to distinguish itself from its competitors in terms of responsiveness to customer specifications, production of high quality coal products, timeliness of delivery and knowledge of market trends to maintain its leading market position in the Czech Republic and Central Europe. The Group intends to accomplish this by pursuing the following focused business strategy:

- ***Improving Efficiency and Profitability of Mining Operations.*** The Group will continue to focus on enhancing the profitability of its mining operations through improving operational efficiencies, which it initially commenced subsequent to the acquisition of the business by the Issuer's shareholder. The Group has implemented a profitability improvement plan to reduce costs, increase productivity, efficiency and safety. As part of this profitability improvement plan, the Group has also recently adopted a capital investment programme to modernise the Group's mining infrastructure and to enhance productivity. To achieve the goals of its profit improvement plan, the Group intends to:

  - ***Invest in more efficient equipment and technology.*** The capital investment programme involves the investment in new equipment and technology to increase operational efficiency, including the investment in new long wall mining equipment. The new equipment to be purchased under the capital investment programme includes ten sets of complete longwall systems and twelve sets of new gateroad development systems, which are expected to improve the efficiency of coal extraction by reducing the total number of longwalls from 25 to 15. The new equipment is also expected to enhance productivity and safety through the use of state-of-the-art technology, including advanced automation features used in the operations of mining companies in Germany, North America and Australia.

  - ***Consolidate procurement efforts.*** The Group is currently consolidating its procurement processes to gain efficiencies from working with fewer service providers and consolidating and centralising procurement efforts, which were previously conducted by each mine on an individual basis. The Group is also reviewing standard purchasing arrangements with a view towards establishing uniform pricing and delivery among all of the Group's mines.

  - ***Enhance operational efficiency.*** The Group intends to improve operating efficiencies by streamlining certain intercompany functions and continuing to work with the unions to improve labour productivity. The Group believes that the natural attrition of its work force, together with improved equipment and certain redundancy programs as a result of the use of such improvement equipment, will allow productivity improvements. The Group expects to achieve cost reductions through these operational improvements. The greater automation and reliability associated with new mining equipment is expected to increase the unit output for a given longwall installation and reduce the number of employees necessary to operate a given longwall installation.

- ***Strengthening Reserve Base from Existing Mines.*** The Group intends to continue to grow its business, primarily by adding reserves through, among other things, developing the Group's existing mines. The geological configuration of the Group's mines involves significant investment in underground equipment, and the Group's mining plan and capital investment programme have been designed to maximise the development of its reserve base. The new underground mining equipment to be acquired as part of the capital investment programme is expected to provide for the safer extraction of a larger proportion of coal of the Group's existing resources. This larger proportion of coal extraction is achieved through the scaleable use of longwall equipment that allows for extraction from the full height of high coal seams, safe and more automated access to seams at low height, and extraction from deeper seams. The Group's reserve strategy is in the near term aimed at enhancing productivity and cash flow and planned enhancement of the Group's reserve base in the long term. The new equipment is expected to increase productivity by increasing the volume of coal recovery in the mining seams of the Group's existing mines and enhancing productivity through further automation of mining equipment and mine-to-shaft equipment. The Group's reserve strategy also involves assessing the extension of the working lives of the Group's existing mines.

The Group is currently working and cooperating with municipalities to assess the feasibility of developing business and mining plans to develop its resources in the Frenštát mining region of the Czech Republic. The Frenštát region is a mining site with two existing shafts. The Group is currently assessing the quantity and quality of resources at that location, the equipment and investment necessary to commence mining, the length of time required and cost to develop such resources, the ability to obtain any relevant mining or other governmental permits and the ability to work with any relevant local and governmental authorities.

- ***Actively Pursuing Growth Opportunities in Poland, the rest of Central Europe and Elsewhere.*** The Group intends to continue to expand its reserve base and long term production by actively seeking growth opportunities in Central Europe and other markets which would complement the Group's current operations. Coal companies and coal mines in Poland, which are currently state-owned and which may be privatised, represent the largest opportunity. In addition, the Group may pursue, on a selective basis, acquisitions outside the Central European region, on its own or with a joint venture partner.

  In particular, the Group is currently pursuing a number of various opportunities in Poland, with two such mining projects—the development of the Dębieńsko mining region and the Morcinek mining region, being the most advanced. The Dębieńsko mine and the Morcinek mine are both located in southern Poland and near the existing mining operations of the Group in the Czech Republic. Each mine was previously operated by Polish state-owned companies and was closed in the recent past. The similar mining conditions and the proximity of such Polish mines to the Group's existing mining operations, coupled with the Group's existing use of Polish miners and intimate knowledge of the Polish mining business environment through the operations of its wholly-owned subsidiary, Karbonia, would provide a rational basis for integration and economies of scale with the Group's existing mining operations. Although each project would entail significant capital expenditures (in the case of the Dębieńsko project. Boyd has estimated the initial investment prior to full production to be in the range of EUR 0.6 billion to EUR 0.8 billion), the Group believes it has the experience to implement a capital investment programme and mining plan appropriate to the region. See PART V of this document entitled ''INFORMATION ON THE GROUP—Project and Prospects'' for further details.

  - *Dębieńsko*—The Group has been involved in developing the Dębieńsko project since 2006. In September 2007, pursuant to an extensive discussion with an inter-ministerial committee that oversees the economic management of the Polish natural resources, the Minister of Environment of Poland has accepted the Group's proposal for the Dębieńsko mining region, with probable reserves of approximately 189.9 million tonnes of coal. The Group has a two-year period from the approval date to present a concession application to the Polish authorities to mine the Dębieńsko mining area and a five-year exclusivity period from the approval date during which no other parties may obtain officially approved documentation of any resources at Dębieńsko. In coordination with the relevant local municipalities, the Group has also completed and submitted to the local governor for approval the Environmental Impact Assessment (EIA). The EIA was accepted and approved by the local municipalities, and all other documentation required for the mining license application was completed in February 2008. The Group filed an application with the Polish Ministry of Environment on 3 March 2008.

- *Morcinek*—The Group has been involved in developing the Morcinek project since 2002. The Group plans to take advantage of the proximity of the ČSM mine (''ČSM'') and plans to penetrate the southern part of the Morcinek mining region through the existing mine and surface facilities at ČSM in the event of expansion into the Morcinek mining region. Beginning in February 2007, the Group has been in discussion with Jastrzębska Spółka Węnglowa, a Polish mining company for the region, to pursue the development of this mining region together, and the parties have entered into a Letter of Intent on 16 October 2007.

- ***Maintaining Strong Health and Safety Record.*** The Group focuses on maintaining a safe work environment to minimise injuries to its workforce and maintain the efficiency of its operations. The Group believes that its emphasis on safety is one of the key drivers of its relationship with its employees. The Group's ability to avoid lost-time injuries fosters good relationships with its employees, regulatory agencies and regional and municipal governmental authorities, which ultimately enhances the Group's business. The Group's safety track record is comparable to the U.S. when measured by lost-time injury rates. The equipment to be purchased as part of the capital investment programme involves further automation of extraction and is expected to enhance the safety environment for the Group's workforce.

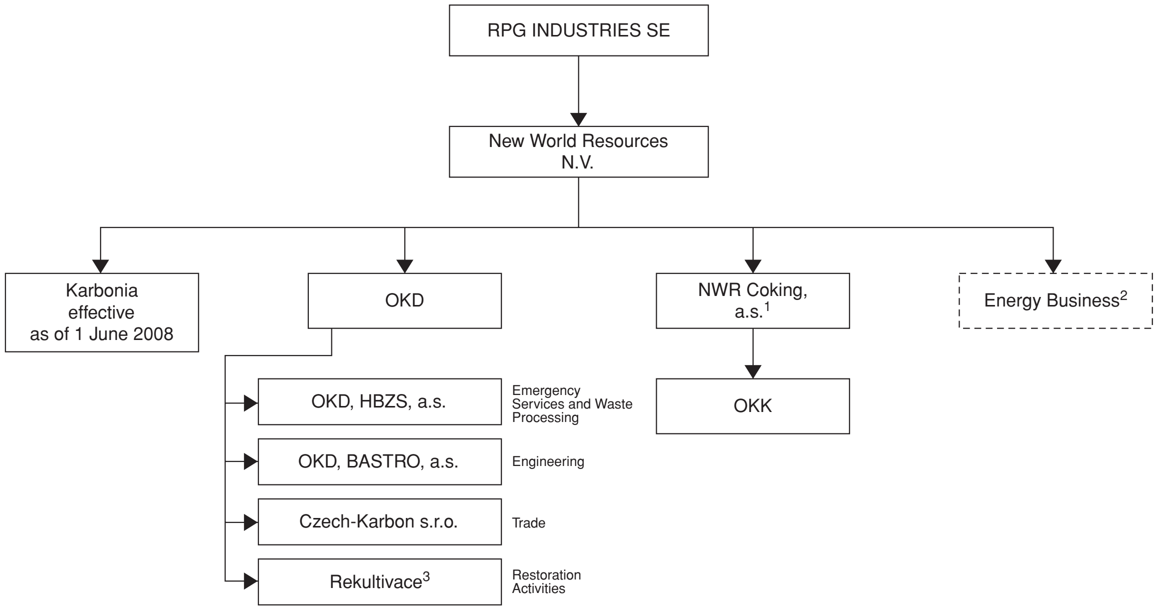
- ***Seeking to Implement and Maintain International Best Practice in Corporate Governance.*** The Issuer has implemented a stringent set of corporate governance standards in many respects, including appointing a new chairman of the Board, adding independent non-executive Directors to the Board, adding senior managers with international experience, realigning the Board, entering into a relationship agreement with its shareholder and complying with new internal control and reporting requirements in connection with the Issuer becoming a listed public company. Through implementation of the Policy Statements, the Issuer believes it has put in place sufficient safeguards to protect the holders of the A Shares. It is intended that further improvements to the corporate governance regime will be implemented as applicable.

4. CORPORATE STRUCTURE

The Issuer is a holding company. The following chart sets forth the Issuer's corporate structure, as of the Publication Date with respect to the Issuer's direct shareholder and its significant wholly-owned subsidiaries and their respective wholly-owned subsidiaries. Interests held by the Indirect Shareholders in the Issuer, which may constitute controlling interests in the Issuer, are described under PART XVI of this document entitled ''ADDITIONAL INFORMATION—Principal Shareholders''.

The Issuer has three directly-owned subsidiaries: OKD, which along with its subsidiaries operates the Group's mining operations; NWR Coking, a.s., which along with its subsidiary OKK, operates the Group's coke production operations; and Karbonia, which handles Polish operations and electricity sales.

Zdeněk Bakala and Crossroads Capital Investments, Inc. own their interests through RPG Partners Limited (''RPGP''), the majority shareholder of RPGI. First Reserve and AMCI own their interest in the Issuer through RPGI. In the future, First Reserve and AMCI may cease to own their interests in the Issuer through RPGI, but may instead become direct shareholders of the Issuer.



(1) The Issuer intends to conduct a merger between NWR Coking a.s. and OKK to simplify its corporate structure. It is estimated that such merger will be completed on 30 April 2008.

(2) The Issuer is currently in the process of establishing two direct subsidiaries, with a subsidiary in each of the Czech Republic and Poland, which will contain the assets of the Group's energy business. Such assets are currently held by the Issuer and certain of the Issuer's subsidiaries. For a further description of these assets, see PART V entitled ''INFORMATION ON THE GROUP—Energy Related Assets''.

(3) The shares of Rekultivace are expected to be distributed in specie as a dividend to RPGI as the sole B Shareholder along with other real estate assets. See PART XV entitled ''THE RESTRUCTURING AND THE RECAPITALISATION'' for details.

Source: The Issuer

5. GROUP HISTORY

Regular mining activities in the northeast region of the Czech Republic commenced in 1782. Prior to 1946, the hard-coal mining business in the Ostrava-Karviná region was under the control of several companies. One of the most famous owners was the family of Salomon Mayer Rothschild.

With effect from 1 January 1946, the government of the then Czechoslovakia nationalised the hard coal mining industry. In the early 1990s, state enterprises engaged in coal mining were converted into two joint-stock companies (*akciová společnost*), Former OKD and ČMD a.s. (''ČMD''), to prepare them for privatisation. Former OKD comprised of most of the mining industry located in the Ostrava-Karviná region, while ČMD operated hard-coal mines in the Kladno region and Ostrava-Karviná region (ČSM in Stonava).

In 1994 and 1997, respectively, 40% of Former OKD shares and 45% of ČMD shares were privatised through a voucher privatisation program and purchased by individuals and investment funds. From 1998 through to 2004, Karbon Invest acquired controlling stakes in ČMD and Former OKD from minority shareholders. A majority stake in Metalimex, a commodities trader, was acquired by ČMD and K.O.P., a.s. (both subsidiaries of Former OKD). In 1998, Former OKD purchased all of the outstanding shares of K.O.P., a.s., a majority shareholder of Metalimex.

In November 2004, Karbon Invest purchased 46% of the shares of Former OKD. Shortly thereafter, Karbon Invest was acquired by the RPG Group (the Issuer and its subsidiaries, RPGP and entities directly or indirectly controlled by RPGP are referred to herein as the ''RPG Group''). In the second half of 2005, the majority shareholders bought out shares held by the minority shareholders under the newly introduced squeeze-out legislation, consolidating their shareholdings in Former OKD, ČMD and Metalimex.

On 29 December 2005, New World Resources B.V. was incorporated as a Dutch private limited liability company in connection with the Restructuring to serve as the holding company for the coal mining operations and the coking business of the Group and certain related businesses other than the Group's Business. See PART XV of this document entitled ''THE RESTRUCTURING AND THE RECAPITALISATION'' for further details. New World Resources B.V. will be converted into New World Resources N.V. prior to consummation of the Offer. The Issuer represents the most significant holding in the RPG Group.

6. THE RESTRUCTURING AND THE RECAPITALISATION

Following RPG Industries Limited's acquisition (through its wholly owned subsidiary Charles Capital a.s. (''Charles Capital'')) of the majority interest in Former OKD in November 2004, through the acquisition of Karbon Invest (Former OKD's majority shareholder) in November 2004, between 2005 and 2008 the current shareholders of the Issuer and the Issuer's predecessor effected a Restructuring of the business held by the Issuer and the Issuer's predecessor to (i) consolidate the shareholdings of Former OKD, ČMD and Metalimex by squeezing out all minority shareholders; (ii) consolidate all mining business of Former OKD Group into Former OKD itself by a series of mergers; (iii) demerge certain non-coal and coke producing businesses from Former OKD, thereby creating OKD, DPB, Doprava and other entities; (iv) convert RPG Industries Limited into RPG Industries Public Limited and merging that company with its wholly owned subsidiaries Charles Capital and Karbon Invest so that the successor entity, RPGI, directly owned OKD and all other entities demerged from Former OKD (see (iii) above), (v) establish the Issuer as a subsidiary of RPGI and then transfer DPB and Doprava to the Issuer; (vi) establish the Issuer's subsidiary Green Gas International B.V. (''GGI'') and enter into a transaction with shareholders of Green Gas International Limited (''GGIL'') whereby such shareholders contributed to GGI all their shares in GGIL in exchange for approximately 30% of the shares in GGI and the Issuer contributed all its shares in DPB and cash in exchange for approximately 70% of the shares in GGI, (vii) transfer GGI to RPGI and distribute its shares in New World Resources Transportation B.V. (''NWRT'') (to which Doprava had been contributed) to RPGI after which RPGI increased its stake in GGI to 75%, (viii) cause OKD to transfer OKK, its coking business, and certain real estate to NWR Coking a.s. and (ix) cause OKD to then transfer Karbonia to the Issuer. See PART XV of this document entitled ''THE RESTRUCTURING AND THE RECAPITALISATION'' for further details.

7. ESTABLISHMENT OF THE DIVISIONS

With effect from the Commencement Time, the Issuer established two divisions in the Issuer which act as separate accounting and reporting units, consisting of the Mining Division and the Real Estate Division. See PART IX-B of this document entitled ''THE RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION'' for further details.

8. RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION

The Divisional Policy Statements are a standard for the duties and responsibilities of the Board and the various other layers of management within the Group in relation to the management of the Assets of the Real Estate Division and the interaction between the Divisions that was adopted by the Board pursuant to the provisions of the Articles of Association and approved by the Issuer's sole shareholder, RPGI. See PART IX-B of this document entitled ''THE RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION'' for further details.

9. COAL MINING OPERATIONS

The Group's hard coal mining business is conducted through OKD, a wholly-owned direct subsidiary of the Issuer. OKD produces coking coal for use in steel production and high quality steam coal for use in electricity generation. The Group sells coking coal to steel production companies and foundries in either its raw form or as coke. Approximately 56% of the Group's external coal sales tonnage in 2007 was coking coal. Steam 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. Steam coal prices have tended to increase to the extent energy demand increases and supply diminishes. Steam coal margins are lower than coking coal margins.

The Group's mining operations are conducted in five active mines in the Upper Silesia Basin of the northeastern region of the Czech Republic. Each active mine has its own processing plant, which receives, processes and blends coal.

In 2007, OKD sold approximately 13.1 million tonnes of coal, of which approximately 7.8 million tonnes was sold as coking coal (of which 1.0 million tonnes was sold to OKK) and 5.3 million tonnes was sold as steam coal. In 2007, the Group's coal operations generated external revenues on an EXW basis of EUR 833 million, of which 70% was coking coal revenues.

9.1 Coal Characteristics

Coal found in the northeastern region of the Czech Republic tends to have a much higher heat value than coal found in other parts of the Czech Republic. The Group's coal is generally bituminous with high BTU, low (<1%) sulphur level and volatile matter averaging 17% to 22% at the Paskov mine (''Paskov'') and 27% to 32% at other mines. These are characteristics of coking coal, which is essential for steel production, that are found in over half of the Group's coal reserves.

Bituminous coals are classified according to vitrinite reflectance, moisture content, volatile content and are graded according to calorific value, the amount and nature of ash yield and sulphur content. Generally, the highest value bituminous coals are those which have a specific grade of volatility and ash content, especially with low carbonate and sulphur content.

Plasticity is essential for coking and steel making, where the coal must be able to mix with the iron oxides during smelting. This is measured by the Free Swelling Index test. The Swelling Index is used to select coals for coke blending.

The Swelling Index of coal is a measurement of its increase in volume when heated under prescribed conditions. The test consists of heating several 1 gram samples of pulverised coal in a silica crucible over a gas flame under prescribed conditions to form a coke button, the size and shape of which are then compared with a series of standard profiles numbered 1 to 9 in increasing order of swelling. The higher the number the better coking qualities.

The heat content of sub-bituminous coal ranges from 17 to 24 million BTU/short tonne (20 to 28 MJ/kg) on a moist, mineral- matter-free basis. Sub-bituminous coal is used almost exclusively by electric utilities and some industrial customers.

OKD's Coking Coal Quality	Mine	Swelling index	Volatile matters	Sulphur content
Hard coking coal	Paskov	8.1	18.7	0.60%
Hard coking coal	ČSM	7.1	26.3	0.60%
Semi hard coking coal	Darkov	7	27.1	0.43%
Semi soft coking coal	ČSA	3	28.5	0.45%
Steam coal	Lazy	7	28	0.74%

Source: Data relating to Swelling index and Volatile matters has been provided by J.T. Boyd Company Limited and data relating to Sulphur content has been sourced from the Issuer.

Generally the Group's coking coal has a heat value which ranges from 28 to 30 MJ/kg (19 to 26 BTU/short tonne).

For the Group's steam coal, the general characteristics are:

- Heat content 28 to 31 MJ/kg (20 to 27 BTU/short tonne) for the high quality steam coal and 15 to 25 MJ/kg (13 to 21 BTU/short tonne) for the standard quality steam coal.
- Ash content for the high quality steam coal is 5 to 10% and for the standard quality steam coal 20 to 45%.

9.2 Coal Mines

The Group's hard coal reserves are situated in 8 mining areas in the Karviná and Ostrava regions of Upper Silesian basin. The coal deposits in the Karviná region, where all OKD mines except for Paskov are located, feature seam thickness ranging from less than 1 metre to 8 metres. The coal deposits in Ostrava region, where the Paskov mine is located, have usual seam thickness from 0.5 to 1.2 metres, while the coal found there shows the highest quality parameters.

As at 31 December 2007, and until 31 March 2008 the Group had five mines: Darkov, ČSM, ČSA mine (''ČSA''), Lazy mine (''Lazy'') and Paskov. On 1 April 2008, the Group consolidated the administration of Lazy mine and ČSA mine under the name Karviná mine. The operating and statistical data in this Prospectus shows Lazy mine and ČSA mine as separate mines. The Group's five mines have 23 shafts extracting coal from the depth ranging from 600 to 1,100 metres below the surface. Darkov, ČSM, ČSA and Lazy are connected through underground tunnels and railways on the surface.

Location of OKD Mines in the Ostrava/Karviná region

Source: The Issuer

The following provides a description of the operating characteristics of the principal mines and reserves of each of the Group's mining operations as of 1 January 2008 and for the year ended 31 December 2007.

Overview of Operating Mines

	Units	Darkov	ČSA	Lazy	Paskov	ČSM	Total
Proved and probable reserves(1)	th.tonnes	51,297	68,872	25,904	27,807	55,214	229,094
Washing plant capacity	tonnes/hour	1,800	1,400	540	750	1,300	5,790
Mine Production (2007)	th.tonnes	3,940	2,805	1,870	1,110	2,730	12,455
Extraction from surface coal waste deposits	th.tonnes	222	220	0	0	0	442
Saleable production (2007)	th.tonnes	4,162	3,025	1,870	1,110	2,730	12,897
Number of shafts		5	5	3	6	4	23
Number of sites		2	1	1	1	2	7
Average number of longwalls (2007)		7	6	4	6	6	29
Lifespan	years	21	12	18	20	21	18
Number of workers							
—Employees		3,646	2,708	2,243	2,966	3,302	14,865
—Contractors(2)		1,115	866	271	453	690	3,395
Total		4,761	3,574	2,514	3,419	3,992	18,260

Source: The Issuer

(1) Proved and probable reserve data is based on the Reserve Report. See ANNEX I of this document entitled ''MINING EXPERT'S REPORT.''

(2) Estimate.

As of 1 April 2008, OKD consolidated the management of two of its mines, Mine Lazy and Mine ČSA, under a new business unit called Karviná Mine.

9.3 Brief History of Mines

ČSA Mine

The ČSA mine originally consisted of two mines, Jindřich and Františka, which were founded in 1856. Other mines that belong to ČSA today were founded as follows: Karel—1859, Jan—1860 and Hlubina—1870. In 1951, the mines were merged into one mine currently known as Jan-Karel.

Shaft Versuch was drilled in 1822 and the Eleonora mine was founded in 1854. In 1883, the mines were merged into the Doubrava mine, which was merged with ČSA in 1995.

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.

Lazy Mine

The construction works at the Lazy location began in 1890 under the name Neuschacht Lazy. Until 2006, Lazy also included the Dukla mine site, founded in 1907. In 2006, the Dukla site was transferred to Paskov and is currently being closed down.

Paskov Mine

Paskov, 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 Paskov.

ČSM Mine

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

9.4 Mine Closures

During the period from 1992 to 2003, the Group closed and liquidated 8 mines, 3 ineffective localities and 62 shafts. In 2006, the Group commenced liquidation of the Dukla Mine and 2 shafts at Doubrava. The last remaining shaft at Doubrava is expected to be liquidated in 2008. Demolitions and terrain works for the Dukla Mine and Doubrava are expected to be completed in the first quarter of 2009. All costs connected with liquidations of mines since 2004 are borne solely by the Group. In 2004, 2005 and 2006, the Group incurred costs connected with mine closures of approximately CZK 127.6 million, CZK 209.9 million and CZK 144.9 million, respectively. For the year ended 31 December 2007, the Group incurred costs connected with mine closures of approximately CZK 389.9 million.

The process for closing and liquidating mines is regulated by Czech mining law. The District Mining Authority must approve all liquidation works in shafts and underground. See PART VII of this document entitled ''MINING AND ENVIRONMENTAL REGULATORY MATTERS—Czech Environmental Matters—Reclamation of Land Damages and Compensation for Damages Caused by Mining Activities'' for further details.

In general, mine liquidation includes sealing underground and shafts, demolition of unusable surface buildings, providing social benefits for employees who were laid off, and landscape reclamation or remediation. For shaft liquidation (filling the shaft), the Group uses hardened (mixture of ash and cement) and non-hardened (waste rock) material. Hoist tower, compressors, mining fans and other buildings are demolished during mine liquidation.

9.5 Transfer of Certain Old Mines

Until 2000, OKD had concentrated all discontinued mines into a division called Odra Mine. The main purpose of this division was to supervise reclamation works at the closed mines and to administer claims and obligations towards current and former employees of the discontinued mining units. Effective 2002, OKD sold closed mines administered by Odra Mine to a state-owned company, DIAMO, s.p.

Effective 2004, OKD sold the mine Barbora to DIAMO, s.p. At this time, DIAMO, s.p. also assumed all of OKD's obligations vis-à-vis all its former employees. Simultaneously, ČMD sold its closed mines in the Kladno area to state-owned Palivový kombinát Ústí, s.p. (''PKU'') in a similar transaction.

By operation of law, OKD is the statutory guarantor of the obligations assumed by DIAMO, s.p. and PKU existing at the time of the transfer.

9.6 Coal Mining Techniques

There are two main types of coal mining methods: underground mining and open-pit mining. There are two forms of underground mining extraction procedures: longwall mining and room-and-pillar mining. Longwall mining is an established coal mining technique widely used in Europe, South Africa, the United States, and Australia, among other places, while room-and-pillar mining is used especially in the United States and Canada.

The Group engages in underground mining and currently employs the longwall mining system to extract coal from each of its five mines, generally utilizing equipment purchased from German, Polish, Austrian and Czech manufacturers. Development is by means of single entry gate-roads and access tunnels. All five mines are operated under a relatively deep cover, ranging from approximately 600 metres to 1,100 metres, and are accessed by vertical shaft openings. As of April 2008, the Group operated 23 mining shafts. Coal seams range in thickness, from 1 to 8 metres.

In longwall mining, large panels of coal are identified during the development stage of the mine and are then extracted in a single continuous operation. Longwall mining is a fully mechanised underground mining technique in which the mining face is supported by hydraulic props and/or mainly with shield supports, while the coal is excavated by a coal shearer and/or coal plough and then transported to the surface by electric conveyor belts. Road headers and/or drilling and loading machines are used to develop access to long rectangular blocks of coal which are then mined with longwall equipment, allowing controlled subsidence behind the advancing machinery. After the mining of a particular longwall panel has been completed, the longwall system is moved to a new mining area.

The key characteristics of longwall mining include high productivity, comparatively high reserve recovery rates, safety and reliability. Longwall mining is most effective for large blocks of medium to thick coal seams. High capital costs associated with longwall mining demand a large, contiguous reserve base. Ultimate seam recovery of in-place reserves using longwall mining can reach more than 70%. This is much higher than the room-and-pillar mining underground method.

Although the Group does not currently engage in the room-and-pillar method, the Group has probable reserves available within the current mining areas which could be extracted provided that there is no surface subsidence, these include Darkov Spa and Karviná Town areas. The Group has developed conceptual mine plans to extract the coal from various seams in these areas using continuous mining and partial extraction leaving support pillars which include the room-and-pillar method.

Productive shafts at OKD mines as of April 2008

Mine	Plant	Name of the shaft	Shaft entrance on the surface	Shaft bottom	Total length
			(metres above sea level)	(metres below sea level)	(metres)
Darkov	Plant 2	Output shaft Mír 4	236.8	776.0	1,012.8
		Input shaft Mír 5	235.1	676.0	911.1
		Input shaft Da 1	233.6	665.4	899.0
	Plant 3	Input shaft Suchá—Stonava I	282.5	534.4	816.9
		Output shaft Suchá—Stonava III	282.5	530.4	812.9
ČSA	Plant ČSA	Input shaft 1 (Jan)	234.0	727.9	961.9
		Input shaft 2 (ČSA 2)	234.0	724.0	958.0
		Output shaft ČSA 3	230.0	775.0	1,005.0
		Output shaft 1 (Eleonora)	278.0	510.4	788.4
		Output shaft Do III	281.5	895.0	1,176.5
Lazy	Plant Lazy	Input shaft 2	261.2	589.4	850.6
		Input shaft 5	261.7	585.4	847.1
		Output shaft 6	261.7	643.4	905.1
Paskov	Plant	Output shaft I/1	273.5	304.6	578.1
		Input shaft I/1	273.4	633.0	906.4
		Output shaft II/3	305.5	614.1	919.6
		Input shaft II/4	305.5	850.0	1,155.5
		Output shaft III/5	305.5	455.5	761.0
		Input shaft III/6	305.5	642.8	948.3
ČSM	ČSM Sever	Input shaft	272.6	831.8	1,104,4
		Output shaft	272.6	732.0	1,004.6
	ČSM Jih	Input shaft	277.9	826.0	1,103.9
		Output shaft	278.1	695.0	973.1

Source: The Issuer

All of the raw coal mined at the Group's longwall mines is washed in preparation plants to remove ballast. The processing capacity of the washing/processing plants is designed to average the variations of the coal production volumes and coal quality within the seam(s) to get a homogenous product in terms of physical and chemical parameters. Generally, the Group uses three coal processing methods:

- Rough selection—first level of sorting, where the major impurities (such as large stones, wood, debris and metal) are eliminated by a system of screens.
- Washing—second level of sorting, where the larger grains (approximately 40 mm) are separated by washing and smaller grains (0.5-40 mm) are separated in washboxes and drewboys (at all mines except at Lazy) or heavy hydrocyclones and heavy sorting tanks (at Lazy only).
- Flotation—third level or sorting, where the smallest particles (0-0.5 mm) are separated by flotation methods (at all mines except for Lazy).

Each mine has its own coal processing unit specifically designed for the quality of coal produced by mining and for the final products delivered to the customer.

9.7 Coal Reserves

The international consulting firm Boyd conducted an independent review of the coal reserves at the Group's mines. This review included site visits to the mines to collect data and review the operations. Subsequent to the site visits, Boyd reviewed the available information and conducted economic evaluations. Moreover, Boyd reviewed the methodologies and data used by the Group and used to develop the Czech reserve estimates. Based upon its review, Boyd believes that the resource estimates, on which it based its estimates of the Group's coal reserves, are consistent with prudent engineering practices. As at 1 January 2008, the Group had total proved and probable coal reserves of approximately 419 million tonnes of proved and probable reserves (including the probable reserves at Dębieńsko) and approximately 229 million tonnes of proved and probable reserves (excluding the probable reserves at Dębieńsko).

Of the approximately 229 million tonnes of proved and probable reserves (excluding the probable reserves at Dębieńsko), approximately 137.3 million tonnes are probable reserves, that the Group expects to be mined at operations that were active as of 1 January 2008. The remaining amount, approximately 91.8 million tonnes, are probable reserves for future development and, in most instances, would require new mining equipment and development work before the Group could commence coal mining.

The table below summarises the locations and coal reserves in thousands of tonnes of the Group's active mines according to the JORC Code as of 1 January 2008. The Group owns approximately one third of the land that the Group mines with the remaining land owned by the Czech government and third parties.

Coal Reserves as of 1 January 2008

	Operating Mines						
Classification of Reserves	**ČSA**	**Darkov**	**Lazy**	**Paskov**	**ČSM**	**Dębieńsko Development Project**	**Total**
	(in thousands of tonnes)						
Proved reserves	32,551	30,801	22,687	13,918	37,302	—	137,259
Probable reserves	36,321	20,496	3,217	13,889	17,912	189,858	281,693
Proved and probable reserves	68,872	51,297	25,904	27,807	55,214	189,858	418,952

Source: Mining Expert Report

The Group's reserve estimate is based on geological data assembled and analyzed by its staff of geologists and engineers. Reserve 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.

9.8 Coal Extraction and Production

In 2007 the Group sold 13.1 million tonnes of coal, substantially all of which was extracted from underground and the remainder of which was produced from surface coal waste deposits, which had been created in the past. The contribution of individual mines to the total coal production between 2005 and 2007 is depicted in the tables below.

Mine Output

	2005			2006			2007		
	Coking coal	Steam coal	Total	Coking coal	Steam coal	Total	Coking coal	Steam coal	Total
	(in thousand tonnes)								
Darkov	2,385	1,465	3,850	2,777	1,168	3,945	2,919	1,021	3,940
ČSA	948	1,722	2,670	1,261	1,649	2,910	1,016	1,789	2,805
Lazy	597	2,239	2,836	4	2,006	2,010(1)	81	1,789	1,870
Paskov	921	71	992	1,190	325	1,515(2)	1,062	48	1,110(4)
ČSM	2,286	119	2,405	2,507	118	2,625	2,596	134	2,730
Total Mine Output	**7,137**	**5,616**	**12,753**	**7,739**	**5,266**	**13,005(3)**	**7,674**	**4,781**	**12,455(5)**

Source: The Issuer

(1) The mine output figures for Lazy decreased in 2006 as a result of the transfer of the Dukla site from Lazy to Paskov on 1 February 2006.

(2) The mine output figures for Paskov increased in 2006 as a result of the addition of the Dukla site to Paskov on 1 February 2006.

(3) 13,005 thousand tonnes in the production of coking and steam coal from the mines only. Sludge ponds produced another 400 thousand tonnes of steam coal in 2006, making a total production of 13,405 thousand tonnes.

(4) The mine output figures for Paskov for the year ended 31 December 2007 decreased as compared to the year ended 31 December 2006 as a result of the closure of the Dukla site at Paskov on 1 January 2007.

(5) 12,455 thousand tonnes in the production of coking and steam coal from the mines only. Sludge ponds produced another 442 thousand tonnes of steam coal in 2007, making a total production of 12,897 thousand tonnes.

10. PROJECTS AND PROSPECTS

The Group is pursuing several projects and prospects in the Czech Republic and Poland. The projects are categorised as follows:

10.1 Frenštát Mine

Frenštát is located 30 kilometres south of Ostrava. The resource was identified and preliminary drilling was performed in the 1980s; however, after the collapse of communism, further development was halted. The Group has the right to develop this mine and is currently evaluating the economic feasibility of developing the resources, considering such factors as the quantity and quality of resources at Frenštát, the length of time required to develop such resources, its ability to obtain any relevant mining or other governmental permits and to work with any relevant local and governmental authorities. The Group believes that this mining area could potentially provide the Group with additional coal resources and has engaged a third party consultant to evaluate this opportunity.

Frenštát is not an operational mine and the development of Frenštát into an operational mine would require mining and environmental permits, approvals from and agreements with municipal authorities and significant capital expenditures.

10.2 Polish Development Projects

10.2.1 *Dębieńsko mining region, Poland*

The Dębieńsko mine is located in southern Poland, in the northwestern part of the Upper Silesia basin, near the city of Rybnik, approximately 40 kilometres from the border of the Czech Republic. The Dębieńsko mine was previously operated by various Polish companies until 2000 when Gliwicka Spółka Węglowa terminated mining due to lack of financing that would enable further development into 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. The Group commenced the preparation of the conceptual study that addressed all the important aspects of the project, including calculation of the reserves and limiting factors, underground and surface design and mining plan. On 31 August 2007, the Minister of Environment of Poland approved the Group's proposal providing for 2,800 thousand tonnes of saleable coking coal per year. Following such approval, the Group has a two-year exclusive period during which it may request to be granted the concession to mine the Dębieńsko resources. The Group, through close coordination with the relevant municipalities which would be affected by the mining activities, also completed the EIA which was submitted to the governor of the region for approval on 10 September 2007 and was accepted and approved in February 2008. The Group has also finalised all other documentation required for the submission of the license application including the mining plan, together with all supporting documentation and filed the application with the Polish Ministry of Environment on 3 March 2008. The Group has also commenced a process which is aimed at the acquisition of key surface infrastructure in the area, including land and selected buildings which could be utilised in the Group's future mining operations. The Group had the mining concept and all supporting documentation reviewed by DMT and believes that there are approximately 189.9 million tonnes of probable reserves, of which substantially all is coking coal and over 50% of which is contained in thick seams greater than 1.5m offering potential for large longwall panel dimensions and thereby offering the possibility of mining the resources at a lower cost. The Issuer has engaged Boyd to carry out a feasibility study (which is not yet complete) to determine when the expected start of production will be. While actual shaft construction could be achieved in less than four years, taking into account land acquisition, mining rights, surface site preparation, contract mobilisation and underground workings and development, the total development process will take longer. Boyd has estimated that the initial investment into the Dębieńsko project prior to full production will be in the range of EUR 0.6 billion to EUR 0.8 billion.

10.2.2 *Morcinek mining region, Poland (''Morcinek'')*

Morcinek is located in southern Poland, next to the border with the Czech Republic in the area of a former mining district Kaczyce. This mining district is situated in the southern part of Upper Silesian coal basin. The last mining activity was commenced on the Morcinek mine by Jastrzębska Spółka Weglóva (''JSW'') in 1986 and in the following 12 years only 10 million tonnes of coal was extracted. Production at this mine was terminated in 1998 and the mine was liquidated at the end of 1999.

The Morcinek project was initiated by the Group around 2002 with the initial objective of accessing coal in the southern part of this mining district using mine and surface infrastructure of the ČSM mine after drainage of abandoned mine workings of the Morcinek mine. The Group has since acquired the relevant documentation and exploration concession enabling it to prepare the conceptual study and also acquired a license to extract coalbed methane from the area.

In the first phase of the Morcinek project, the Group intends to access coal from the existing facilities. These cross-border mining activities will be regulated by the Czech-Polish treaty that has been agreed by the intergovernmental committee and is now subject to ratification and signature by the respective governments and legislators. It is expected that this will be completed in June 2008.

The second phase of the project envisions the Group sinking a new shaft within the district territory and opening an access route to the central parts of the mining district. The Group believes that cooperation on the project with JSW would be mutually beneficial for both companies and has engaged in discussion with representatives of JSW. On 16 October 2007, the Group entered into a Letter of Intent with JSW which outlines the objectives of both parties and key milestones of the project.

Neither Dębieńsko nor Morcinek, however, is an operational mine and the development of either mine into an operational mine would require mining and environmental permits, approvals from and agreements with municipal authorities and significant capital expenditures.

11. COKE PRODUCTION

The Group produces coke in five coking batteries located near its mining operations for a combined capacity of approximately 1.3 million tonnes per year. These coke production operations are conducted through OKK, a wholly-owned subsidiary of the Issuer.

Approximately 67% of the coking coal used by OKK in 2007 was produced by OKD. Coke is sold by OKD's Sales and Marketing department, together with other coal products. In addition to coke, OKK produces by-products such as washed coke gas, tar, benzene, ammonium sulphate and fluid sulphur. To produce coke, coking coal is heated to high temperatures in specialised facilities called coking batteries. These batteries produce a solid carbonaceous material that, along with iron ore, is a key input for steel production.

OKK operates two coking plants with a total of five coking batteries. In 2007, OKK produced 1.34 million tonnes of coke, of which 0.44 million tonnes was foundry coke and the remainder was blast furnace coke, heating coke and technological coke.

The Šverma facility produces blast furnace coke via two conventional top charging coke batteries each with approximately 70 ovens per battery. Each oven has a capacity of 15 tonnes of coke per load with coking time of 18 to 22 hours.

The Svoboda facility uses the stamp charging process to produce foundry coke. The facility comprises three batteries, with approximately 50 ovens per battery. Typically capacity of the ovens is 21 tonnes of coal yielding 16 tonnes of coke per load on average with coking time of approximately 32 hours.

One of the two coking batteries operated by the Šverma coking facility is expected to have its useful life end in 2011 at which time, absent a refurbishment, it will cease operations. The Board recently agreed to construct a new coking battery at the Svoboda coking facility, which is expected to cost approximately EUR 70 million. The Directors intend to maintain the Group's current coke production capacity. In addition, to maintain coke production, the Group will require additional investments to finance the refurbishment of, or technological improvements at one or more of its facilities, or the construction of another coking facility. The Group has not yet determined which of such options to pursue or the timing of pursuing any of these options. The Group has retained an engineering firm to evaluate the costs and time frame for construction of new coking facilities and refurbishing the existing facilities. Pursuing any of the foregoing options would require significant additional capital expenditures.

The following table represents the Group's coke sales for 2005, 2006 and 2007.

Coke Sales

	Units	2005	2006	2007
Production	**'000 tonnes**	1,300	1,333	1,340
Sales	**'000 tonnes**	1,145	1,310	1,262
Revenues (on EXW basis)	**CZK million**	6,177	5,340	6,236
Price	**CZK per tonne**	5,395	4,077	4,941

Source: The Issuer

12. OTHER ACTIVITIES

12.1 General

In addition to the coal mining and coke production business, the Group's Mining Division is involved in a number of other activities that support the Business, including supply of technology equipment, mining rescue services, lumber mill operation and wood processing, emissions trading and electricity trading.

12.2 Energy Related Assets

As an ancillary and supporting business to the Group's coal and coking businesses, the Group is engaged in various energy related activities consisting of (i) the procurement and distribution of electricity and natural gas, (ii) the production of heat, compressed and steam, in its own generating plants and through the distribution of heat, compressed and steam, via its own distribution network. The Group is, however, reviewing legal, technical and operational aspects of the energy assets held by its various subsidiaries with a view toward consolidating these energy assets and establishing one or more separate subsidiaries under a new business unit. As part of this internal restructuring, the Group expects to manage its energy assets as a separate business unit. This review of its energy assets and services is still underway and is not complete. The energy assets include 100% of its shares in CZECH-KARBON, s.r.o., an energy trading company, that is currently a subsidiary of OKD and which provides substantially all electricity for the Group. Whilst the Issuer is in the process of assessing the Group's energy assets, the Issuer does not expect the accounting value of its energy assets to exceed 3% of the Group's total assets.

In addition, as a part of its review of its energy assets and services, the Group is separately considering a potential sale of the energy business after its consolidation to a major European provider of energy services as an outsourcing arrangement. Any sale of the energy business is intended to occur concurrently with the Group entering into a long term energy services supply agreement with the buyer and a coal sale agreement with such buyer. After any such sale, the buyer would operate the energy assets and serve as a primary supplier of energy services to the Group. The Group has had discussions with interested buyers but has not entered into any binding agreement with respect to any sale of its energy business, nor with respect to any supply agreement for energy services, nor any coal sale agreement. There are no assurances on the terms of such sale, energy supply or coal sale agreement nor whether any such sale will occur, nor whether any energy supply or coal sale agreements will be entered into.

The Group does not expect to sell the energy assets to RPGI or any other affiliate. The proceeds of any sale would be expected to be reinvested in the business. See PART II of this document entitled ''RISK FACTORS—Risks Relating to the Group's Business and Industry''.

12.3 OKD, Bastro, a.s.

The Group is currently reviewing the reorganisation of services provided by OKD, Bastro, a.s., a subsidiary which performs maintenance for both the Group and third parties. The reorganization is expected to involve (i) a transfer of energy related assets and employees to a newly established business unit within the Group, (ii) a transfer of the intragroup maintenance related services, assets and employees to OKD, (iii) a disposal of certain surplus assets and (iv) a disposal of the external maintenance business to a third party. Currently, the assets of OKD, Bastro, a.s. amount to less than 1% of the Group's assets.

13. SALES AND MARKETING

The Group is the largest producer of hard coal in the Czech Republic in terms of tonnage, serving a large portion of total demand for hard coal in the Czech Republic. Hard coal produced in the Czech Republic is primarily consumed in Central Europe by the local mills of multinational steel companies and regional utilities.

Coal and coke products of OKD and OKK are sold via OKD's internal sales department. Deliveries to municipalities, small businesses and households are provided through the contracts with wholesalers.

The following table shows total coal and coke sales on EXW basis for the Group.

Total Coal and Coke Sales

(EUR million)	2005	2006	2007
Total coal sales	**888**	**871**	**942**
Coking coal sales	**631**	**613**	**689**
Volumes (in thousands of tonnes)(1)	6,970	7,767	7,828
Price (EUR/tonne)	91	79	88
Steam coal sales	**257**	**258**	**253**
Volumes (in thousands of tonnes)(1)	5,771	5,707	5,283
Price (EUR/tonne)	45	45	48
Coke sales	**207**	**188**	**225**
Volumes (in thousands of tonnes)	1,145	1,310	1,262
Price (EUR/tonne)	181	144	178
Total coal and coke sales	**1,096**	**1,060**	**1,167**

(1) Includes sales to OKK, a subsidiary of NWR.

Source: The Issuer

14. CUSTOMERS

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

14.1 Coking Coal Customers

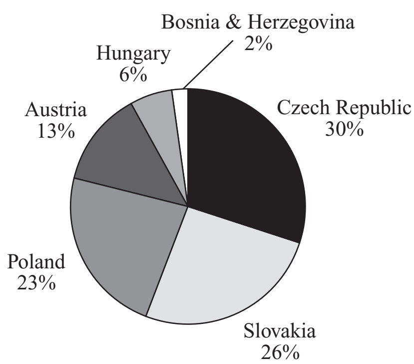
For the year ended 31 December 2007, the Group's top six coking coal customers generated approximately 84% of its third party coking coal revenues. The Group's six largest third party coking coal customers in such period were Arcelor Mittal Steel, U.S. Steel, Voestalpine Stahl, Moravia Steel, DBK and Zaklady Koksownicze Zdzieszowice. The customer base has not changed significantly over the past few years.

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 the coal which may have differing qualities. 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 Group 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 low.

Third Party Coking Coal Revenues (Year ended 31 December 2007)

By Territory



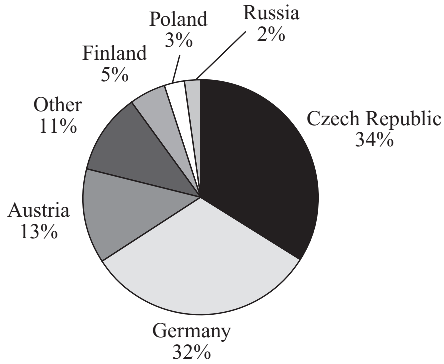
Source: The Issuer

14.2 Coke Customers

The Group's coke sales are more diversified than its coal sales, and the Group's top third party coke customers (Evonik Trading (formerly RAG Trading), Voestalpine Stahl, Moravia Steel, Arcelor Mittal Steel and ICS Trading AG) accounted for 78% of total coke revenues for the year ended 31 December 2007. There are three main groups of coke customers: blast furnaces, foundries and rock wool producers.

Coke Revenues (Year ended 31 December 2007)

By Territory



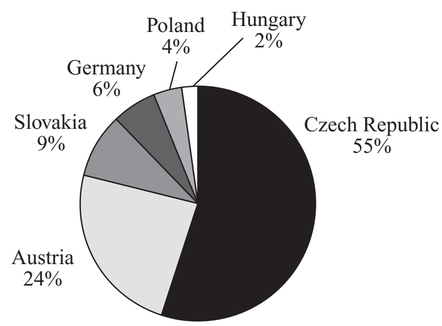
Source: The Issuer

14.3 Steam Coal Customers

The portfolio of steam coal customers is less concentrated than the portfolio of coking coal customers. For the year ended 31 December 2007, the Group's top six steam coal customers accounted for approximately 65% of total third party steam coal revenues. Exports of steam coal accounted for 45% of the total steam coal revenues during such period. The biggest customers are usually heat and power producers (e.g. ČEZ a.s., Dalkia, SWM and Verbund).

Steam Coal Revenues (Year ended 31 December 2007)

By Territory



Source: The Issuer

15. 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, Russia and Ukraine as coal supplies from these countries are proximate to Central European customers. The Group believes that coal from international companies sourced outside Central Europe, Ukraine and Russia is not a significant threat due to high transport costs.

To take advantage of this relatively isolated market, the Group markets its coal predominantly to customers in Central Europe. These include regional and local companies as well as the local facilities of multi-national 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 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. These coal consumption patterns are influenced by factors beyond the Group's control, including regional integrated steel capacity, 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 steam and coking coal in the region. Polish mining operations are broadly comparable to the Group's mines in terms of overall geology and mining technology. Poland produced approximately 96 million tonnes of coal in 2007 of which approximately 1.7 million tonnes of coking coal and 8.5 million tonnes of steam coal were exported. Polish coal producers are all government controlled companies and, based upon the limited public information, the Group believes that these companies have overall lower productivity and higher production costs than the Group.

Given its proximity to the Group's customers and the quality of its coal, Polish producers remain the closest competitor to coal produced by the Group. However, the Group believes that the recent closures of mines by the Polish government have given the Group a competitive advantage in Central Europe, allowing the Group to capitalise on increased sales opportunities to continue to improve its market position within Central Europe generally and the Czech Republic in particular as compared to Poland.

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

The Group does not view the Ukrainian coal industry as a major threat. Ukrainian coal is generally of a poorer quality than that in the Czech Republic. In addition, exports of Ukrainian coal to Central European countries may be affected due to Ukraine's inability to meet its own domestic demand for coal.

16. 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 purchase any quantity of coal at any price beyond a one-year period. These long-term framework agreements are negotiated and entered into by the Issuer's wholly-owned subsidiary, OKD. 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. A majority of all of the Group's sales volume of coal is sold under long-term framework agreements. At 31 December 2007, the Group's material long-term framework agreements had remaining terms averaging 2.5 years.

For the year 2007, a majority 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 kilometer radius. OKD's long-term framework agreements with most of its key customers (U.S. Steel, Voestalpine Stahl, Moravia Steel, Arcelor Mittal Steel and Dalkia) extend through periods ranging from 2009 to 2016. The Group expects to continue selling a significant portion of its coal under long-term framework agreements.

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 all of the Group's long-term framework agreements requires the parties to agree on a new price and quantity at specific times (typically annually). The Group sometimes experiences a reduction in coal prices in new long-term framework agreements replacing some of its expiring contracts to the extent the Group engages in such renegotiations at a time when the prevailing market conditions are not economically favourable.

Qualities and volumes of the coal are stipulated in coal supply agreements, and in some instances buyers have the option to vary annual or monthly 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. Under some of the Group's contracts, the Group has a right of substitution, allowing it to provide coal from different mines as long as the replacement coal meets quality specifications and will be sold at the same delivered cost. Failure to meet these specifications can result in economic penalties, rejection of deliveries or termination of the contracts. The force majeure provisions generally contained in 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, 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.

The Group believes the supply contracts that it enters into with customers contain provisions and are negotiated in such a way which is consistent with Central European coal industry standards. It believes its strong relations with customers enable it to efficiently utilise this system.

All payments by the Group's domestic customers and U.S. Steel are in Czech korunas, while payments from its foreign customers are usually denominated in euros. 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. Although market economics are a significant factor in the determination of the price the Group charges to its customers, the Group believes that its position as the leading Czech coal company allows it a greater ability in negotiating prices. The average EXW sales price of coal per tonne sold to third-party customers for the years ended 31 December 2005, 2006 and 2007 was EUR 66, EUR 62 and EUR 69, respectively.

17. SUPPLIERS

In connection with the mining operations of the Group, more than CZK 20.5 billion was spent in 2007 to procure goods and services in support of its business activities, excluding capital expenditures. Principal purchases include transport, material and spare parts, electricity, maintenance and repairs and services (security, laundry, rescue squad, catering, etc.). The Group uses suppliers for a significant portion of its equipment rebuilds and repairs both on- and off-site, as well as construction and reclamation activities. Furthermore, the Group contracts part of its labour force (approximately 16.3% during 2007), and they are mainly from Poland, Slovakia and the Ukraine.

In May 2007, the new position of a Chief Procurement and IT Officer was established at the senior management level to oversee and enhance the procurement function of the Group. During the summer of 2007, the Group with the assistance of an outside adviser performed an extensive analysis of the overall procurement process in place and began implementing a centralised sourcing group which will be responsible for the negotiation and the procurement of mining equipment, spare parts, capital goods, contracted labour force, maintenance, repairs and other selected services. The implementation of the new procurement plan is expected to be completed within the next 12 to 18 months. The supplier base has been stable for many years, but there has been some consolidation. Wherever appropriate or possible, the Group seeks alternative suppliers to encourage competition (both in prices and quality) and to eliminate the risk of dependence on a single supplier. Nevertheless, the Group constantly seeks to broaden its potential supply base to encourage competition and thus reduce costs. The Group seeks suppliers who 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 needs because of the geological proximities of German and Polish mining industry. 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 the Group is exposed to situations in which the number of alternative suppliers is very limited, such as with specialised equipment, which may reduce the extent to which the Group may be successful in encouraging price competition.

For the production of coke, the Group purchases part of the coking coal from other producers. There are several grades of coke and the basic grades are (in order of value per tonne) foundry coke, blast furnace coke and heating coke. Foundry coke is the most attractive product and heating coke is a valuable by-product. The individual coke grades can be further divided according to their physical and chemical characteristics, such as grain size and reactivity. These characteristics are driven by the composition of the coking charge and the method of processing. As coke demand is driven by physical and chemical characteristics, OKK must precisely balance the coking charge in the coking process. To get a quality coking charge, several grades of coking coal must be mixed together; for foundry coke, coke breeze is included in the charge. If coking coal with certain qualities is not produced by OKD mines, due to technological or geological reasons, such qualities must be purchased from other producers. For example, in 2007 the coking charges amounted to 1.56 million tonnes of coking coal, out of which approximately 33% was purchased from Poland. The ratio of own/purchased coking coal for coke production may vary depending on customers demand and availability of suitable OKD coal grades.

In addition, as it is involved in the mining industry, the Group is subject to the Public Procurement Act (as defined below). The Group is deemed to be a ''sector contracting entity'' pursuant to the Act No. 137/2006 Sb. on Public Procurement, as amended (the ''Public Procurement Act''). The Public Procurement Act affects public contracting entities, subsidised contracting entities and sector contracting entities. As a sector contracting entity, the Group is required 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. Major principles of legal regulation of public procurement 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 believes it is in compliance with the Public Procurement Act.

18. TRANSPORTATION

Currently, nearly all of the coal products that the Group sells are transported by railway, with the primary rail carriers being Doprava, a subsidiary of RPGI, the Issuer's controlling shareholder, and České dráhy, a.s., a state owned railway operator. Transportation costs are normally borne by the purchaser. In addition, the Group has transportation agreements with Metalimex on the provision of rail transport services in various countries.

The Group's coal transportation network, embodied in the form of 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 Doprava. Doprava is one of the largest railroad haulage contractors in the Czech Republic. Doprava specialises in transport and logistics, providing rail and road transportation, handling and forwarding services for both the Group and third parties. Doprava also provides transportation logistics services (such as forwarding, vehicle hire and maintenance), operates natural gas filling stations, and maintains railways. See PART XIV of this document entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Agreements with Indirect Shareholders and Certain of Their Affiliates—Agreements on Transport'' for further details.

Doprava utilises its own fleet of approximately 100 locomotives and 2,400 railcars for transporting coal, coke 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 Doprava's own locomotive depots and railcars service garages. Doprava also operates its own 350 kilometer-long railway network in the northeastern region of the Czech Republic.

Doprava was a former subsidiary of the Issuer before its distribution to the Issuer's parent company, RPGI, in June 2007. On 1 July, 2007, the Group entered into a framework agreement with Doprava for its transportation services in Poland and Belarus. Doprava 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 Doprava which can be terminated on 18 months' notice by either party. See PART II of this document entitled ''RISK FACTORS—Risks Related to the Group's Business and Industry—Disruption in transport 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'' for further details.

19. GAS

Methane extracted from the Group's mines during the exploration and production of coal is sold to DPB under a long-term framework agreement relating to each mine. The term of the original long-term framework agreement was scheduled to expire in 2015. The Group has amended the long-term framework agreement to extend the effectiveness of the agreement for the life of the relevant mines and to grant DPB an exclusive right to purchase methane from the Group under the same price formula.

DPB is also the Group's supplier of nitrogen used in mines and certain specialised services related to safety at mines.

20. EMPLOYEES AND CONTRACTORS

For the year ended 31 December 2007, the Group employed an average of 18,360 employees (all allocated to the Mining Division) and 3,576 workers employed by contractors. During the fiscal year 2007, the average monthly wage of the Group's employees was EUR 1,069; the average monthly wage of OKD's employees was EUR 1,095; and the average wage of the other subsidiaries of the Group was EUR 893. The Group's mining engineers, both at 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 years indicated:

	For the year ended 31 December					
	2007	% of total	2006	% of total	2005	% of total
Own Employees	18,360	83.7%	19,952	83.8%	20,975	86.8%
Contractors	3,576	16.3%	3,871	16.2%	3,186	13.2%
Total	21,936		23,823		24,161	

Source: The Issuer

To increase flexibility in production, to reduce administration costs and to cover the lack of qualified underground workforce, the Group outsources certain mining and preparatory works to contractors, which are specialised companies that provide mining services with their own employees (mostly from Poland, Slovakia and the Ukraine). At the end of 2007, the vast majority of contracted workers hired by the contractors were part of the underground mining workforce. The Group hires and pays these labour 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 meeting 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 with employees is governed by Czech law and collective bargaining agreements. For OKD, there is a 3 year collective agreement expiring 31 December 2008. However, the obligations of the collective bargaining agreements remain in effect until the earlier of the execution of a new collective bargaining agreement or 31 December 2009. Wages are negotiated annually. The social and financial benefits include contribution to pension insurance, an extra week of holiday for all employees above the minimum required under the labour laws in the Czech Republic, rehabilitative causes for underground employees, alimentation contributions, extra bonuses for long-term employees, preventive medical checks, etc. Other companies in the Former OKD Group (with the exception of Czech-Karbon s.r.o.) have collective agreements similar to OKD.

The Group considers relations with its employees to be good as it has not experienced any work stoppages due to labour unrest or negotiations since 1990. As of 31 December 2007, 79% of the employees of the Issuer and its operating subsidiaries were members of trade unions. Relations with organised labour are important to the Group's success.

As a result of annual negotiations with labour unions, the Issuer expects the average employee wage rate for 2008 to increase by approximately 7% as compared to the same period in 2007.

21. INSURANCE

The Group currently carries insurance against natural disasters, fire and consequent business interruption, theft and vandalism, and 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, the Group carries directors and officers insurance which provides coverage to former, current or future directors or officers of the Group for damages suffered in their capacities as directors or officers of up to CZK 1.5 billion for any one claim and in an annual aggregate.

OKK maintains liability insurance to the extent required by Act No. 59/2006 Sb. on prevention of major accidents caused by dangerous chemicals, as amended.

The Group currently does not carry insurance against damage to its underground structures and equipment. Moreover, the Group carries limited third party liability insurance. See PART II of this document entitled ''RISK FACTORS—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 effect the Group's business, results of operations and financial condition'' for further details.

22. INTELLECTUAL PROPERTY

The Issuer has registered its trademark ''NWR NEW WORLD RESOURCES'' in the Netherlands, Belgium and Luxembourg and has applied for its registration in the EU and with the International Register of Marks maintained by the International Bureau of the WIPO under the Madrid Agreement and Protocol. Its trademark has been recently registered in the U.S.A., while other countries are reviewing the application. New World Resources Transportation B.V. the parent company for Doprava shares the ''New World Resources'' name, but intends to change its name following Admission.

OKD (and its subsidiaries) own no trademarks in Europe. Whilst the Group owns several European patents, it is not dependent on any of these patents for the operations of its business.

23. INFORMATION SYSTEMS

The Group uses the SAP R/3 information system for accounting purposes. The Group maintains reserve information in secure computerised databases, and selected information is filed in hard copy as well. The ability to update and/or modify the reserve base is restricted to a limited number of qualified individuals and the modifications are documented.

In addition to the general support, the Group's information systems and technology department develops customised information or accounting systems and customises SAP for the Group's use, including:

- MIS—internal management information system developed by the Group;
- ASEP—employees records and registry—including, among others, access control, tracking/counting employees underground (according to legislation), personal protective equipment registry;
- Customised Information systems for coal production business units—including, among others, mining engineering (mining calculations, longwall records, etc.), operational control of mining (production monitoring, reserves monitoring, stoppages and breakdowns, etc.), quality and distribution management, business plan, statistics and security;
- Employee accounting registry—including, among others, wage calculation, social security, tax calculation, data transfers to other public institutions (health insurance companies, social security offices, etc.); the system communicates with SAP, MIS and ASEP;
- SMIS—information system for real estate management, which includes, among others, a real estate database, tenant registry and invoicing;
- GIS OKD—graphic information system developed for the Group, which contains, among others, land ownership registry (in connection with cadastral registry), media distribution networks and air photos; and
- Electricity trading system—supply diagrams, invoicing, SAP compatible.

24. PROPERTIES

The Group's production facilities are located in the Ostrava-Karviná area and the Paskov mine is located between Ostrava and Frýdek-Místek. The Group owns approximately 48.9 square kilometres of land, of which approximately 43.4 square kilometres are owned by OKD, with the remainder owned by other direct or indirect subsidiaries of the Issuer. This real estate is part of the Real Estate Division. As part of the Mining 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.

The Group has a considerable number of buildings, structures, undeveloped constructions and other real properties located on such land plots. The majority of these properties are owned by the Group. Some administrative buildings (e.g. OKD's headquarters and other real estate or land) are leased from one of RPGI's real estate holding subsidiaries. In certain exceptional cases, certain real estate (including administrative buildings) is leased from third party landlords.

The key assets allocated to the Real Estate Division which are owned by OKD consist of five coal processing and washing plants, approximately 40 transformation/switch stations and other production assets. The total office area of the 22 administrative buildings is more than 33,000 square metres.

The key assets owned by OKK are two coking facilities (five coking batteries in total), coke processing plants and chemical units and its administration building.

Certain of the Assets of the Real Estate Division described above are held in Rekultivace (part of the Real Estate Division), which holds a landfill and non-biological waste site in the town of Ostrava, an administrative building in the town of Havířov, three operational locations, an electrical ash dump and ten other non-operational locations, all situated between Ostrava, Havířov and Karviná towns in addition to operating the Group's land reclamation business. See PART V of this document entitled ''INFORMATION ON THE GROUP—Overview,'' ''—Other Activities,'' and PART XV of this document entitled ''THE RESTRUCTURING AND THE RECAPITALISATION—The Restructuring'' for further details.

The Group intends to transfer the Assets of the Real Estate Division to the holder of the B Shares. Under the Divisional Policy Statements, the Mining Division has the right to maintain the undisturbed continuation of its mining, coking and related operations conducted on certain of the Assets of the Real Estate Division and is entitled to unrestricted access to such Assets of the Real Estate Division for use those mining operations. See PART IX-B of this document entitled ''THE RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION'' for further details.

PART VI

MARKET AND INDUSTRY OVERVIEW

1. GENERAL

Coal is one of the most abundant fossil fuels worldwide and a major contributor to global energy supply in terms of global consumption. It is a widely distributed natural resource that is mined commercially in over 50 countries and coal reserves are available in over 70 countries worldwide. According to WCI estimates, world hard coal production in 2006 was approximately 5.37 billion tonnes. According to the WCI, the world currently relies on coal to generate approximately 40% of its electricity supply and for approximately 66% of its steel production.

Coal is used to fuel the generation of electric power and to produce coke for the steel making process. Coal also fuels and heats various industrial facilities including district heating systems, paper mills, chemical plants and other manufacturing and processing plants. The majority of coal produced is consumed regionally due to high transportation costs relative to coal prices. According to the WCI, approximately 18% of total coal consumed is traded internationally, primarily by sea. The two major markets are the Atlantic region and the Pacific region, and there can be significant pricing differences between the two due to the cost of ocean freight and other transportation related costs.

Global markets are fragmented by geographical location, with coal prices varying significantly between the different regions of the world. In regions where coal resources are scarce, coal-fired power plants and other coal users depend on the transport infrastructure to obtain coal supplies from other regions.

Most Western European countries and several Asian countries (primarily Japan and South Korea) have a high demand for coal but have limited domestic coal resources, while other countries such as Australia, South Africa and Indonesia have abundant coal resources but relatively limited domestic demand. As a result of a number of factors, including economic growth, in recent years there has been higher global consumption of coal, and a substitution of imported coal for domestic coal in Europe. This substitution reduces exposure to the high costs associated with transporting coal over long distances.

2. COAL CLASSIFICATIONS AND USES

Coal can be classified into three categories based on its basic qualities and uses: lignite, sub-bituminous and bituminous which are in turn divided into two sub-categories: coking coal and steam coal. Coking coal (also known as metallurgical coal) and steam coal (also known as thermal coal) are both hard coals, while lignite (or brown coal) is known as soft coal due to its lower density.

2.1 Coking Coal

2.1.1 *General*

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 nearly 80% of global steel production directly dependent on coal, demand for coking coal and coke is closely linked to demand for steel.

In the blast furnace of an integrated steel mill, the coke (i) generates the heat required to convert iron ore into molten iron; (ii) reduces the iron oxides to the free metal; and (iii) creates a permeable bed to allow the molten iron to drip down and gases produced in the process to rise up. Generally, 1.5 tonnes of coking coal produce approximately one tonne of coke, which in turn is needed to produce approximately two tonnes of steel.

Blast furnaces are designed to use specific grades of coke, and as a result, coke ovens are designed for coking coal of specific qualities, which include high carbon content, low expansion pressure, low sulphur content, and various other chemical attributes. Coking coal is also high in heat content, and therefore can alternatively be used by utilities as fuel for electricity generation. Consequently, coal producers can market their coking coal to the customer that provides maximum revenue.

Coking coal rarely has all the required characteristics (such as moisture, volatility, ash and sulphur content) in its raw form, and must undergo a number of processes before it can be sold. After the coal is mined, it is crushed and screened to sort it by size of particle and remove large impurities. Additional preparation or washing is required to enhance quality, and in particular to decrease ash content.

2.1.2 *Grades of Coking Coal*

The categorisation of coking coal is complex but for commercial reasons can be split into three distinct grades when considering the international market.

The Grades are:

- Hard Coking Coal
- Semi Hard Coking Coal
- Semi Soft Coking Coal

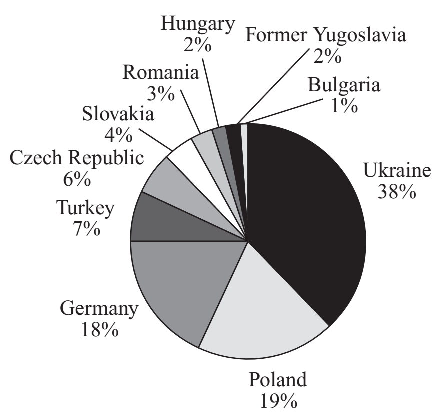
This categorisation is derived from classifications for the Japanese steel customers, who as the world's largest importers of coking coal have a strong influence on the coking coal market. 'Hard' is a term that implies the degree to which a coal forms coke with strong physical properties, and as such hard coking coal is a coal which has strong coking properties, while semi soft coking coal has weak coking properties. Semi hard coking coal is coal that is either a weaker coking coal than the prime hard coking coal or has a particular quality that results in lower quality blast furnace coke that is produced from it. Certain coking coal qualities can be classified as hard or semi hard dependent on the state of the market and the particular customer needs.

It is difficult to fit the coal produced in the Czech Republic within this categorisation since these coals have historically been classified based on the FSU System of categorisation that is not directly comparable to this international standard. Based upon analysis of the coal qualities of OKD as supplied by the Group, the McCloskey Group considers that OKD produces hard and semi hard coking coal, although the Group's hard coking coal would have to be slightly discounted against the premium grades of hard coking coal in the international seaborne coal markets. However, the regional end users of coking coal have facilities designed to be reliant on the coal produced by OKD, and utilise OKD's coal as hard and semi hard coal to produce coke that meets their customer requirements.

2.1.3 *Central European Coking Coal Market*

McCloskey Group estimates that the demand for coking coal in Central Europe was approximately 24.2 million tonnes in 2007, with approximately 79.6 million tonnes in the broader region. The regional breakdown of demand in 2007 was as follows:

Regional Coking Coal Demand 2007



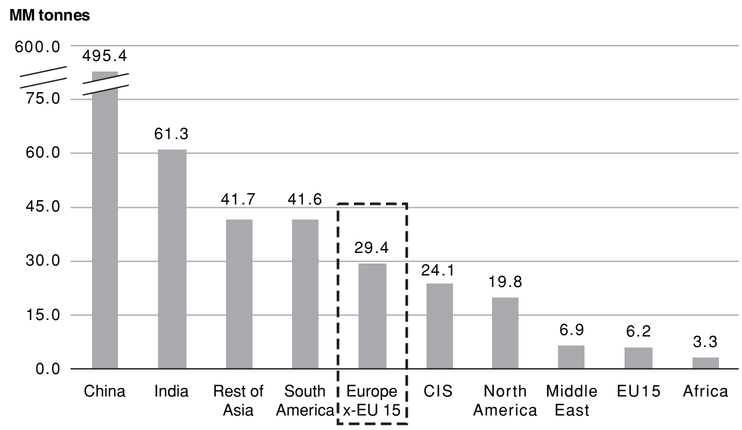
Source McCloskey Group

Production of coking coal by the two main suppliers to the region, namely Poland and the Czech Republic, was 21.5 million tonnes in 2006. McCloskey expects continuing strong demand for coking coal in the region to support both the production of increased tonnages of steel and a decline in production in Poland due to its coal industry being restructured.

The health of the coking coal market will always be closely aligned to that of the steel industry. Increased demand combined with rationalisation into major groupings, such as Arcelor Mittal, eliminates excess capacity, and brings a degree of discipline to the steel market. Steel prices are currently high, which has enabled the steel industry to enjoy a prolonged period of profitability. Whilst the steel industry has traditionally experienced great cyclicality, McCloskey does not expect the industry to experience the severe dips in price which were a feature of the past.

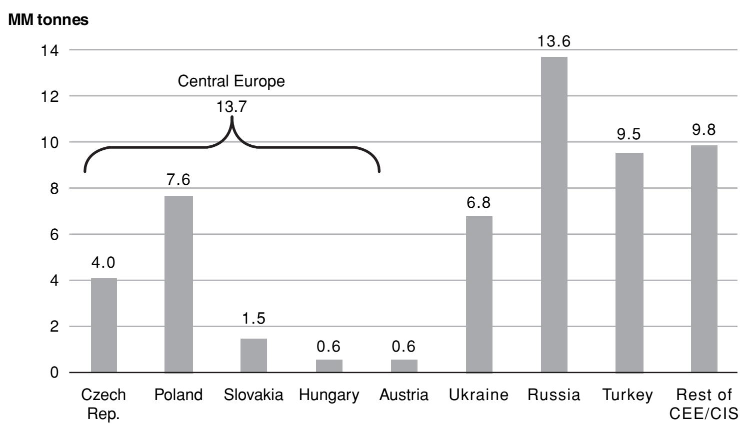
Steel production is expected to increase in parallel with the rapid industrialisation of developing countries, remaining fundamental to their development. By 2017, global steel output is expected to reach 1.92 billion tonnes, representing an increase of 731 million tonnes (over 60%). In Europe, steel making capacity is moving to Central Europe, where steel production is expected to grow by 14.3 million tonnes (52%) by 2017. The McCloskey Group has forecast a deficit in the seaborne hard coking coal market to 2011. The majority of the increase in global demand is expected to come from China, India and Brazil.

Global Steel Production Increase (2006-2017)



Source McCloskey Group

CEE/CIS Steel Production Increase (2006-2017)



Source McCloskey Group

2.2 Steam Coal

2.2.1 *General*

Both steam 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 steam 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 steam coal typically enjoys a premium in the marketplace compared to lignite.

Domestic steam consumers are the predominant coal buyers, accounting for more than 80% of global coal consumption. Steam coal is primarily used to produce electricity and heat. Steam coal is first milled to a fine powder, which increases the surface area and allows it to burn more quickly. Powdered coal is then burnt at high temperature in a boiler to convert water into steam, which is then used in electricity generation.

The international trade in steam coal grew steadily from the late 1970s through to 2003. Coal export capacity stayed well ahead of demand, resulting in historical prices falling steadily in both real and nominal terms after peaking in 1981.

The period from 2003 to 2007 has seen a major change in the global steam coal environment. The growth of economies across the world, in particular China, India and South America, combined with the continuing strength of the US economy during that period, put demand pressure on virtually all commodities. Political instability, particularly in the Middle East, has focused attention on crude oil supplies. Consequently, crude oil prices have increased significantly, adding pressure on other energy source prices.

Similar to other commodities, steam coal saw a dramatic tightening of the supply/demand balance in this period. This followed decades of restrained investment in new coal mines in the traditional coal export countries such as Australia, South Africa and South America. The period from 1991 to 2000 saw the annual trade in steam coal increasing by approximately 20 million tonnes per annum, whereas the period 2000 to 2005 saw it rise by approximately 50 million tonnes per annum. Until 2003, this growth had been supported by continually increasing exports from China and Indonesia. Indonesia has continued to expand exports and is now the word's largest exporter of steam coal. On the contrary, China, because of internal demand growth, stabilised its exports in 2003, thereby dramatically tightening the supply/demand balance. This forced buyers to look to Australia, Russia, South Africa and South America for increased supplies. Infrastructure constraints, particularly in Australia and South Africa, have limited their ability to meet increased demand.

2.2.2 *Coal Characteristics*

In general, coal is characterised by end use as either steam coal or coking coal. Calorific value and sulphur content are the most important variables in the profitable marketing and transportation of steam coal, while ash, sulphur and various coking characteristics are important variables in the profitable marketing and transportation of coking coal.

(a) *Calorific Value*

The calorific value of coal is commonly measured in kcal/kg or BTU/lb. A BTU is the amount of heat needed to raise the temperature of one pound of water by one degree Fahrenheit. Coal found in the Group's mines tends to have a higher average heat value than coal found in other parts of the world. Coal with a higher heat content generally commands a higher price than coal with lower heat content.

Bituminous coal is a ''hard'' coal that has a heat value that ranges from 21 to 30 mil. BTU/short tonne. Bituminous coal is used for utility and industrial steam purposes, and includes coking coal.

Sub-bituminous coal is a soft coal with a heat value ranging from 17 to 24 mil. BTU/short tonne and is used almost exclusively by electric utilities and some industrial consumers.

(b) *Sulphur Content*

Sulphur content can vary from seam to seam and sometimes within each seam. Coal with a higher sulphur content generally commands a lower price than coal with a low sulphur content. When coal is burned, it produces sulphur dioxide, the amount of which varies depending on the chemical composition and the concentration of sulphur in the coal. Low sulphur coal is coal that contains a sulphur concentration of one percent or less. Sub-bituminous coal has a lower sulphur content than bituminous coal.

2.3 Coke

The sales of foundry coke make up an important part of the NWR sales portfolio. This is a market that has been targeted by cheap Chinese exports of foundry coal and the EU currently has launched an anti dumping complaint against the Chinese coke exporters. McCloskey, however, sees the threat of

Chinese exports on the pricing of both blast furnace and foundry coke diminishing in at least the short term as domestic Chinese demand reduces the incentive to export coke. Currently the export price of 12.5% Ash blast furnace coke is approaching $500 per tonne FOB which, when imported into Europe, results in prices to the regional end user in excess of $600 per tonne because of the expensive freight market.

There are two principal types of coke products: foundry coke and blast furnace coke.

(a) *Foundry Coke*

Foundry coke is a large +80mm sized product with high hardness values, and is used by the iron founding industry in cupolas that are used to melt pig iron that is then used to make iron castings. A cupola is a shaft furnace, which requires a quality of coke that can withstand longer coking times in the coke oven, thereby increasing production costs. As a consequence foundry coke commands a premium in the market. This grade of coke is also required for the production of slag wool, for which there is an expanding market across the whole of Europe.

(b) *Blast Furnace Coke*

Blast furnace coke is used in the blast furnace where it is both a source of heat and a chemical reducing agent. This is in contrast to a cupola, where the purpose of the coke is purely to provide the energy to melt pig iron. The requirements differ in that blast furnaces demand a smaller coke with slightly lower hardness. Coking times for blast furnace coke are shorter than for foundry coke.

(c) *Other Cokes*

Other coke grades tend to be smaller sizes produced as a by-product of the screening processes necessary to produce foundry and blast furnace coke.

3. COAL PRICING

Coal is sold under term contracts or on the spot market with the coking and steam coal markets operating relatively independently of each other.

China's recent economic and infrastructure growth has fuelled increased demand for all raw materials, especially steel and energy commodities. Because of increased domestic demand, China has reduced exports of both steam and coking coal. According to the International Iron and Steel Institute, Chinese steel consumption has increased 213% from 122.9 million tonnes in 1998 to 384.3 million tonnes in 2006. According to research conducted for the Issuer by the McCloskey Group, China consumed 515 million tonnes of coal in 2007. China's contribution to the world coking coal export market has been reduced by restrictions on its coking coal exports, announced in late 2003, to satisfy domestic demand. This in turn has supported an increase in prices. Furthermore increased steel and energy demand across the world as well as rising oil prices have contributed to an increase in international coal prices, particularly steam coal prices.

Coal is a non-homogenous product with significant quality differentiation, particularly for coking coal, but also for steam coal. In terms of pricing differentials, coking coal is priced according to certain coking characteristics, including ash, sulphur and volatile matter content as well as other characteristics including dilation swelling index and maximum reflectance of vitrinite in oil. Steam coal is priced primarily on its heat and sulphur content. Before price considerations are taken into account, coal quality is the major criteria used by customers. For coking coal, the acceptability and value for use in integrated steelworks depend on a host of coking and physical characteristics. Steam coal is judged by the quality of its calorific content and its energy content (other characteristics include ash, sulphur and nitrogen content, as well as hardness and moisture level, among others). Because of higher carbon concentrations, coking coal prices are typically higher than steam coal prices.

As coal companies produce raw coal with varying quality and characteristics, and have the ability to prepare coal concentrate at their own or third-party preparation plants, supply contracts usually fix a coal price depending on compliance with the main quality requirements.

With approximately 70% of its energy generated from coal, China's consumption and production profile is expected to have a significant impact on the supply/demand balance going forward. Even if China's dependence on coal were to reduce over time, continuous increasing demand for electricity is expected to result in rising absolute levels of coal demand and ultimately impact coal prices. Central European regional coal prices are influenced by global coal price trends, although the regional prices are driven by agreements between regional producers and customers. Prices with major customers are normally agreed on the basis of long-term framework agreements with annual price adjustments.

4. GLOBAL COAL MARKET

The global coal supply and demand balance is strongly influenced by interdependent global economic and industrial demand cycles, as well as supply chain related constraints such as shipping capacity, availability, terrestrial transportation congestion, and production disruptions.

Global steam coal demand is influenced predominantly by economic growth prospects and region-specific coal generation profile trends. Desired regional coal generation profiles can be influenced by emissions related constraints, such as those imposed under the Kyoto Protocol, or fuel availability concerns.

Due to its primary use in steel production, demand for coking coal is in line with demand for steel products. According to the McCloskey Group, the total global coking coal supply was estimated to be approximately 768 million tonnes in 2007. China's consumption was estimated to be the largest with a total consumption of 515 million tonnes, representing approximately 67% of global supply. The total global seabourne trade in coking coal in 2007 was estimated by the McCloskey Group to be 196 million tonnes representing approximately 26% of total global coking coal supply.

The major consumer countries of coking coal in 2007 were:

Countries	Coking Coal Consumpton in million tonnes
China	515.0
Japan	69.0
Russia	50.0
India	33.0
Ukraine	30.0
USA	25.0

Source McCloskey Group

On the supply side, Australia is expected to remain the world's largest coking coal exporter in the foreseeable future, with Australian coking coal producers having significant production growth plans. Moreover, US and Canadian mines sustain higher costs in the production of coking coal when compared to Australian producers. Excluding the US, Canada and Australia, the major exporters of coking coal in 2007 were China, the Czech Republic, Poland and Russia.

5. CZECH AND CENTRAL EUROPEAN COAL MARKETS

The market for coal in the Czech Republic and Central European region is somewhat isolated from the global coal market. Due to its landlocked nature, the Czech Republic, and neighbouring Central European countries represent a largely localised market for coal. The McCloskey Group reported that the higher delivered prices of such coals into countries the region will result in higher prices for Czech coal sales. Infrastructure constraints and shipping costs preclude most global traded coal producers (including Australia and others) from reaching this market on a competitive basis. The only significant regional coal producer capable of transporting coal into the Czech market on a competitive basis is Poland, which also has significant domestic coal demand. As a result, historically there have been limited imports of coal into the Czech Republic with the majority of imports originating in Poland as demonstrated by the following table.

Czech Republic Coking and Steam Coal Imports by Origin (in thousands of tonnes)

	2000	2001	2002	2003	2004	2005[(1)]	2006	2007[(1)]
Steam Coal Imports								
Poland	869	629	742	781	1,030	723	929	650
Russia	6	3	39	62	100	32	50	0
Ukraine	2	3	4	2	10	3	2	0
Subtotal	**877**	**635**	**785**	**845**	**1,140**	**758**	**981**	**650**
Coking Coal Imports								
Poland	217	568	450	422	473	492	973	1,100
Russia	—	—	—	—	4	3	—	—
Ukraine	—	—	—	—	—	—	—	—
Subtotal	**217**	**568**	**450**	**422**	**477**	**495**	**973**	**1,100**
Total Hard Coal Imports								
Poland	1,086	1,197	1,192	1,203	1,503	1,215	1,902	1,750
Russia	6	3	39	62	104	35	50	0
Ukraine	2	3	4	2	10	3	2	0
Total	**1,094**	**1,203**	**1,235**	**1,267**	**1,617**	**1,253**	**1,954**	**1,750**

Source: McCloskey Group

(1) Figures for 2005 and 2007 are estimated.

Hard coal produced in the Czech Republic is primarily consumed in Central Europe by the local mills of multinational steel companies and regional utilities. Domestic demand accounts for roughly two thirds of total Czech production. Czech Republic is a net exporter of coal, and the following table shows the coal export destinations from Czech Republic.

Czech Republic Coking and Steam Coal Exports by Destination (in thousands of tonnes)

	2000	2001	2002	2003	2004	2005[1]	2006
Steam Coal Exports							
Austria	331	443	502	576	1,086	981	838
Germany	1,033	909	896	711	587	526	551
Hungary	43	74	51	21	0	21	67
Poland	102	31	75	101	51	45	174
Slovak Republic	931	1,098	779	550	574	468	464
Subtotal	**2,440**	**2,555**	**2,303**	**1,959**	**2,298**	**2,041**	**2,094**
Coking Coal Exports							
Austria	1,244	1,230	1,233	1,233	1,084	994	910
Germany	0	2	1	0	0	1	0
Hungary	744	620	478	431	304	230	450
Poland	538	321	306	399	572	592	1570
Slovak Republic	901	968	1,371	1,647	1,311	1,287	1500
Subtotal	**3,427**	**3,141**	**3,389**	**3,710**	**3,271**	**3,104**	**4,430**
Total Hard Coal Exports							
Austria	1,575	1,673	1,735	1,809	2,170	1,975	1748
Germany	1,033	911	897	711	587	527	551
Hungary	787	694	529	452	304	251	517
Poland	640	352	381	500	623	637	1744
Slovak Republic	1,832	2,066	2,150	2,197	1,885	1,755	1964
Total	**5,867**	**5,696**	**5,692**	**5,669**	**5,569**	**5,145**	**6,524**

Source McCloskey Group

(1) Figures for 2005 are estimated.

The McCloskey Group estimates that the current use of coking coal in Central Europe is approximately 24.2 million tonnes, with approximately 79.6 million tonnes in the broader region. Demand for coking coal is likely to increase to support the anticipated reduction in coal production in Poland and growth in steel production. Regional coal supply is also considered critical by governments who are reluctant to be entirely dependent on Russia for energy. The regional breakdown of coking coal demand in 2007 was as follows:

Countries	Million tonnes
Czech Republic	4.6
Poland	14.8
Hungary	1.5
Slovakia	3.3
Total Central Europe	24.2
Rest of region	
Bulgaria	1.0
Romania	2.6
Turkey	5.9
Former Yugoslavia	1.8
Ukraine	29.9
Germany	14.2
Broader Region	79.6

Source: IEA / McCloskey Group

6. CENTRAL EUROPEAN COAL MARKET CONDITIONS

Central European GDP growth is approximately three times higher than that of the 15 countries of the EU before its expansion on 1 May 2004 (''EU-15'') indicating continuous strong demand for coal. For example, in the Czech Republic, electricity generation based on coal currently accounts for approximately two-thirds of domestic electricity generation. Expected growth numbers for some countries in Central Europe are shown in the table below.

Real GDP growth in selected countries

y/y in %	2005	2006
Austria	2.0	3.3
Czech Republic	6.4	6.4
Hungary	4.1	3.9
Poland	3.6	6.2
Slovakia	6.6	8.5

Source: Eurostat

As a result of the strong regional economic growth and higher incomes, demand and production for cars and white goods in the region have significantly increased. In addition, an attractive business environment with relatively low wages and a well educated work force has attracted many manufacturers to the region.

Increasing Production and Demand for Cars and White Goods

Eastern European Production (000's)	2003	2006	2011 E	2006-2011 E CAGR
Passenger Cars	2,573	3,933	7,069	12.4%
Other Vehicles	441	699	1,217	11.7%
Total Cars & Vehicles	**3,014**	**4,632**	**8,286**	**12.3%**
Eastern European Demand (000's Units)				
Large Kitchen Appliances	18,510	24,271	33,766	6.8%
Refrigeration Appliances	5,098	6,620	8,981	6.3%
Dishwashers, Cooking and Laundry Appliances	13,139	17,253	24,075	6.9%
Total White Goods	**36,747**	**48,144**	**66,822**	**6.8%**

Source: JD Power Automotive Forecasting, Fourth Quarter 2007, Euromonitor International from SMMT/national statistics

7. INTERNATIONAL RESERVE REPORTING METHODOLOGIES

Several codes exist for reporting reserves in the international mining industry. The technical differences between these codes are minor, and results are generally comparable regardless of methodology employed in assessing a particular deposit. The principal reporting codes currently being utilised are:

- Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves;
- Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) 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 (the ''JORC Code'');
- Institute of Materials, Minerals and Mining Reporting Code;
- South African Institute of Mining and Metallurgy Reporting Code (SAMREC); and
- Society of Mining, Metallurgy and Exploration (SME) Guidelines (USA).

Each of the codes recognises the difference between mineral resources and reserves. Conversion from a mineral resource to a reserve requires the application of ''modifying factors.'' These modifying factors include mining, economic, marketing, legal, environment, social and governmental factors. A ''resource'' is geologically defined and becomes a reserve when the modifying factors, especially technical and economic, are taken into account. Each of the codes includes strict guidelines for data quality and reporting for different mining conditions. In 1994, the Committee for Mineral Reserves International Reporting Standards (CRIRSCO) was established to standardise the regional codes by issuing a standard template.

The Group currently uses the FSU System to report resources, but intends to reclassify its resources in accordance with JORC criteria. However, this is a lengthy process and the Group will continue to report reserves in JORC and resources in FSU until the reclassification is completed.

7.1 JORC Code

Under the JORC Code, coal resources are sub-divided, in order of decreasing geological confidence into measured (highest level), indicated and inferred (lowest level) categories. A measured coal resource is that part of the total coal resource for which quantity and quality can be estimated with a high level of confidence, based upon information gathered from points of observation that may be supported by interpretative data. An indicated coal resource is that part of the total coal resource for which quantity and quality can be estimated with reasonable levels of confidence based upon information gathered from points of observation that may be supported by interpretative data. An inferred coal resource is that part of a total coal resource for which quantity and quality can only be estimated with low levels of confidence. The quantity and quality are inferred using points of observation that may be supported by interpretative data.

Coal reserves are the economically mineable parts of a measured or indicated resource. Coal reserve estimates include diluting materials and are adjusted for losses that may occur when the coal is mined. Appropriate assessments, which may include feasibility studies, have been carried out on the deposit, and include proper consideration of all relevant modifying factors such as: mining methods, economic, marketing, legal, environmental, social and governmental factors.

A proved coal reserve is the economically mineable part of a measured coal resource for which the modifying factors have been satisfied.

A probable coal reserve is the economically mineable part of an indicated and, in some circumstances, a measured coal resource.

The resource estimates for the Group's proposed mining projects in Poland were prepared in accordance with the FSU System.

7.2 FSU System

The Czech Republic uses a close variant of the FSU System developed in the former Soviet Union. Deposits under the FSU System are classified into one of four classes based on the complexity of their geological structure. This classification may take into account quantitative results measuring the inconsistencies in the basic features of mineralization. The initial classification is intended to identify those resources warranting further study. Depending on the extent of further exploration, coal resources are subsequently divided into ''explored'' and ''evaluated'' deposits. Explored deposits have been sufficiently explored to proceed with a feasibility study relating to commercial development, and evaluated deposits have been explored to the extent necessary to determine whether continued exploration is warranted. Resources that do not meet the standards for explored or evaluated deposits are classified as prognosticated resources.

The primary difference between the FSU System and international methodologies is that the FSU System relies on ''geometrical'' methods to determine reserves, as compared to international methodologies, which utilise sampling and extrapolation techniques. While a direct comparison between international and the FSU System is difficult because each is founded on different principles, it is often the case that Category A and Category B FSU System reserves (as set forth below) correlate to proved reserves and C1 FSU System reserves (as set forth below) partially relate to probable reserves. However, these relationships may vary among deposits and at different times for the same deposits.

Category A. These resources include only explored deposits and must satisfy the following criteria:

- the sizes, forms and bedding conditions of the mineral body have been determined; the nature and regularities in their morphology and internal fabric have been studied; the barren and off-grade segments within the mineral bodies have been detected and mapped; and the locations and fault amplitudes of dislocations with a break have been identified;
- the natural varieties of the minerals within the body have been determined; its categories and grades have been identified and mapped; its compositions and properties have been verified; and the quality of all categories and grades of the identified minerals have been characterised in terms of all parameters stipulated by industrial regulations;
- The distribution and forms of those valuable and noxious components found in the mineral body and products of its processing have been investigated; and
- The mineral reserves have been mapped based upon test wells, workings and detailed trial runs.

Category B. These reserves include only explored deposits. Category B reserves have been subject to a high level of investigation, though their boundaries have been determined with less accuracy than Category A reserves. Category B reserves meet the criteria established for Category A reserves, except that Category B reserves may contain a limited extrapolation zone that is substantiated on a basis of geological criteria and geophysical and geochemical research.

Category C1. These reserves are characterised by a lower level of accuracy than the determination of Category B reserves. Most explored deposits are Category C1 reserves. Category C1 reserves meet the criteria established for Category B, except that additional extrapolation is permitted in mapping the mineral deposit.

Category C2. These reserves consist of evaluated deposits. Category C2 reserves must meet the criteria established for Category C1, except that the sizes, forms, internal fabric and bedding conditions of the mineral body are confirmed by means of only a limited number of test wells and core samples; and the boundaries of the deposit are mapped based upon data gathered from only a limited number of test wells and a geologically substantiated extrapolation of deposit parameters is permitted.

Resources that do not meet the standards for classification as A, B, C1 or C2 reserves may be classified as prognostic resources in categories P1, P2 or P3. Such deposits have undergone some exploration, but require further geological work to be upgraded to A, B, C1 or C2 reserves.

7.3 U.S. Industry Guide 7

Mining companies that file registration statements or periodic reports with the SEC are required to report their mineral reserves in accordance with Guide 7. Under Guide 7, a ''reserve'' is defined as ''that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.'' There are two principal differences between reporting under Industry Guide 7 and the JORC Code:

- Guide 7 does not recognise the classification referred to as ''resources'' in the JORC Code. As a result, SEC registrants are permitted only to report proved and probable reserves; and
- Under Guide 7, reserves must be estimated on the basis of current economic and legal conditions, whereas the JORC Code permits the use of ''realistic'' assumptions, which may include forecast prices and reasonable expectations that required permits will be granted in the future and contracts will be entered into for the sale of production.

Accordingly, investors should be aware that if the Issuer was preparing this Prospectus in accordance with Guide 7, the Issuer would not be permitted to report its mineral resources, and the amount of reserves it has estimated may be different.

PART VII

MINING AND ENVIRONMENTAL REGULATORY MATTERS

1. THE CZECH REPUBLIC—GENERAL

1.1 Mining Activities and Licensing Matters

The hard coal mining industry in the Czech Republic is principally regulated by the Mining Act and the Czech Act No. 61/1988 Sb., as amended, (the ''Act on Mining Activities''). There are a number of implementing regulations issued under these two statutes. Besides regulations specific to the mining industry, the Group is subject to other relevant legislation, including governing environmental, health and safety and employment matters.

The Mining Act determines which minerals are considered to be ''exclusive minerals'' and therefore subject to special regulatory regime. The Mining Act sets forth the legal framework for exploration, preservation and exploitation of exclusive minerals. The Mining Act and the regulations issued thereunder partially govern the industry licensing regime.

Finally, the Mining Act also sets forth key obligations of persons licensed to exploit exclusive minerals. These obligations are aimed at economical exploitation of deposits of exclusive minerals, reclamation of land affected by mining, maintaining of health and safety and addressing relevant environmental concerns.

One of the relevant obligations under the Mining Act is the duty to reclaim the land affected by the exploitation and to compensate any damage caused to third-parties. To be able to cover future reclamation expenses and pay damages, the Group is required to make mandatory reserves.

The Act on Mining Activities describes necessary qualifications for any person that wishes to engage in mining activities or mining-like activities (e.g., deep drilling or other underground works). The Act on Mining Activities also sets out the structure and jurisdiction of mining regulatory bodies, i.e. Český báňský úřad, the mining regulatory body in the Czech Republic (''Czech Mining Office'') and the Obvodní báňský úřad, the local mining regulatory authority.

1.2 Mining Licenses

Pursuant to the Mining Act hard coal is considered to be an exclusive mineral. As such, a deposit of hard coal does not represent a part of the land on/under which it is located, but belongs to the state. Once the extent of a deposit is ascertained to a certain level, the right to mine the deposit can be awarded by the Czech Mining Office to a private entity. Such right, also known as a concession to a mining area (*dobývací prostor*), may be issued for a limited or unlimited period of time. The Group holds unlimited concessions to exploit hard coal from 11 mining areas located in the northeastern region of the Czech Republic.

Mining Area	Mine	Area (sq km)	Date Granted
Darkov	Darkov	5.08	11 March 1977
Dolní Suchá	Lazy	11.40	6 April 1961
Doubrava	ČSA	9.54	4 October 1961
Karviná—Doly I	ČSA	16.62	1 October 1979
Karviná—Doly II	Darkov	9.35	12 February 1964
Lazy	Lazy	6.07	8 April 1961
Louky	ČSM	22.11	30 October 1984
Petřvald I	Lazy	1.62	20 December 2004
Staříč	Paskov	40.36	18 December 1962
Stonava I	Darkov	11.51	16 December 1960
Trojanovice	Frenštát(1)	63.17	30 June 1989

Source: The Issuer

(1) The Group holds a concession to the Frenštát mining area but does not hold the specific mining permit to mine the hard coal deposit in the Frenštát area.

The concession to a mining area is subject to an annual fee of CZK 100 per hectare. The state may, by a decree, increase such fee up to CZK 1,000 per hectare.

As noted, mining or performance of mining-like activities (e.g., deep drilling or other underground works) requires license under the Act on Mining Activities. Such license may be granted only if the applicant proves to have qualified and experienced personnel and suitable equipment. The Group believes it holds all necessary material licenses for mining and mining-like activities that it is required to have for its operations.

Exploitation of a specific hard coal deposit at a particular location requires having to obtain a further mining permit from the mining authorities. Such a permit is granted upon proving compliance with mining regulations. The application must include rather detailed documentation describing the geological situation, suggested exploitation method, reserves to be mined, underground infrastructure, health and safety measures, proposed reclamation works, estimated costs of reclamation, estimated third party damages and proposed reserves to be created. Prior to granting the permit, the applicant must also prove that it has concluded an agreement on handling of conflicts of interests with any persons that may be affected by mining on the specific location. Also each municipality at whose territory the applicant wishes to commence mining has a right to comment on and object to the application.

Although the relevant authorities have the power to waive the requirement of reaching consensus with all affected parties or even to expropriate the affected third-party property, they have been unwilling to exercise this power in the past. Moreover, expropriation is allowed only in the public interest. According to the recently amended expropriation laws, exploitation of minerals by a private company would likely not be considered sufficient in terms of public interest even when an exclusive mineral is concerned and such exploitation indirectly benefits the public.

Although the Group holds a concession to the Frenštát mining area and was allowed to construct two shafts in the 1990s for exploring the coal deposits at Frenštát, it is currently evaluating the economic feasibility of developing its resources in the Frenštát mining area. In this regard, the Group is considering such factors as the quantity and quality of resources at that location, the length of time required to develop such resources, the need to obtain any relevant mining or other governmental permits and the ability to work with any relevant local and governmental authorities.

Pursuant to the Mining Act, exploitation of an exclusive mineral is subject to a fee that can amount to up to 10% of the average price of the exclusive mineral. For hard coal, the amount of the fee is set according to the following formula:

Fee = $0.5\% \times R \times Nc/Nt$

R = revenues from the sale of coal

Nc = costs of mining

Nt = total coal production cost

1.3 Fossil Fuel Tax

The Czech government imposed a new tax on fossil fuels (including hard coal and coke) effective as of 1 January 2008. The tax must be paid by producers or resellers of fossil fuels at the time of delivery to end customer. Fossil fuels used for selected purposes including (i) production of electricity, (ii) coke production, (iii) use in metallurgy, and (iv) chemical processes in blast furnaces are exempt from the tax. The tax rate is 8.5 CZK per GJ of the product of total heating value. Due to the fact that most of Group's customers use its coal for exempted purposes, the Group does not expect the new tax to have material negative effect on its business or business of its customers.

1.4 Other Licenses, Approvals and Consents of State Authorities

Besides the mining licenses described above, the Group is required to have a number of additional licenses or permits to carry out its business.

Licenses, approvals and consents of state authorities related to (i) air pollution, (ii) water pollution, (iii) disposal of dangerous waste, (iv) environmental impact assessment, (v) integrated pollution prevention and control and (vi) disposal of ionizing radiation sources are discussed below.

Most of the relevant licenses, authorisations, concessions and permits were transferred to OKD from Former OKD and were assigned to it, with confirmation by the relevant regulatory agencies of OKD as successor to the relevant licenses, authorisations, concessions and permits. OKD applied and received the remaining licenses, authorisations, concessions and permits as required.

2. CZECH ENVIRONMENTAL MATTERS

The regulation of environmental matters is split into a number of Acts, each of them regulating a specific area of the environment, e.g., Czech Act No. 254/2001 Sb., as amended (the ''Water Act''), Czech Act No. 185/2001 Sb., as amended (the ''Waste Act''), Czech Act No. 18/1997 Sb. as amended (the ''Nuclear Act''), Czech Act No. 86/2002 Sb., as amended (the ''Act on Air''), Czech Act No. 356/2003 Sb., as amended (''Chemical Substances Act''), Czech Act No. 76/2002 Sb., as amended (''IPPC Act''), Czech Act No. 100/2001 Sb., as amended, (''Environmental Impact Assessment Act'') and the Environment Act (together, the ''Environmental Acts'').

Certain selected issues related to (i) air pollution, (ii) water pollution, (iii) disposal of waste, (iv) environmental impact assessment, (v) integrated pollution prevention and control, (vi) reclamation of land damaged by mining activities, and (vii) disposal of ionizing radiation sources are examined in this section.

Former OKD was granted an indemnity by the state for ecological damages caused prior to the initial privatisation of Former OKD. The indemnity was provided under a special agreement concluded between Former OKD and the NPF. See PART VII of this document entitled ''MINING AND ENVIRONMENTAL REGULATORY MATTERS—Czech Environmental Liabilities—Historical Environmental Liabilities'' for further details.

2.1 Air Pollution

Act on Air 2002

The protection of air is governed mainly by the Act on Air, together with numerous implementing regulations. Operators of facilities which pollute the air must follow notification and information procedures established by the relevant authorities, and comply with applicable norms.

The Act on Air comprises not only the regulation aiming for the protection of the air, but also the protection of the earth climate as a result of the Kyoto Protocol to the Framework U.N. Convention on Climate Change. The act is based on the ''polluter pays'' principle and implements the economic instrument of emission regulation, i.e., emissions charges. These emission allowances affect emissions of SO_2, NO_X, CO, solid pollutants (e.g., fly ash) and hydrocarbons. In 2006, the emission charges the Group had to pay amounted to CZK 2.2 million for OKD and CZK 0.7 million in total for the subsidiaries of OKD. The Act on Air further empowers the Ministry of Environment to temporarily restrict emissions from, reduce output of or shut-down certain pollution sources if overall air pollution levels are exceeded, even if a given pollution source does not exceed applicable limits. In addition, the Act on Air empowers the Czech Environmental Inspection Agency to order any pollution source exceeding pollution limits to be shut down.

Some of the Group's facilities are regulated by the Act on Air. These facilities include coking plants, incinerators, exhaust shafts, and dumps. For the proper operation of these facilities, official permits are required. These permits are issued by the Czech Environmental Inspectorate and specify the conditions according to which such facilities must be operated.

CO_2 Reduction

In light of Directive 2003/87/EC, which establishes a scheme for greenhouse gas emission allowance trading within the EU in respect of the Kyoto Protocol's project mechanisms, and Directive 2004/101/EC (amending Directive 2003/87/EC), a new regulatory framework implementing these Directives has been adopted pursuant to Act No. 695/2004 Sb., on conditions of greenhouse gas emission allowance trading, as amended (the ''Emission Allowances Act''). In accordance with these Directives, the emission allowance trading scheme became operational within the EU from 1 January 2005. According to the Emission Allowances Act, the emission allowances are being allocated pursuant to National Allocation Plans (adopted by the Czech government and subject to review by the European Commission) for each banking period. For the first banking period (commencing on 1 January 2005 and terminating on 31 December 2007) the emission allowances in the aggregate amount of 292.8 million tonnes of CO_2 (97.6 million for each year of the first banking period) have been allocated to the particular sectors and to the particular emitters under the National Allocation Plan. In the first banking period and in the second banking period (commencing on 1 January 2008 and terminating on 31 December 2012), the emission allowances are allocated for free. However, in the event that the emitter fails to cover its emissions sufficiently by the emissions allowances, it will be penalised by a fine of CZK 5 million.

The Group is actively present in the trading of emission allowances on particular markets as both a direct participant and a broker for other companies.

2.2 Promotion of Electricity Produced from Renewables and Promotion of Co-generation

In 2005, the new Act No. 180/2005 Sb., on the promotion of production of electricity from renewable energy resources (the ''New Act'') was adopted to implement the Directive 2001/77/EC on the promotion of electricity produced from renewable energy sources in the internal electricity market. The New Act stipulates as one of its most important purposes promotion of the production of electricity from renewable energy sources, aiming to achieve the national indicative target (the share of the renewable energy sources amounting to 8% of gross domestic consumption) by 2010 and to exceed this target after 2010. Currently, the promotion of electricity produced from renewable sources of energy, is based on (i) priority access to the distribution grid; (ii) minimum purchase prices; and (iii) the ''green bonuses'' increasing the market price of the energy. The amounts mentioned under (ii) and (iii) above for such energy are set by the Energy Regulatory Office in advance for particular calendar years. By setting the minimum purchase prices and the amount of green bonuses the Energy Regulatory Office has to differentiate between the particular renewable energy sources used for production of electricity.

2.3 Water Pollution

The protection of water is governed mainly by the Water Act together with numerous implementing regulations. The Water Act distinguishes the general disposal of surface and underground water for personal use, which is free, from other disposals which are subject to a permit. The release of pollution into water is governed by principles including best available technology and correct agricultural practice. The Water Act is based on the ''user pays'' and ''polluter pays'' principles.

The Water Act stipulates that official permission is necessary for surface water take-off and to release waste water into surface water or ground water. Permission is granted by a municipal or regional authority.

2.4 Disposal of Waste

Disposal of waste is governed mainly by the Waste Act, together with numerous implementing regulations. An official permit must be obtained to dispose of dangerous waste.

The Waste Act respects the notions and definitions of the EU Directives, but it is partly inspired by regulation of some individual member states such as Germany and Austria. The Waste Act regulates all aspects of waste generation, storage, transfer handling and disposal. The operation of the equipment for use, disposal, collection or sale of waste can be operated only with a permit. Any person dealing with more than 100 tonnes of the hazardous waste per year in the previous two years must nominate a waste manager who ensures proper waste disposal management. Certain types of waste and equipment are subject to a notification duty and a record must be kept. The Waste Act requires the planning of waste disposal at all levels. The provisions in the Waste Act relating to the import, export and shipment of waste are fully in compliance with the EU regulations.

2.5 Environmental Impact Assessment

The Environmental Impact Assessment Act sets forth a duty to conduct in certain cases an EIA prior to the approval of a new investment project by the relevant authorities. The public is allowed to participate actively in the intended investment project from when the investor applies for EIA analysis. The Environmental Impact Assessment Act distinguishes projects which always fall within the scope of the environmental impact assessment, projects which are always excluded and projects in which the state authorities decide, on an ad hoc basis, whether an EIA is to be made or not. The total length of such an EIA procedure can exceed one year or more.

2.6 Integrated Pollution Prevention and Control

The IPPC Act fully implements the IPPC Directive 96/61/EC into the Czech legal system. It introduces a new approach to limit industrial pollution according to the best available techniques. The users of certain installations must obtain an integrated permit prior to the launch of their operation. The main criterion for granting of the permit is compliance with the best available technology. In addition, the users of substances registered under the IPPC Act have to notify the respective administrative authority of the emissions of such substances if such emissions exceed set limits, which are then registered in the publicly accessible Integrated Pollutant Register. The IPPC Act has been effective since 1 January 2003. However, according to the transitional provisions ''historical'' equipments falling under IPPC are required to have obtained the integrated permit by October 2007.

The Group has already obtained IPPC status for the coking plants Jan Šverma and Svoboda and for the heating plant of ČSM. However, if IPPC status is required for further plants this has not been obtained.

2.7 Chemical Substances

The treatment of chemical substances is governed mainly by the Chemical Substances Act, with numerous implementing regulations. The Chemical Substances Act stipulates that certain chemical substances shall be classified concerning their hazardousness for health and environment and registered before entering the EU market. Treatment of other chemical substances shall be notified to the relevant authority. Therefore, the Group may be time to time obliged to classify and register, or notify to the relevant state authority, the treatment of certain chemical substances as stipulated by the Chemical Substances Act.

2.8 Reclamation of Land Damaged and Compensation for Damages Caused by Mining Activities

Reserves for Future Reclamation

The Group has a statutory obligation to reclaim the land affected by the exploitation and to compensate any damage caused to third-party under the Mining Act. As already mentioned above proposed reclamation works, estimated costs of reclamation, estimated third party damages and proposed provisions to be created are part of the application for the mining permit under the Mining Act. Although it is a statutory duty to create reserves for such future costs, the actual amount of provisions has to be approved by the mining authorities.

Therefore, the Group is continuously creating provisions for future reclamation and compensation for damages. The reserves have been created as accounting provisions until 2005 and are being created as cash provisions and deposited to a special escrow account controlled by the relevant Regional Mining Authority since then.

The Mining Act stipulates liability for damages caused to property of others as a result of mining and related activities. This liability is construed as quasi-strict liability for environmental damage described under PART VII of this document entitled ''MINING AND ENVIRONMENTAL REGULATORY MATTERS—Czech Environmental Liabilities—Civil Liability Towards a Third Party'' for further details.

2.9 Nuclear Act

The peaceful use of nuclear energy is governed mainly by the Nuclear Act together with numerous implementing regulations. The Nuclear Act stipulates that governmental permission is necessary for almost all activities involving the use of nuclear energy or ionizing radiation (in some cases, notification of the authorities is sufficient). The Nuclear Act is based on the ''user pays'' and ''polluter pays'' principles. Permissions to build or operate any equipment using nuclear materials are granted by the State Authority for Nuclear Safety (''SUJB'').

Disposal of ionizing radiation source is governed by the Nuclear Act. The Group uses simple sensors which use ionizing radiation in the mines and therefore is subject to compliance with the Nuclear Act. The Nuclear Act imposes quasi strict liability for damages caused by the person operating any equipment using nuclear materials. Unless SUJB permits otherwise, each operator must obtain third-party liability insurance. Insurance is not required in cases where notification of authorities is sufficient. Failure to comply with the Nuclear Act may be fined up to CZK 100 million.

3. CZECH ENVIRONMENTAL LIABILITIES

Environmental liability is based on statutory regulations encompassing (i) administrative, (ii) civil and (iii) criminal law. Administrative and criminal law provide the means of public control of the environment, whereas civil law is an instrument of private control between private individuals. An overview of damages paid out by the Group in compensation for environmental damages in 2006 and a note regarding historical environmental liabilities is also included in this section.

The ''polluter pays'' principle applies under administrative, criminal and civil law. The polluter is required to pay administrative fines, be subject to criminal sanctions and compensate for damages occurring to a third party. The law does not distinguish between instances where the polluter is the owner operating its own property and a third party operating the property on the basis of a lease or any other agreement. Polluters are liable for their own damages. The responsibility of an owner of a business or property cannot be assumed by the lessee and vice versa. A current lessee cannot be held responsible for damages caused by former lessees or the owner. This principle is to some extent modified in respect of historical damage (e.g. damage caused by previous owners of the property) and in cases where the polluter is not known or unable to take necessary actions. In such cases the owner may be required to take action.

3.1 Administrative Liability Towards the State

The Environmental Acts set out environmental offences which may be committed by individuals and legal entities carrying out business activities. The individual or entity does not need to be the owner of the business and the liability is strict. Violation of any Environmental Act (other than the Nuclear Act, which allows materially larger fines) can result in a fine of up to CZK 50 million in each case. The relevant administrative body has the power to impose these penalties within one year of learning of the offence and not later than three years from the occurrence of the offence. Such penalties do not affect the liability for damages under Act No. 40/1964 Sb. (the ''Civil Code''), which may be claimed separately.

In addition to the above, the Environment Act has introduced into the Czech legal system a concept of ''environmental damage'' to ensure the remedy of all such damage. The rationale behind the Environment Act is that environmental damage must be remedied regardless of whether a private claim for damages has been brought against the person responsible for environmental damage (the polluter). Thus, an administrative body is authorised to order the polluter to restore the natural functions of the impaired ecosystem. This liability does not cover future benefits lost due to environmental damage. However, due to the insufficient and incomplete nature of this regulation, the practical impact of the Environmental Act is marginal.

3.2 Criminal Liability Towards the State

The most serious offences against the environment are qualified as crimes and can be penalised by fines of up to CZK 5 million or by imprisonment. In such cases the relevant administrative body is also entitled to shutdown the operation of the given source of environmental damage. Under Czech criminal law, such criminal acts can be committed both intentionally and negligently. Criminal offences against the environment are described as acts threatening or damaging the environment generally and, specifically, as acts involving unlawful disposal of dangerous waste. However, the Czech criminal law currently does not acknowledge criminal liability of a legal entity and, therefore, only the legal entity's responsible persons can be liable. Criminal liability is subject to public law and as such does not affect general liability for damages under the Civil Code (which may be claimed separately).

3.3 Civil Liability Towards a Third Party

Except for general liability for damages, the Civil Code imposes, in certain circumstances, a ''quasi strict liability'' for damages which is relevant in most environmental damage cases. Quasi strict liability is applied if the acts of the individual or legal entity cause damage to another party in the course of its business. In comparison to general liability, the claimant does not need to prove fault, which is presumed under quasi strict liability. However, the individual or entity can be exempted from liability if it can prove that the damage was caused by the conduct of the party to which the damage was caused or as a result of an unavoidable event that is not implicit to the business activities. Compensation under civil law includes compensation for current and future damages, including lost profit. The statute of limitations applicable in cases of general liability applies to quasi strict liability.

3.4 Damages Paid by the Group

In 2007, the Group paid approximately CZK 389.9 million for mining damages and reclamation. See PART II of this document entitled ''RISK FACTORS—Risks Relating to Government Regulation—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'' for further details.

3.5 Historical Environmental Liabilities

The Group owns property which suffers from historical environmental damage caused before its initial privatisation. The process of reclamation of historical environmental damage caused before privatisation is subject to several regulations.

In particular, reclamation of environmental damage is governed by an instruction of the NPF No. 3/2004, under which certain entities are entitled to receive funds for reclamation of past damage. This procedure consists of (i) an ecological audit, (ii) conclusion of an ecological agreement with the NPF, (iii) environmental analysis and feasibility studies on the reclamation, and (iv) a decision by the Czech Environmental Inspectorate requiring clean-up action to be taken.

In 1996, Former OKD and NPF entered into the Ecological Agreement. The Ecological Agreement covers the obligation of OKD to reclaim the historical environmental damage and the obligation of the NPF to compensate Former OKD for costs of reclamation of historical environmental damage to Former OKD's property. Historical environmental damage covers (i) pollution of ground water, (ii) pollution of soil, (iii) existence of detrimental waste dump, and (iv) pollution of structures that arose prior to privatisation.

The maximum compensation for reclamation work is limited to the amount of CZK 27.8 billion, out of which the state has already paid approximately CZK 2.4 billion to OKD. The state is reportedly seeking to reduce the amount.

All rights and obligations of the NPF, including the rights and duties arising under the Ecological Agreement, have passed from NPF to the Czech State as of 1 January 2006, therefore the Czech State shall be obliged to comply with the terms of the Ecological Agreement, instead of the NPF. Upon the de-merger of Former OKD into OKD (for details of the de-merger see PART XV of this document entitled ''THE RESTRUCTURING AND THE RECAPITALISATION—The Restructuring''), by operation of law and in accordance with the NPF instruction No.3/2004 the rights and obligations of Former OKD under the Ecological Agreement were assigned to OKD.

Under the terms of the Ecological Agreement, the Czech State has the authority, in its sole discretion, to approve any reclamation project, (i.e., to decide whether compensation will or will not be paid in respect of reclamation work carried out by OKD). In the event that the Czech State decides against paying compensation, OKD will be subject to the full costs of reclamation for historical damage. It is expected that in such a situation OKD and the Czech State will enter into a new set of negotiations in order to agree on new terms for the reclamation project of such land.

Environmental analyses between 1997 and 2002 were prepared for fifty-two mine operations and localities. A decision to reclaim historical environmental damage was reached for only eight localities. Certain identified environmental damage has not yet been reclaimed since, to date, the Czech Environmental Inspectorate has not found such reclamation necessary. When the Czech Environmental Inspectorate decides that reclamation action is appropriate, it will contact OKD to consider the most effective way to reclaim such land.

The Group is currently restructuring the management of historical environmental liabilities. The restructuring comprises of several phases. First, OKD spun-off OKK and several real estate properties involving historical environmental liabilities (mostly land under former coking plants). As a result of this, OKK is, through NWR Coking, a.s. a direct subsidiary of the Issuer and holds all contaminated property that is subject to the Ecological Agreement. Subsequently, the Ecological Agreement is intended to be assigned by OKD to OKK (subject to consent by the Czech State).

3.6 Health and Safety

Health and safety requirements relevant for the Group are comprised in both general employment legislation and regulations reflecting specific industry conditions. Industry specific regulation is very detailed and governs all relevant aspects of underground works, coal processing, transport etc. A large portion of health and safety regulations are Decrees of Czech Mining Office issued under the Mining Act or the Act on Mining Activities. Such decrees govern for instance mining methods, mining and other equipment, requirements for ventilation, electric lines, transportation, fire prevention, degasification or water removal. Further provisions are concerned with emergency rescue service, emergency plans etc.

The Group currently has in each of its mines a safety officer (also the mine manager) who is responsible for collecting statistics, investigating and analysing accidents and ensuring that safety measures relating to ventilation, dust and gases are being correctly monitored. The safety officer is usually responsible for maintaining records of ‘‘condition exposure’’ which is based on an assessment of underground conditions and is designed to reduce the possibility of ‘‘black lung diseases’’ or other such lung diseases. Each mine also has an ‘‘anti-dust officer’’ who is responsible for monitoring the number of shifts each miner has worked to monitor each miner's exposure to harmful dust. Each shaft has a safety team which reports to the manager of each mine. Each mine has a rescue team available for its own use in minor emergencies and maintains an ‘‘Emergency Procedures Manual.’’

The Group is subject to almost continuous inspections and checks by both mining inspectors and general labour inspectors. From time to time some minor deficiencies are found by inspectors. However, none of these deficiencies are considered by the Group to be material.

4. POLAND—GENERAL

4.1 Activities and Licensing Matters

The main legal act which regulates coal mining and obtaining methane from coal is the Mining and Geological Law of 4 February 1994.

Coal and methane obtained from coal are basic minerals which are generally owned by the State Treasury. The State Treasury, acting through licensing authorities, may use minerals on its own or dispose of the rights to minerals by establishing a mining use permit.

A mining use permit is established under an agreement, against payment to be made to the State Treasury. The prerequisite for the mining use permit to be issued is for the mining entity to be licensed. If the licence expires or is withdrawn, the mining use permit also expires. Generally, the mining use permit gives an authorisation to search for, recognise and extract a given mineral with the exclusion of third parties. An agreement on issuing a mining use permit, changing the provisions of or transferring the mining use permit should be executed in writing to be valid. The mining use permit may sometimes be issued after a tender is held; for example in the case of methane obtained from coal, it should be preceded by a tender. This does not apply when an entity which has recognised and documented a deposit of a certain mineral and then draws up the relevant geological documentation (i.e. in such a situation the entity does not need to apply for a permit by way of a tender). Such entity may request that a priority mining use permit be issued to it (without any tender being held). This right expires upon the lapse of two years after a written notice of the geological documentation being accepted by the licensing authority is issued. In respect of coal deposits in Dębieńsko, Karbonia obtained a notice ref. no. DGkzk-479-36/7734/7483/07/EZD issued on 31 August 2007 by the Minister of Environmental Protection of geological documentation having been accepted without any reservations for the coal deposits in ‘‘Dębieńsko 1’’ located in the area of communities (gminach) of Knurów, Czerwionka-Leszczyny i Ornontowice. In respect of the coal deposits in ‘‘Dębieńsko’’ located in the area of communities of Knurów, Czerwionka-Leszczyny, Ornontowice i Orzesze, Karbonia obtained notice ref. no. DGkzk-479-48/7746/7531/07/EZD issued on 4 September 2007 the Minister of Environmental Protection of geological documentation having been accepted without any reservations for the coal deposits in Dębieńsko.

4.2 Mining Licenses (Concessions)

Business activity which involves searching for, recognising and extracting minerals is licensed. The authority which issues licences to search, recognise and extract coal and methane obtained from coal is the Minister of Environmental Protection. The licence is issued upon consultation with the Minister of the Economy and the appropriate head of the municipality or mayor or president of the city. The application for the permit to be issued should be accompanied by, for example, proof of right to geological documentation and draft deposit management plan for which the appropriate mining supervision authority has issued an opinion. The title to the information obtained in the course of geological works is vested in the State Treasury provided that if a given entity incurs costs in connection with the geological works being carried out, this entity has the exclusive right, granted free of charge, to use information obtained in the course of these works in connection with, for example, the licensing procedure. The right fully expires upon the lapse of five years of the decision under which these works were performed having become ineffective.

Karbonia holds one limited mining license (concession) to recognise hard coal from one mining area located in the southern region of the Republic of Poland and one limited mining license (concession) to recognise and extract methane obtained from coal from one mining area located in the southern region of the Republic of Poland.

5. POLISH ENVIRONMENTAL MATTERS

The regulation of environmental matters in Poland is split into a number of acts and secondary legislation. Acts crucial from the perspective of environmental aspects of mining activities are the Environmental Protection Act of 27 April 2001 (the ''Polish Environmental Protection Act''), the Waste Act of 27 April 2001 and the Water Act of 18 July 2001.

5.1 Water Pollution

Water protection is governed mainly by the Water Act and extensive secondary legislation. The Water Act distinguishes the general disposal of surface and underground water for personal use, which is free, from other disposals which are subject to a water permit. For pollution to be released into water or land a water permit is also required. The water permit is granted by a municipal or regional authority. The Water Act is based on the ''Polluter pays'' principle.

5.2 Waste Production and Storage

Production of waste is mainly governed by the Waste Act and by the Mining and Geological Law of 4 February 1994, together with extensive secondary legislation. A waste permit must be obtained to produce more than 1 Mg of hazardous waste or more than 5,000 Mg of non-hazardous waste per year.

The Waste Act respects the notions and definitions contained in the EU Directives. The Waste Act regulates all aspects of waste management i.e. production, collection, transport, storage, transfer and disposal. Waste producers and holders are obliged to keep waste records. Polish regulations concerning transboundary shipment of waste are in compliance with EU Regulations, in particular Regulation (EC) no. 1013/2006 of the European Parliament and of the Council of 14 June 2006 on Shipments of Waste.

The Waste Act does not apply to earth and rocks disposed of or moved in connection with the mineral extraction as set out in mining licences granted by the Minister of Environmental Protection.

The Mining and Geological Law contains specific regulations on waste being stored in orogens, including underground workings. Such storage requires a mining license granted by the Minister of Environmental Protection.

5.3 Environmental Impact Assessment

Under the Environmental Protection Act an EIA is required to be carried out in certain cases before a new investment project is approved by relevant authorities. Similarly as in the Czech Republic, the general public is allowed to actively participate in the planned investment project once the investor applies for an EIA analysis. The Act on Environmental Protection makes a distinction between projects which always fall within the scope of the environmental impact assessment and projects in which the state authorities decide, on an *ad hoc* basis, whether the EIA should be carried out. The entire EIA procedure can take one year or more.

5.4 Chemical Substances

The treatment of chemical substances is governed mainly by the Chemical Substances Act of 11 January 2001, with extensive secondary legislation. The Chemical Substances Act provides for certain chemical substances to be classified in terms of their hazardousness for health and environment and registered before being admitted to the EU market. Treatment of other chemical substances should be notified to the relevant authority. Consequently, a company may be obliged to classify and register, or notify the relevant state authority of the treatment of certain chemical substances as set out in the Chemical Substances Act.

Further obligations concerning chemical substances are set out in Regulation (EC) no. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning REACH, establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC)

No 793/93 and Commission Regulation (EC) no. 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC.

5.5 Reclamation of Damaged Land and Damage Caused to Third Parties As a Result of Mining Activities

A company who carries out mining activities has a statutory obligation to reclaim the land affected by the exploitation and to compensate for any damage caused to third parties under the Mining and Geological Law. Damage should be repaired by restoring the original environmental conditions. This may be effected through providing land, buildings or structures, equipment, facilities, water or other goods. If, however, the original conditions cannot be restored or the costs of such restoration would exceed the value of the damage caused, the damage is repaired by payment of relevant compensation.

5.6 Environmental Liabilities

Similarly as in the Czech Republic, the environmental liability is based on statutory regulations encompassing (i) administrative, (ii) civil and (iii) criminal law. Administrative and criminal law provide the means of public control of the environment, whereas civil law is an instrument of private control designed for private individuals.

5.6.1 Administrative Liability Towards the State

Administrative liability under Polish law takes four different forms. The first is the increase of charges levied from entities which carry out their business operations without holding the required environmental permits (e.g. permits to introduce gases or dust to the atmosphere, to draw water, to dispose of wastewater to waters or ground, or to store waste without the required decision determining the storage method and site). The increased charge is calculated as a multiple of the usual charges levied for using the environment in a given settlement period.

The second form of administrative liability are by way of administrative fines imposed on a company which carries out its business operations in breach of an environmental decision issued by the Inspectorate of Environmental Protection (e.g. failure to keep the admissible noise limit as set out in the relevant decision). Polish law does not set the ceiling on the administrative fines, as they are calculated as the multiple of specific fine rates. The final amount of the fine will depend on the degree to which provisions have been breached by a given entity.

Under the third form of administrative liability, environmental protection authorities may limit the business activity of a given company, or even stop it completely. For example, the business activity may be stopped as a result of an installation being used without the required integrated permit or in breach of the terms and conditions set in an integrated permit for over 6 months.

Administrative liability is also regulated by the Act of 13 April 2007 on Preventing and Repairing Damage to the Environment. Pursuant to this act, entities responsible for causing a direct risk of damage to the environment have to take preventive actions. Entities which are responsible for causing damage to the environment are obliged to repair such damage. If the direct risk of, or damage to, the environment was caused by more than one entity, such entities are jointly and severally liable. Additionally, if the direct risk of, or damage to, the environment was caused with the consent of the person managing the land (e.g. the land owner), or this person was aware of such direct risk or damage to the environment being caused, such person is obliged to take preventive or remedial measures jointly and severally with the perpetrator. Costs of such preventive measures are incurred by the entity which is directly responsible for the direct risk of, or damage to, the environment.

5.6.2 Criminal Liability Towards the State

Criminal activity and offences are subject to criminal sanctions. Crimes are subject to fines of up to PLN 720,000, imprisonment or a restriction of freedom. Many regulations on criminal liability refer to offences which are mostly subject to fines of up to PLN 5,000. As regards the criminal liability of legal persons under Polish law, the person responsible for the observance of environmental protection regulations in a given entity (e.g. the company) will be convicted under a final and non-revisable judgment. The court may impose a fine on such entity of between PLN 1,000 and PLN 20,000,000 (but not, however, exceeding 10% of the revenues made by the company in that financial year). Legal persons may be subject to such sanctions if, for instance, they act in a way which poses an inadmissible risk for human health or the environment in breach of a decision issued by the Inspector for Chemical

Substances and Preparations (article 34 of the Act on Chemical Substances and Preparations), or if waste is shipped abroad without permit (article 19 of the Act on Trans-boundary Waste Shipments).

5.6.3 Civil Liability Towards a Third Party

Civil liability is regulated by the Polish Environmental Protection Act and the Polish Civil Code. As is found in the Czech Republic, the concept of civil liability provides for a ‘‘quasi strict’’ liability under certain circumstances. Furthermore, civil liability is not excluded if the activity which caused damage is carried out in accordance with administrative decisions. Additionally, a claim may be lodged by the State Treasury, a local government authority or ecological organisation if the damage relates to the environment as a public good.

5.7 Air pollution

Emission of gases and dust to the atmosphere is subject to a permit to introduce such gases and dust. Failure to obtain a permit means that the relevant installation can be notified to the environmental protection authorities. Additionally, the entity creating emissions is obliged to pay charges for using the environment every six months.

5.7.1 CO_2 reduction

Issues related to CO_2 reduction are regulated in the Act of 22 December 2004 on Greenhouse Gas Emission Allowance Trading (the ‘‘Emission Allowance Act’’). The Act implements the EU directives on greenhouse gas emission allowance trading, in particular Directive 2003/87/EC. According to the Emission Allowance Act, the emission allowances are allocated in accordance with the National Allocation Plans (‘‘NAP’’). Poland adopted the NAP and notified it to the European Commission. Poland proposed the cleared annual allocation of CO_2 allowances of 287 tonnes. The European Commission resolved that the cleared annual allocation of CO_2 allowances would be 208.5 million tonnes for Poland, i.e. 26.7% less than the proposed volume. Polish authorities did not accept this decision and are allocating the emission allowance in accordance with the NAP approved by the European Commission.

In the first banking period (1 January 2005 - 31 December 2007) and in the second banking period (1 January 2008 - 31 December 2012), the emission allowances were allocated for free. In the event that an emitter fails to cover its emissions sufficiently by the emission allowances, it will be penalized at a rate of EUR 100 per 1 CO_2 tonne for each missing allowance.

Karbonia is not involved in the emission allowance trade.

5.7.2 Promotion of Electricity Produced from Renewables and Promotion of Co-generation

Promotion of electricity obtained from renewable energy sources is regulated by the Act of 10 April 1997 Energy Law which stipulates that the seller is obliged *ex officio* to purchase electricity obtained from renewable energy sources interconnected with the grids located on the area where the seller carries out its business operations and which is offered by power plants licensed to produce such energy. Additionally, under Community Law Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market, consumption of renewable energy should account for 12% of the general energy consumption by 2010. The share of the electricity obtained from renewable energy sources should reach 22.1% of the total consumption by 2010.

5.8 Nuclear Act

The use of nuclear energy is governed by the Nuclear Law of 29 November 2000 (the ‘‘Nuclear Law’’). The Nuclear Law stipulates that a permit has to be obtained from, or an application has to be filed with, the President of the National Atomic Energy Agency to conduct any activity involving the use of units which contain radiation sources.

The Nuclear Law specifically determines the scope of the relevant civil liability. The person using such units is held solely liable for any nuclear damage caused by a nuclear incident in respect of a device or related to such device. The liability of the person using such units is limited to the amount being the equivalent of SDR 150,000,000 (equivalent to approximately EUR 156,300,000). Such person is obliged to execute a civil liability insurance agreement for nuclear damage.

PART VIII

USE OF PROCEEDS AND DIVIDEND POLICY

1. USE OF PROCEEDS

Based on the mid-point of the Price Range and assuming the issuance and subscription of the maximum number of New Shares in the Offer, the Issuer's net proceeds from the offer and issuance of the New Shares are estimated to be EUR 155,206,551 (equivalent to £124,165,241 at an exchange rate of EUR 1.25/£1), after deduction of certain estimated commissions, fees and expenses relating to the Offer of EUR 47,293,449, which include underwriting commissions on offer Shares sold by the Selling Shareholder. The Issuer intends to use the net proceeds of the Offer primarily in the following ways:

- to fund additional growth opportunities by way of developing new mothballed mines, whether by way of further exploration, joint ventures or strategic acquisitions; and
- to fund, in part, the Group's capital investment programme including the leasing or purchase of new underground mining equipment.

The Issuer will not receive any portion of the proceeds from the sale of Existing Shares by the Selling Shareholder or the exercise of the Over-Allotment Option.

2. DIVIDEND POLICY

General

As a holding company, the ability of the Issuer to pay dividends and make distributions depends primarily upon the receipt of dividends and distributions from the Issuer's subsidiaries. The payment of dividends and distributions by the Issuer's subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves and provisions of the credit facility and outstanding notes that restrict the ability of the subsidiaries to make dividend payments and distributions to the Issuer.

The Articles of Association include provisions which state, subject to the limitations of applicable law, that holders of A Shares will be entitled to receive distributions from the dividend reserve A on their A Shares when declared by the Board and that separately the holders of B Shares will be entitled to receive distributions from the dividend reserve B (whether in cash or in specie) on their B Shares when declared by the Board upon the proposal of the meeting of the holders of the B Shares. A payment to the holder(s) of A Shares or B Shares at the expense of a dividend reserve to which such class of share is entitled can only be made to the extent that the aggregate balance of the entitlement of all Shares of that specific class held by such holder to the share premium reserves and dividend reserves is positive. Dividends or distributions paid to the holders of the B Shares will reduce the funds of the Issuer legally available for payment of future dividends to the holders of the A Shares.

In connection with the establishment of the A Shares and the B Shares the Issuer has allocated its existing statutory shareholders equity. The table below sets out the allocated unconsolidated statutory shareholder equity as at 31 December 2007 and includes the allocation for the A Shares as adjusted for the Offer and for the C Share (which will be created on the Conversion Date) as if both allocations have taken place on 31 December 2007. The unconsolidated statutory shareholder's equity is higher than the consolidated shareholder's equity as presented in the 2007 Consolidated Financial Statements included elsewhere in this Prospectus. This difference is primarily due to valuation of the Issuer's investments at fair values in the unconsolidated statutory balance sheet upon contribution in kind in 2006.

	Unconsolidated Statutory Shareholder's equity of the Issuer (EUR) as at 31 December 2007			
	A Shares	A Shares (as Adjusted for the Dividend and the Offer[1])	B Shares[2][3]	C Share[3]
Share Capital	100,096,000	105,496,000	4,000	0
Share Premium	244,839,038	441,939,038	90,000,000	75,000,000
Restricted Reserves	122,144,754	122,144,794	0	0
Retained Earnings	58,488,969	58,488,969	4,411,614	0
Total Shareholders Equity	525,568,761	728,068,761	94,415,614	75,000,000

(1) Reflects (i) the payment of a dividend of EUR 87 million on the A Shares on 27 March 2008, (ii) EUR 202,500,000, which is the gross proceeds of the Offer based upon an Offer Price at the mid-point of the Price Range converted into EUR from UK Sterling at an exchange rate of EUR 1.25/£1 and less EUR 47,293,449 of estimated expenses and (iii) after giving effect to and the application of the proceeds from the Offer, including the payment of a one-time dividend of EUR 75 million on the C Share.

(2) The Issuer intends to distribute certain real estate assets as dividend in kind to RPGI as sole holder of the B Shares. The net asset value of these assets under IFRS is expected to be approximately EUR 68 million based on accounting values as at 31 December 2007. This dividend is expected to be paid in the third quarter of 2008. Consequently, share premium and shareholders equity allocated to the B Shares and total capitalisation of the Issuer are expected to be reduced by this amount.

(3) Does not reflect the Offer and use of proceeds.

Under Dutch law, both share premium and retained earnings are freely distributable reserves, and are available to make distributions or dividends to shareholders, as the case may be.

The Issuer intends to make distributions out of the dividend reserve A on the A Shares of approximately 50% of the Mining Division's consolidated annual net income (as calculated under IFRS and subject to adjustments for extraordinary items) over the course of the Business cycle. The payment of any dividend is subject to shareholders' equity exceeding the sum of the Issuer's issued share capital and the reserves to be maintained under Dutch law. In addition, a payment to the holders of A Shares or B Shares at the expense of a free distributable reserve to which such shares are entitled can only be made to the extent that the aggregate balance of the entitlement of all shares of that class held by such holder to those reserves is positive. To the extent the Issuer declares and pays dividends or makes distributions on the A Shares, holders of the A Shares on the relevant record date will be entitled to receive dividends or distributions payable in respect of such A Shares. As set out in the Articles of Association, holders of the A Shares have no rights or entitlements (including those to dividends and distributions) in respect of the Real Estate Division and the B Shares.

As also set out in the Articles of Association, the Real Estate Division's financial performance and any dividends or other distributions in respect of or attributable to the performance or Assets of the Real Estate Division will be attributed solely to the holders of the B Shares. It is intended that dividends or distributions will be paid or made to the holders of the B Shares either in cash or by way of a dividend in specie of some or all of the Assets of the Real Estate Division (including special purpose companies formed as part of a reorganisation or spin off containing Assets of the Real Estate Division, subject to leases or other rights granted to the Mining Division) to the holder of B Shares. It is intended that, except where restrictions apply to the Issuer's ability to distribute its profits or distributable reserves (as to which, see below) all of the Real Estate Division's consolidated annual net income, as calculated under IFRS, will be available for payment as dividends and distributions to the holders of the B Shares (disregarding that part of the Real Estate Division's profits attributable to the transfer of the capital value of the assets within the Real Estate Division, such profits to be accumulated and retained until there are available for dividend or distribution in specie assets or shares in companies forming part of the Real Estate Division, in which case such profits and all other accumulated profits may then be applied towards such dividend or distribution) until no assets remain in the Real Estate Division. The Issuer expects to pay a dividend in specie consisting of shares of certain real estate subsidiaries (including, without limitation, the IMGE business unit of OKD, Rekultivace and Garáže) to the holder of the B Shares having an aggregate accounting value of EUR 68 million and expects this dividend to be paid in the third quarter of 2008. The holders of the A Shares will not be entitled to any portion of this dividend.

In addition, provided that the shareholders' equity exceeds the sum of the Issuer's issued share capital and the reserves to be maintained under Dutch law and the aggregate balance of the entitlements of all A Shares or B Shares to the respective dividend reserve A or dividend reserve B is positive, the Board may resolve to make interim distributions on the A Shares and the B Shares at the expense of the dividend reserve allocated to such class of shares. The resolution to make an interim distribution from the dividend reserve B may only be adopted upon the proposal of the meeting of the holders of the B Shares.

Dividends or distributions in cash are expected to be declared by the Issuer in euros.

When restrictions apply to the Issuer's ability to distribute its profits or distributable reserves, the Board will apportion the available capacity between the A Shares and B Shares based on the ratio of accumulated but undistributed profits of the Issuer attributable to each respective Division. The Issuer's dividend policy is primarily dependent upon, and will be adjusted from time to time to reflect, its results of operations and cash flows, its financial position and capital requirements, general business conditions, any legal, tax, regulatory or contractual restrictions on the payment of dividends or distributions and any other factors the Board deems relevant. The Indenture contains restrictive covenants, including restrictions applicable to the payment of dividends. The reserve and dividend policy shall be discussed during each annual general meeting of shareholders of the Issuer.

For further description, see PART XVI of this document entitled ''ADDITIONAL INFORMATION— Description of Share Capital and Rights Attaching to the A Shares.

Dividend payments by the Issuer are subject to withholding tax in the Netherlands. See PART XIII of this document entitled ''TAXATION—Netherlands Tax Considerations'' for further details.

Recent Dividends

Since its incorporation on 29 December, 2005, the Issuer paid a distribution out of cash available from its operations in the amount of EUR 303 million in October 2006. The Issuer further paid distributions in the amounts of EUR 800 million in January 2007, EUR 276 million in October 2007 and EUR 87 million on 27 March 2008 to its sole shareholder, RPGI. As previously discussed in this Prospectus, the Issuer also intends to distribute the entire EUR 75 million balance of the share premium reserve allocated to the C Share to RPGI as the holder of the C Share in cash shortly prior to Admission.

Because the Issuer was a wholly-owned subsidiary of RPGI prior to the Offer, historic dividends are not indicative of future dividend payments.

PART IX

MANAGEMENT AND THE DIVISIONS

A. DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

Set out below is a summary of certain information concerning the Board, management and employees and a summary of certain provisions of the Articles of Association in respect of the Board as they will read on Admission. The summary of the above-mentioned provisions of the Articles of Association is based on, and qualified in its entirety by reference to, the full text of the Articles of Association as they will read at Admission.

1. MANAGEMENT STRUCTURE

The Issuer has a one-tier board structure with a board of directors (*raad van bestuur*) consisting of executive and non-executive directors.

Dutch law only provides for a two-tier governance structure, i.e., a management board and a separate supervisory board. Dutch statutory law does not provide for a one-tier structure, i.e., a board consisting of executive and non-executive directors.

It is, however, established practice in the Netherlands to have a structure in the board of directors (*raad van bestuur*) which is similar to a one-tier structure. Although all members of the board of directors are formally directors (*bestuurders*), the Articles of Association may provide that certain directors have tasks and obligations which are similar to those of executive directors and other directors have tasks and obligations which are similar to those of non-executive directors. The Articles of Association may provide that some directors are responsible for the day-to-day management of a company and other directors are responsible for supervising the day-to-day management of a company. The number of executive and non-executive directors are determined by the board of directors, whereas the actual appointment of such directors shall be done by the general meeting of the shareholders of the Issuer. All responsibilities are subject to the overall responsibility of the board of directors. All statutory provisions relating to the members of the board of directors apply in principle to all members of a ''one-tier board''.

The Board manages the Mining Division and the Real Estate Division. Day-to-day operational decisions relating to the Mining Division and Real Estate Division at the level of the Issuer are taken by the Issuer's employees under the oversight authority of the Board. Because the Issuer is a holding company, the subsidiaries of the Issuer are managed by the respective board of directors and employees of the relevant subsidiaries, which in each case are wholly owned direct or indirect subsidiaries of the Issuer.

The Board has delegated to the Real Estate Committee (details of which are set out in this PART IX of this document entitled ''DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE—Real Estate Committee'') certain duties to oversee the Assets of the Real Estate Division and manage the interaction between the Mining Division and the Real Estate Division, except in relation to audit, accounting, and financial disclosure matters which will be dealt with by the Audit and Risk Management Committee (details of which are set out in this PART IX of this document entitled ''DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE—Audit and Risk Management Committee'') and dividends and distributions (on both a routine basis or on a winding up although the Real Estate Committee will still be required to provide its opinion to the Board on such dividends or distributions) which will be dealt with by the Board. The Real Estate Committee will, amongst others, act in an advisory role to the Board in relation to interpreting policies set out in the Divisional Policy Statements and advising on certain transactions relating to the Assets of the Real Estate Division.

2. POWERS, COMPOSITION AND FUNCTION OF THE BOARD OF DIRECTORS

The Board and each executive director is authorised to represent the Issuer on behalf of both of the Divisions and acts on behalf of the holders of all classes of the shares in the Issuer as well as other stakeholders.

The number of directors shall be determined by the Board in accordance with the Articles.

The general meeting of shareholders appoints the directors, based on the binding nomination of the Board, although pursuant to the Articles the meeting of holders of B Shares has the right to nominate one director, as described below. The nomination must include the names of at least two candidates as well as whether the director is proposed to be an executive or non-executive director. A resolution to appoint a director nominated by the Board is adopted by an absolute majority of the votes cast, without a quorum being required. The general meeting may, at all times, overrule the binding nature of a proposal by resolution adopted with an absolute majority of the votes cast representing at least one-third of the Issuer's issued share capital. If an absolute majority of the votes cast is in favour of the resolution to overrule the binding nature of a proposal, but such majority does not represent at least one-third of the issued share capital, a second meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the portion of the issued share capital that this majority represents. If a binding proposal has been overruled by the general meeting, the general meeting may appoint a director at its discretion.

The Articles of Association provide that the general meeting shall appoint one director upon the binding nomination by the meeting of the holders of the B Shares. The general meeting may at all times overrule the proposal for nomination by resolution adopted with an absolute majority of the votes cast representing at least one-third of the issued share capital. If that absolute majority does not represent at least one-third of issued share capital, a second meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the portion of the issued share capital that this majority represents. If a binding proposal has been overruled by the general meeting, the general meeting may appoint a director at its discretion.

In the event the Board or the meeting of the holders of B Shares, as the case may be, has not made or has not made in time a binding nomination, the general meeting of shareholders may appoint a director at its discretion. A resolution to appoint a director who has not been nominated by the Board or the meeting of the holders of B Shares, as the case may be, is adopted by a two-third's majority of the votes cast, provided that at least half of the issued share capital is represented at the general meeting of shareholders.

In the event of a vacancy, the Board shall make a nomination to the general meeting. Pending one or more vacancies the Board remains properly constituted.

Unless the general meeting resolves otherwise at the proposal of the Board, a director is appointed for a maximum period of four years, whereby his or her term of office shall lapse on the day the annual general meeting of shareholders is to be held in the fourth year after the year of his or her appointment unless such director has retired beforehand. A retiring director is eligible for re-election. The Board has drawn up a retirement by rotation for the directors.

The directors may be suspended or dismissed at any time by the general meeting of shareholders. A resolution to suspend or dismiss a director is adopted by an absolute majority of the votes cast.

The Board is presided over by the chairman, appointed by the Board from among its members.

The non-executive directors supervise the policy and the fulfilment of duties of the executive directors, respectively, and the general affairs of the Issuer and they are furthermore entrusted with such duties as are or will be determined by or pursuant to the Articles of Association or a resolution of the Board.

The Board may appoint a person to act as company secretary. The company secretary administers, attends and drafts minutes of meetings of the Board, its committees and the general meetings and furthermore has such powers as are assigned to him or her by the Board on or after his or her appointment.

Pursuant to the Articles of Association, the Board can only adopt resolutions by a simple majority of the votes cast in a meeting where at least one half plus one of the members of the Board in office is present or represented. Each director has the right to cast one vote. In the event of a tied vote, the chairman has a casting vote. The Board can only adopt valid resolutions if all directors in office have been given notice of the meeting.

Without prejudice to the Articles of Association, resolutions of the Board regarding a significant change in the identity or nature of the Issuer or its business, shall require the approval of the general meeting, including in any event:

a. the transfer of the business or the majority business of the Issuer to a third party;

b. the conclusion or cancellation of any long-lasting cooperation by the Issuer or a subsidiary (*dochtermaatschappij*) with any other legal person or company or as a fully liable general partner of a limited partnership or a general partnership, provided that such cooperation or the cancellation thereof is of essential importance to the Issuer; and

c. the acquisition or disposal of a participating interest in the capital of the Issuer with a value of at least one-third of the sum of the assets according to the consolidated balance sheet with explanatory notes thereto according to the last adopted annual accounts of the Issuer, by the Issuer or a subsidiary.

The prior or simultaneous approval of the meeting of holders of B Shares shall be required for resolutions of the Board to (i) acquire any real estate or other assets for the Real Estate Division or to mortgage, charge, grant a license, or otherwise encumber the Assets of the Real Estate Division (or any of them) and (ii) finance the Real Estate Division from third party funding sources. In addition, the prior or simultaneous approval of the Issuer's general meeting and the meeting of holders of B Shares shall be required for board resolutions to amend, change, modify, rescind or suspend all or part of the Divisional Policy Statements in relation to the fundamental and overriding rights of the Mining Division, the payments for use and access to the Assets of the Real Estate Division, the amount of costs for overhead and support services payable by the Real Estate Division and the principles contained in the remainder of the Divisional Policy Statements and other matters that would adversely affect the rights of holders of B Shares. The Board may amend, change, modify, rescind or suspend any other aspects of the Divisional Policy Statements, or make exceptions to them or adopt additional policies without the prior written consent of the meeting of the holders of the B Shares, but subject to prior consultation with the holders of the B Shares.

3. MEMBERS OF THE BOARD OF DIRECTORS

At the date of this Prospectus, the Board is composed of the following fifteen members:

Name	Position	Age	Member as of
Miklos Salamon	***Executive Director / Chairman***	53	1 September 2007
Marek Jelínek	***Executive Director / CFO***	35	6 March 2007
Klaus-Dieter Beck	***Executive Director***	53	12 June 2007
Zdeněk Bakala	***Non Independent Non-executive Director / Vice-Chairman***	47	15 August 2006
Peter Kadas	***Non Independent Non-executive Director / Vice-Chairman***	46	15 August 2006
Alex T. Krueger	***Non Independent Non-executive Director***	34	15 August 2006
Christiaan Norval	***Non Independent Non-executive Director***	49	12 June 2007
Milan Jelinek	***Non Independent Non-executive Director***	76	8 November 2006
Hans-Jürgen Mende	***Non Independent Non-executive Director***	64	15 August 2006
Pavel Telička	***Non Independent Non-executive Director***	42	11 September 2007
Bessel Kok	***Independent Non-executive Director / Senior Independent Director***	66	11 September 2007
Hans-Jörg Rudloff	***Independent Non-executive Director***	67	11 September 2007
Steven Schuit	***Independent Non-executive Director***	65	20 November 2007
Paul Everard	***Independent Non-executive Director***	68	20 November 2007
Barry Rourke	***Independent Non-executive Director***	57	20 November 2007

Source: The Issuer

The address of the Issuer's registered office serves as the business address for all members of the Board. See PART XVI of this document entitled "ADDITIONAL INFORMATION—Incorporation and Activity" for further details.

Miklos Salamon (born in 1955) is a director of the Issuer and was appointed on 1 September 2007. He has served as executive Chairman of the Issuer since this date. He also serves as a non-executive member of the board of directors of OKD since his appointment on 1 November 2007, Co-President of

AMCI Capital and non-executive director of Central Rand Gold and Gem Diamonds. Between 2003 and 2006 Mr. Salamon served as an executive director of BHP Billiton with responsibilities for the aluminium, copper and nickel businesses. From 2001 to 2006 he also chaired BHP Billiton's Operating Committee which was accountable for inter alia the BHP Billiton group's health, safety and environment, projects, purchasing and operating excellence. In 2001, Mr. Salamon oversaw the merger integration of Billiton plc and BHP Limited. He was a co-founding director of Billiton plc in 1997, and oversaw the company's listing on the London Stock Exchange in 1997. Between 1985 and 1997 Mr. Salamon worked for Gencor Ltd, initially as marketing manager for coal. In 1989, he was appointed Managing Director of Gencor Ltd's coal business, Trans-Natal Coal Corporation, and was then appointed director of Gencor Ltd from 1993 to 1997. During this time he was also executive Chairman of Samancor Ltd and Chairman of Columbus Stainless Steel. Previously, Mr. Salamon was with the coal division of Shell Group in various capacities between 1981 and 1985. Prior to that he worked for the Anglo-American group, both in the Gold Division and at De Beers in trainee and junior management capacities. He commenced working for De Beers directly after graduation. Mr. Salamon graduated in 1975 from The University of the Witwatersrand, Johannesburg with a degree in Mining Engineering (Cum Laude) and obtained an MBA from the London Business School, University of London in 1981.

Marek Jelínek (born in 1972) (not a relative of Milan Jelinek) is a director of the Issuer and was appointed on 6 March 2007. He is also a director of RPG Trading and GGI and a member of the board of directors of OKD since his appointment on 1 November 2007. Since March 2007, he has been Chief Financial Officer of the Issuer and, in such capacity, is responsible for the restructuring activities within the Issuer. Mr. Jelínek was a director of RPGA from 2005 to 2006. Mr. Jelínek joined the RPG 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.

Klaus-Dieter Beck (born in 1955) is a director of the Issuer and was appointed on 12 June 2007. He has served as CEO and Chairman of the board of directors of OKD since 1 July 2007. He acquired significant management experience from his previous jobs in prominent managerial posts in international coal companies in both Europe and the U.S. He gained a doctorate in mining engineering at the Rhine Westphalia University in Aachen, Germany. He started his professional career in 1976. From 1996 to 1998 he was general manager at a mine at Ruhrkohle Bergbau AG (nowadays called Mine West of RAG-Deutsche Steinkohle). He moved to the United States of America in 1998 to take on the position of Vice-President of Riverton Coal, Inc. Prior to joining OKD he was Senior Vice-President for Planning and Engineering at Foundation Coal Holdings, Inc. His expertise helped the company achieve strong growth and opened the way to further expansion.

Zdeněk Bakala (born in 1961) is a director of the Issuer and was appointed on 15 August 2006. On 22 October 2007, Mr. Bakala was appointed Vice-Chairman of the Issuer. He has served as Chairman of the board of directors of OKD since September 2006 and as a member of the board of directors of OKD since 1 November 2007; as a director of RPGICZ and of RPG Real Estate B.V. since October 2006, as Chairman of the Supervisory Board of RPGA since May 2006 and as a director of NWRT since June 2007. Mr. Bakala served as Chairman of the board of directors of each of Karbon Invest, a.s. and Charles Capital from 2004 to 2006 and from 2003 to 2005, respectively. Mr. Bakala has also been a member of the Supervisory Board of the Prague Stock Exchange since 2005. In 1994, Mr. Bakala founded Patria Finance, an investment-banking company in the Czech Republic, which was sold to KBC, a Belgian banking group, in 2001. Between 1990 and 1994, Mr. Bakala worked as Head of the Czech desk for Credit Suisse First Boston and was responsible for establishing a branch office 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 in 1986 with an A.B. 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 (born in 1962) is a director of the Issuer and was appointed on 15 August 2006. On 22 October 2007, he was appointed Vice-Chairman of the Issuer. He had served as Vice-Chairman of the board of directors of OKD since September 2006 to November 2007. Since October 2006, he has served as director of RPG Real Estate B.V. Mr. Kadas has been a director of Crossroads Capital (UK) Ltd., an affiliate of Crossroads Capital Investments Inc, since 2000. Between 1997 and 2000, he was Managing

Director of Croesus Central Europe, a joint venture between Croesus of New York and Central European Partners. From 1996 to 1997, Mr. Kadas worked as a managing director for MC Securities in London. In 1995, Mr. Kadas co-founded Renaissance Capital, Russia's first private investment bank. In 1990, Mr. Kadas worked as a director for Credit Suisse First Boston's branch office in Budapest. He also served on a number of corporate boards in the region, including CSFB Budapest, the Management Committee of Renaissance Capital and, between 2002 and 2005, Vice-Chairman of the board of directors of České Radiokomunikace. Mr. Kadas graduated from Trinity College, University of Toronto, in 1986, with a bachelor of arts degree in Economics and Politics and obtained a master of business administration degree from the Amos Tuck School of Business Administration, Dartmouth College, in 1990.

Alex T. Krueger (born in 1974), is a director of the Issuer and was appointed on 15 August 2006. He is a managing director of First Reserve Corporation which he joined in 1999. Prior to joining First Reserve, Mr. Krueger worked in the Energy group of Donaldson, Lufkin & Jenrette in Houston. Mr. Krueger holds two B.S. degrees from the University of Pennsylvania, one in Chemical Engineering and one in Finance and Statistics from the Wharton School. Mr. Krueger now serves, or has served within the past five years, as a director on the boards of Alpha Natural Resources, Inc., AMCI Capital GP Limited, AMCI Holdings Australia Pty Ltd., Asian American Coal, Inc., Asian American Gas, Inc., Foundation Coal Holdings, Inc., Narrabri Coal Pty Ltd., Natural Resource Partners, New World Resources B.V. and Whitehaven Coal Limited.

Christiaan Norval (born in 1959) is a director of the Issuer and was appointed on 12 June 2007. Mr. Norval is the co-founder, Chairman and CEO of GGI, an affiliated company focused on climate mitigation through elimination of methane as a greenhouse gas and the production of green energy. He was appointed as a member of the board of directors of DPB in January 2008. Prior to his involvement with GGI, he was CEO and President of the SUAL International Group from 2002 to 2004, which was involved in Russian aluminium production, Kazakh coal and African Tantalum production. Mr. Norval spent a significant part of his career with what is today known as BHP Billiton. As head of Corporate Finance from 1997 to 2002, he oversaw most of the transactions to create BHP Billiton, including the execution of the IPO of Billiton Plc in 1997 and the merger with BHP in 2001. In addition, he was responsible for corporate venturing, innovation and the incubation of new businesses. Mr. Norval holds a certificate as a Chartered Accountant (SA) and is a member of the South African Institute of Chartered Accountants. He graduated from the Rand Afrikaans University in 1980 with a Bachelor of Commerce honours degree.

Milan Jelinek (born in 1931) (not a relative of Marek Jelínek) is a director of the Issuer and was appointed on 8 November, 2006. Mr. Jelinek also serves as a member of the board of directors of OKD since his appointment on 1 November 2007 and as director of NWRT since October 2007. He has served as a director of AMCI Capital since February 2007 and as member of the board of directors of Enerco BV since September 2007. He was a member of the executive board of OKD from 2005 to 2006. In 1990 Mr. Jelinek established ICS Trading AG, a German trading company and has served as its President since then. He also became the Chairman of the advisory board of Metalimex in 1996, a position he held until 2004. Mr. Jelinek joined Metalimex in 1953 and has held various positions such as Traffic Manager, Head of Iron and Manganese Ore Department, Head of Coal and Coke Department and Vice-Director of Coal and Coke division. In 1985, Mr. Jelinek established Trans Coal and Mineral Trading AG and was the company's President until the end of 1998 when he sold it. During this time he was also a non-executive director of Ingwe, a South African coal company and Billiton Marketing, a Dutch company. Between 1969 and 1985, Mr. Jelinek was with Stinnes AG in various capacities within the group, including director of Stinnes AG and executive Chairman of Stinnes Intercoal. Mr. Jelinek was also Chairman of the board of directors of IKO, a German coal and bentonite processing company; Chairman of Independence Coal Company in the United States; and Chairman of Agenzia Carbone in Italy. Mr. Jelinek graduated from the Charles University in Prague in 1952 with a Juris Doctorate degree in Law.

Hans Jürgen Mende (born in 1944) is a director of the Issuer and was appointed on 15 August 2006. Mr. Mende has served as President and Chief Operating Officer of AMCI since he co-founded the company in 1986. Prior to founding AMCI, Mr. Mende was with the Thyssen Group in various senior executive positions including President of Thyssen Carbometal Inc. from 1968 to 1986. Mr. Mende has served as a director of Alpha Natural Resources, Inc. and as Chairman of the board of directors of ANR Holdings from 2003 to 2005. Mr. Mende is a member of the board of directors of Quintana Maritime Inc. and MMX in Brazil, both publicly traded entities. Mr. Mende was born in Lobositz, Czech Republic in 1944, was educated in Germany and the U.S.A. and has been living in the U.S.A. since 1968.

Pavel Telička (born in 1965) is a director of the Issuer and was appointed on 11 September 2007. In 2004 Mr. Telička co-founded BXL Consulting Ltd, a consultancy on EU affairs, where he currently serves as director and is in charge of its Brussels office. He also became a member of the High Level Group on the Reduction of Administrative Burdens of the European Commission in November 2007. Before that, in 2004, he was nominated and held the position of Member of the European Commission co-responsible for the portfolio of health and consumer protection. Between 1991 and 2004, Mr. Telička had worked at the Czech Republic Ministry of Foreign Affairs, and occupied various positions during this time including Ambassador and Head of the Permanent Mission of the Czech Republic to the EC in Brussels, Secretary of State for European Affairs and First Deputy Minister of Foreign Affairs (during which time he was Chief Negotiator for the accession of the Czech Republic to the EU). Mr. Telička has also been a Senior Advisor to the European Policy Centre since 2005 as Member of the Administrative Council of the Notre Europe Foundation, established by Jacques Delors. In July 2005, he was appointed European Coordinator for one of the priority projects within TEN-T for the railway network Rail Baltica. Mr. Telička graduated from the Faculty of Law at the Charles University in Prague in 1986.

Bessel Kok (born in 1941) is a director of the Issuer and was appointed on 11 September 2007. On 22 October 2007, Mr. Kok was appointed Senior Independent Director. He has served as Chairman of Astelit/LIFE (Kiev), Scarlet Communications (Netherlands) and CV Warehouse (Belgium) since 2005. From 1995 to 2004, he was Vice Chairman and Chief Operating Officer of Český Telecom (formerly SPT Telecom) and now Telefonica/02 (Czech Republic). In the same years, he was a board member of Eurotel in Prague, and during 2002 to 2004, he also served as Chairman of the Board of Eurotel. Prior to that, Mr. Kok was the President of Belgacom from 1989 to the end of 1994 and oversaw its privatisation. In 1973, Mr. Kok joined SWIFT (Society for Worldwide Interbank Financial Telecommunication) in Belgium and became its President and CEO in 1981, positions which he held until 1989. Mr. Kok also served as Director of Business Intelligence Services (London) from 1968 to 1972. Mr. Kok graduated in 1963 from the Municipal University in Amsterdam with a degree in Economic Sciences.

Hans-Jörg Rudloff (born in 1940) is a director of the Issuer and was appointed on 11 September 2007. Since 1998, he has served as Chairman of Barclays Capital. 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 1995, having previously served as vice chairman since 1983 and Managing Director from 1980 to 1983. He was also a Member of the executive Board for Credit Suisse, Zurich from 1986 and both Credit Suisse Holding & Credit Suisse First Boston Group Inc. from 1990 to 1995. Between 1968 and 1980, Mr. Rudloff served at Kidder Peabody International, where he became Chairman in 1978, having previously served as Managing Director. In 1980 he was also nominated to the Board of Kidder Peabody Inc. New York. Mr. Rudloff is currently Chairman of the Audit Committee for Rosneft, a position he has held since 2006. Mr. Rudloff has also served as Chairman of ICMA since 2005 and Bluebay Asset Management PLC since 2001. He has been Vice-Chairman, member of the Audit Committee and head of the Compensation Committee of Novartis since 1996. Mr. Rudloff also serves as Chairman to ICMA since 2005 and Bluebay Asset Management Limited since 2001. He has also been a board member of Thyssen Bornemisza Group since 1995, Ros Business Consulting since 2002, ABD Capital SA since 2003 and an advisory board member of Landeskreditbank Baden-Württemberg since 1993. In 2007, Mr. Rudloff joined the board of New World Resources B.V. Mr. Rudloff is also Chairman of the Marcuard Group, which is a privately held asset management group of companies. Mr. Rudloff graduated from the University of Berne in 1965 with a degree in Economics. He is also a member of the board of Energie Baden-Württenberg since March 2000.

Steven Schuit (born in 1942) is a director of the Issuer and was appointed on 20 November 2007. He is currently legal counsel to Allen & Overy LLP in its Amsterdam office, having served as partner to this firm and its predecessor firm between 1976 and 2005. From 1980 until 1990, he was the New York resident partner of this predecessor firm. He is also currently a part-time professor of International Commercial and Financial Law at Utrecht University and a part-time professor Corporate Governance and Responsibility at the Strategy Center of Nyenrode Business Universiteit. He is currently member of the supervisory board of ZBG Finance N.V., Amodo N.V., Breevast B.V. and Numico B.V., formerly Numico N.V.; he is a member of the advisory board of Petercam S.A., he is chairman of the board of directors of De Baak Management Center VNO-NCW, he is chairman of the board of directors of the Law Firm School and chairman of the board of directors of Stichting Giving Back and is a director of Stichting Grotius Academy. Mr. Schuit has previously been member of the supervisory board of Cyanamid N.V. from 1975 to 1982, member of the supervisory board of Burroughs N.V. from 1977 to 1979, member of the board of directors of the Netherlands-US Chamber of Commerce from 1985 to 1983, member of the board of governors (Algemene Raad) of the Dutch National Bar (Nederlandse Orde van Advocaten) from 1993 to 1999 and was a member of the Special Committee of the Dutch government to advise on commercial products of Dutch pension funds (Commissie Staatsen) between 2003 and 2004. Mr. Schuit graduated in 1969 from Groningen University with a degree in law and was admitted to the bar (beëdigd als advocaat) in the Netherlands in 1971.

Paul Everard (born in 1940) is a director of the Issuer and was appointed on 20 November 2007. Between 2001 and 2005, when he retired Mr. Everard served as Deputy President of Aluminium for BHP Billiton. From 1998 until 2001, he was executive director of Billiton Aluminium responsible for business development and strategy up to Billiton's merger with BHP. Between 1974 and 1998, Mr. Everard served at Billiton in a number of roles. Following the sale of Billiton by Shell to Gencor. From 1995 until 1998 he was Chief Executive of Aluminium with responsibility for managing and developing the company's businesses outside South Africa and prior to that, he was the director responsible for all business performance, strategic planning, research, HSE and public affairs for the company between 1986 and 1995. Mr. Everard joined Billiton International Metals B.V. in 1975 and was responsible for the global aluminium business until 1986. He began his career at the Shell Group in 1964, initially working in oil marketing in Kenya and Tanzania until 1970 and thereafter he transferred to the London Central Office working within both the Audit and Personnel Divisions. Mr. Everard graduated in 1962 from Cambridge University with an MA in Mechanical Sciences. He gained a Diploma of Management Studies from Greenwich University in 1973 and completed the Advanced Management Program at Harvard Business School in 1979.

Barry Rourke (born in 1950) is a director of the Issuer and was appointed on 20 November 2007. He served as partner at PricewaterhouseCoopers from 1984 until 2001, when he took early retirement. During his time at PricewaterhouseCoopers Mr. Rourke undertook various roles including Chairman of the UK Construction and Property Group, Member of the Oil and Gas Industry Group, member of the PricewaterhouseCoopers PFI Board and he was for a time liaison partner for the Netherlands. Mr. Rourke is currently Chairman of the board of directors of 3Legs Resources plc, independent member of the board of directors and Chairman of the Audit Committee for Columbus Acquisition Corp., independent member of the Audit Committee for the Department for Business Enterprise and Regulatory Reform and non-executive director and Chairman of the Audit Committee of Surrey and Borders Partnership NHS Trust. He is also an independent non-executive member of the Audit Committee for DTEK (a Ukrainian power company) and Metinvest (a Ukrainian steel company). Between 2001 and 2007 he was also Chairman of the board of directors of Threshold Housing and of the remuneration committee during that period, having previously served as Chairman of the Audit Committee and was the independent non-executive Chairman of the Audit Committee for the SUAL Group between 2004 and 2007. Mr. Rourke is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified as a chartered accountant in 1973.

3.1 Recent Developments

Klaus-Dieter Beck was elected to the board of directors of OKD on 15 May 2007 and has served as a senior executive within the Issuer since 1 July 2007. Dr. Beck and Christiaan Norval were elected to the Board with the effect as of 12 June 2007. As of 11 September 2007, Jonathan Zimmerman, Marshall Winn, Jan Scholts, Dirk Stolp, Arnout Stal, Roelof Langelaar, Allard van der Veen and Edwin Denekamp resigned from their functions of the directors of the Issuer and Bessel Kok, Pavel Telička and Hans-Jörg Rudloff were appointed as directors of the Issuer. As of 20 November 2007, Andreas Nagelmaker resigned from his position as director of the Issuer and Steven Schuit, Barry Rourke and Paul Everard were appointed as directors of the Issuer.

4. REAL ESTATE COMMITTEE

In accordance with the corporate governance policy of the Issuer (''Corporate Governance Policy'') and the Divisional Policy Statements, the Issuer has established a Real Estate Committee, which oversees the Assets of the Real Estate Division and the interaction between the Mining Division and the Real Estate Division.

Pursuant to the Divisional Policy Statements and the rules of the Real Estate Committee, members of the Real Estate Committee have been, and will continue to be, selected and appointed by the Board from amongst the members of the Board. At all times, all of the members will be independent non-executive directors of the Issuer. If a director, who is also a member of the Real Estate Committee, ceases to act as a director of the Issuer or ceases to be an independent non-executive director, his membership of the Real Estate Committee shall also immediately cease subject to the Articles of Association and any appropriate rules of the Board.

As at the date of this Prospectus, the Real Estate Committee is composed of Barry Rourke (Chairman), Steven Schuit and Paul Everard.

The board of directors of OKD has adopted the Divisional Policy Statements and has resolved to propose amendment to its articles of association for approval by its shareholder, the Issuer, to implement the Divisional Policy Statements. The Issuer expects its other subsidiaries to take similar actions with respect to the Divisional Policy Statements.

Under the Divisional Policy Statements, OKD, OKD's subsidiaries and the other subsidiaries of the Issuer (as applicable) carry out the day-to-day operations of the Real Estate Division. In carrying out such day-to-day operations, OKD, OKD's subsidiaries and the other subsidiaries of the Issuer (as applicable) are required to seek the prior approval from the Board, after the Real Estate Committee has provided its advice to the Board, when proposing to enter into transactions which: (i) are not considered by the Board to be in the ordinary course of business of the Real Estate Division; or (ii) relate to Assets of the Real Estate Division which have a book value of 5% or more of the total book value of the Assets of the Real Estate Division from time to time (or such lower percentage as determined by the Real Estate Committee from time to time). The Board shall issue guidance on the types of matters or transactions that require prior approval.

In relation to Real Estate Division transactions which require prior approval of the Board, the Real Estate Committee acts as an advisory body to the Board. In this advisory capacity, the Real Estate Committee will submit a report to the Board (either orally or in writing) setting out its advice in relation to the adoption of the referred transaction. When preparing its report, the Real Estate Committee is required to take into account the policies set out in the Divisional Policy Statements and the advice of an independent valuer or other expert (being nominated and appointed under a procedure set out in the Divisional Policy Statements). Directors of the Issuer who have a conflict of interest are required, under the Divisional Policy Statements and the Corporate Governance Policy, not to take part in any discussion or decision making on such a transaction and to abstain from voting upon the adoption of a resolution of the transaction. In making its final decision on a transaction, the Board may, in its sole discretion, decide whether to act upon, or to set aside, the advice of the Real Estate Committee.

The Real Estate Committee is also responsible for monitoring the compliance of all the Issuer's subsidiaries with the Divisional Policy Statements and for reporting to the Board about such compliance.

For further details on the Divisional Policy Statements, see PART IX of this document entitled ''MANAGEMENT AND THE DIVISIONS—THE RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION.''

5. CORPORATE GOVERNANCE POLICY AND BOARD OF DIRECTORS' COMMITTEES

The Board has adopted the Corporate Governance Policy to record the Group's system of corporate governance. The Corporate Governance Policy lays out various provisions including: the Board's main tasks and authorities, as well as its structure, composition, and functioning; the qualification and independence of directors, their nomination and election, directors' rights and duties, procedures to deal with conflicts of interest and related party transactions, rules on competing engagements and directors' retirement by rotation. On Admission, the Issuer will be required to comply with the Dutch Corporate Governance Code released by the Dutch Corporate Governance Code Committee, also known as the Tabaksblat Committee (the ''Dutch Corporate Governance Code''). In addition, under the listing rules made by the UK Listing Authority from time to time pursuant to section 73 of the FSMA (the ''Listing Rules''), the Issuer will be required to include a statement in its annual report and accounts as to the significant ways in which its actual corporate governance practices differ from those set out in the UK Combined Code on Corporate Governance published in June 2006 by the Financial Reporting Council (the ''UK Combined Code''). For further details, see paragraph 18 below entitled ''—Corporate Governance.''

The Corporate Governance Policy provides that the Board should have a balance of non-executive and executive directors which is effective for the promotion of its corporate objectives, the protection of the interests of all shareholders and stakeholders and the governance of the Group. The Board will strive to have a majority of directors who are non-executive and are judged by the Board to be independent of judgment and character and free of material relationships with the Group and other entities and people that might influence or would be perceived by shareholders to influence such judgment. A director shall not be deemed to be independent if the director concerned (or his wife/her husband, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree) has been an employee of the Issuer or the Group within the last five years; receives personal financial compensation from any Group company other than the compensation received as director; has had an important business relationship with the Issuer or a company associated with it in the year prior to the appointment; holds a cross-directorship or has any significant links with other directors through involvement in other companies or bodies where these cross-directorships or links would materially interfere with the director's objective, unfettered or independent judgement or ability to act in the best interests of the Issuer; holds directly or indirectly more than ten percent of the A Shares or B Shares; or is a member of the (management or supervisory) board or senior management of an entity which holds directly or indirectly at least 10% of the A Shares or B Shares.

In accordance with its Corporate Governance Policy, and in addition to the Real Estate Committee, the Issuer has established four other committees: an audit and risk management committee, a remuneration committee, a finance and investment committee and a health, safety and environment committee. The members of the committees are members of the Board. The Board may at all times change the duties and composition of each committee, with the due understanding that any changes to the rules of the Real Estate Committee shall be in line with the Divisional Policy Statements. A brief description of the terms of reference of each of the committees is set out below.

5.1 Audit and Risk Management Committee

The audit and risk management committee operates pursuant to a charter approved by the Board. The audit and risk management committee consists of four members, being Bessel Kok (chairman), Hans-Jörg Rudloff, Steven Schuit and Barry Rourke. The members are appointed by the Board from amongst its independent non-executive directors. The audit and risk management committee is responsible for advising the Board in its work and for ensuring the integrity of consolidated financial statements and consolidated accounts, and preparing resolutions in relation to this; taking decisions in accordance with authorities delegated to it by the Board; advising the Board on audit, accounting and financial disclosure matters regarding the Real Estate Division; reviewing with the Board and auditors the integrity of the financial statements and other formal announcements relating to the Issuer's financial performance; observing the process for selecting the external auditor and making recommendations to the Board on the appointment, dismissal, terms of engagement and fees of the external auditor; assessing the external auditor's effectiveness, independence and objectivity and its provision of non-audit services; reviewing the annual audit plan and reports by the external auditor on internal control systems and procedures; approving, monitoring and reviewing the Issuer's charter and its subsidiaries' internal audit division, making recommendations to the Board on appointment and dismissal of the internal auditor of the Issuer and its subsidiaries and approving its compensation; reviewing the effectiveness of the systems for internal control, compliance, budgeting, forecasting and financial reporting of the Group and procedures for identifying strategic and business risks; reviewing compliance issues arising in the past year, making recommendations to the Board on potential conflicts of interests, related party transactions and loans to directors; observing the effectiveness of the Issuer's whistleblower procedure (see below); annually publishing a report of its deliberations and findings; and reporting to the Board on developments in the relationship with the external auditor.

5.2 Remuneration Committee

The remuneration committee operates pursuant to a charter approved by the Board. The remuneration committee consists of three members, being Zdeněk Bakala (chairman), Bessel Kok and Hans-Jörg Rudloff. The members are appointed by the Board and the remuneration committee is composed of at least three non-executive directors with a majority of independent non-executive directors (whereas the Combined Code recommends that the remuneration committee is comprised exclusively of independent non-executive directors). The chairman of the Board cannot be a member of the remuneration committee. The remuneration committee advises the Board in relation to its responsibilities with respect to the remuneration of directors and senior executives. The remuneration committee will prepare proposals to the Board on: the remuneration policy for directors for adoption at a general meeting; salary levels, bonuses and other benefits for executive directors and senior executives;

contractual terms for executive and non-executive directors; preparation of share-based incentive plans; succession planning for senior executives; and preparation of remuneration report by the Board.

5.3 Finance and Investment Committee

The finance and investment committee operates pursuant to a charter approved by the Board. The committee consists of five members, being Peter Kadas (chairman), Zdeněk Bakala, Miklos Salamon, Marek Jelínek, and Alex T. Krueger. The finance and investment committee will review, recommend to the Board and, where appropriate, approve all major strategic or financial investments and divestments and other major capital expenditure decisions; review regularly the adequacy of the Issuer's capital structure and make recommendations to the Board; advise the chairman of the Board on relationships with banks, rating agencies and financial institutions; oversee and provide guidance to the Issuer's chief financial officer on all aspects of funding and treasury management; review and provide guidance to the Issuer's chief financial officer on the quality of the reporting of the Issuer's financial and operational performance to the Board; and review, recommend to the Board and, where appropriate, take decisions on all matters related to the Issuer's subsidiaries that are decided by the shareholders of the subsidiaries according to their respective articles of association, save for the Real Estate Division and where expressly assigned to other bodies of the Issuer. The members of the finance and investment committee are appointed by the Board, and must include the Issuer's chief financial offier.

5.4 Health, Safety and Environment Committee

The health, safety and environment committee operates pursuant to a charter approved by the Board. The committee consists of four members, being Paul Everard, Miklos Salamon, Klaus-Dieter Beck and Steven Schuit. The committee will assist the Board in its oversight of health, safety and environmental risks within the Group; oversee the performance of the Group in relation to health, safety and environmental matters; review the Group's policies and systems for ensuring compliance with applicable health, safety and environmental, legal and regulatory requirements; and discuss with senior management in the Issuer's subsidiaries the effectiveness of the Group's policies and systems for identifying and managing health and safety risks material to the achievement of the corporate objective. The committee also advises the Board on specific issues in these areas.

6. SENIOR MANAGEMENT

The Board is supported by the following other key corporate officers from the operating subsidiaries of the Issuer:

Name	Age	Title
Klaus-Dieter Beck	53	Chief Executive Officer of OKD
Miloslava Trgiňová	48	Chief Financial Officer of OKD Chief HR Officer of OKD
Ján Fabián	42	Chief Administration and Development Officer of OKD
Jan Matula	49	Chief Engineering Officer of OKD
Petr Otava Jr.	34	Chief Commercial Officer of OKD
Leo Bayer	55	Chief Operations Officer of OKD

Miloslava Trgiňová (born in 1960) has served as Chief Financial Officer of OKD since August 2007 and on 1 November 2007 she was appointed as the Vice-Chairman of the board of directors of OKD. In such capacity she has overall responsibility for the financial strategy and management of OKD. She was also appointed as Chief HR Officer of OKD in March 2008. Between 1997 and 2007 she worked for Sun Microsystems and her roles during this period included Finance Director for Central Europe and Director for Shared Service for Southern and Eastern Europe, the Middle East and Africa. Prior to this she worked in the auditing division of Price Waterhouse Coopers. In 1984 she graduated from Charles University with a degree in mathematics and physics and is a British qualified accountant having gained her FCCA certificate in 1996. The business address of Mrs. Trgiňová is Prokešovo náměstí 6/2020, 728 30, Ostrava, Czech Republic.

Ján Fabián (born in 1966) has served as Chief Administration and Development Officer of OKD since August 2007 and on 1 November 2007 he was appointed as the Vice-Chairman of the board of directors of OKD. In such capacity he has overall responsibility for the strategic planning and organisational development for OKD. Prior to joining OKD, he served as a Project Manager for Roland

Berger Strategy Consultants from 1998 to 2007, where he managed transformation and restructuring projects focusing on production optimisation, process efficiency and growth strategies in the CEE, Russia, Ukraine and Western Europe. He managed some of the largest strategic and privatisation projects on the Czech market and cooperated with the European Commission on national strategies for the Czech as well as Romanian steel industries. Mr. Fabián served as a research analyst for Colenco Power Consulting in Switzerland between 1991 and 1992. In 1988 he graduated from the Technical University in Košice with a degree in mining and gained a PhD in production optimisation for the underground mining from the Technical University in Berlin in 1998. The business address of Mr. Fabián is Prokešovo náměstí 6/2020, 728 30, Ostrava, Czech Republic.

Jan Matula (born in 1959) has served as Chief Engineering Officer of OKD since 2005. In such capacity he is responsible for the coordination of mining strategies. Since joining OKD in 1982, Mr. Matula has had various roles within OKD. Since 1999, he has served as Chairman of the Supervisory Board of each of OKD, HBZS, a.s., and DPB. Prior to that, Mr. Matula served as Chairman of the board of directors of ČMD between 1999 and 2004; as Technical Director of Karbon Invest between 1999 and 2002; and as Director of the ČSM mine between 2003 and 2004. He received a professional license of a main mining surveyor issued by the Czech Mining Office in 1993. Mr. Matula graduated from the Mining University in Ostrava in 1982 with a master's degree in Underground Mining. The business address of Mr. Matula is Prokešovo náměstí 6/2020, 728 30, Ostrava, Czech Republic.

Petr Otava Jr. (born in 1974) has served as Chief Commercial Officer of OKD since 2006. In such capacity he is responsible for trading activities of OKD. He has also served as Chief Sales Manager of RPGICZ since 2006. Since October 2007, he has also served as a member of the board of directors of OKK and a member of the supervisory board of CZECH—KARBORN s.r.o. Between 2002 and 2006, he was Manager of the Coal Business Unit and a member of the board of directors of Metalimex. Prior to that, Mr. Otava Jr. was Assistant Sales Manager of Metalimex since joining Metalimex in 2000. Mr. Otava Jr. graduated from the Technical University in Ostrava in 2000 with a master's degree in Economics and Business Law. The business address of Mr. Otava Jr. is Jankovcova 1518/2, 170 88 Praha 7, Czech Republic.

Leo Bayer (born in 1953) has served as Chief Operations Officer of OKD since 2007. In such capacity he is responsible for strategic management of mines and enhancement in the areas of safety, production and costs. He also oversees all operations and is responsible for implementing procedures to improve the technological processes in the mines. Since joining OKD in 1976, Mr. Bayer has had various roles within the Darkov mine. He served as director of various internal operations and in 1995 he became a production manager of the Darkov mine. He served as Director of the Darkov mine between 2003 and 2007. Mr. Bayer graduated from the Mining University in Ostrava in 1977 with a master's degree in Heavy-current Electronics and in 1985 in Underground Mining. The business address of Mr. Bayer is Prokešovo náměstí 6/2020, 728 30, Ostrava, Czech Republic.

7. REMUNERATION

7.1 Board of directors

The Issuer has a remuneration policy for the directors of the Issuer which was adopted by a general meeting of the Issuer's shareholders upon the proposal of the Board on 1 April 2008, and became effective as of the same date. Any change to the remuneration policy must be approved by the general meeting of shareholders.

The salary, bonus, if any, and the other terms and conditions of employment of the executive directors of the Issuer shall be determined by the Board after a review of proposals submitted by the remuneration committee and with due observance of the remuneration policy. The Board must submit a proposed remuneration policy to the general meeting for its approval regarding share or option based remuneration of the directors (including any performance conditions relating to such remuneration). The proposal must include the number of shares or options over shares that may be awarded to the directors and which criteria apply to an award or a modification of such rights. The amount of the salary and bonus and other terms and conditions of employment, if any, of non-executive directors must be approved by the general meeting of shareholders, with due observance of the remuneration policy. The Board will receive proposals from the remuneration committee governing the individual salary levels, bonuses and other benefits for the Issuer's executive directors, the contractual terms for executive and non-executive directors, and the preparation of (share-based) incentive plans.

7.2 Remuneration information for the Board for the fiscal year ended 31 December 2007

The table below provides the remuneration of each member of the Board for the fiscal year ended 31 December 2007. Certain material terms of the employment agreements of Miklos Salamon, Marek Jelínek, Klaus-Dieter Beck, Miloslava Trgiňová, Ján Fabián, Leo Bayer, Petr Otava Jr. and Jan Matula are included in paragraph 9 of this Part IX entitled ''MANAGEMENT AND THE DIVISIONS—DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE.''

NAME	FIXED ANNUAL COMPENSATION	PERFORMANCE RELATED COMPENSATION	IN-KIND COMPENSATION(1)	TOTAL
DIRECTORS				
MIKLOS SALAMON	€123,038	—	—	€ 123,038
MAREK JELÍNEK	€183,333	€2,000,000	€ 76,048	€2,259,381
KLAUS-DIETER BECK	€206,569	€ 360,231	€187,316	€ 754,116(2)
ZDENĚK BAKALA	€ 55,604	—	€ 3,854	€ 59,458
PETER KADAS	€ 51,784	—	—	€ 51,784
ALEX,T. KRUEGER	€ 24,386	—	—	€ 24,386
CHRISTIAAN NORVAL	€ 12,283	—	—	€ 12,283
MILAN JELINEK	€ 16,749	—	—	€ 16,749
HANS-JÜRGEN MENDE	€ 23,447	—	—	€ 23,447
PAVEL TELIČKA	€ 9,790	—	—	€ 9,790
BESSEL KOK	€ 32,025	—	—	€ 32,025
HANS-JÖRG RUDLOFF	€ 28,735	—	—	€ 28,735
STEVEN SCHUIT	€ 11,787	—	—	€ 11,787
PAUL EVERARD	€ 11,450	—	—	€ 11,450
BARRY ROURKE	€ 11,787	—	—	€ 11,787

(1) Includes in-kind compensation e.g. personal travelling costs, additional health insurance, housing etc. and coverage of tax effects.

(2) In addition to that, Mr. Beck received a one-time payment of USD 4.2 million from RPGI.

Source: The Issuer

FORMER DIRECTORS(1)			
MARSHALL WINN	€ 6,959	—	€ 6,959
JONATHAN ZIMMERMAN	€26,096	—	€26,096
EDWIN DENEKAMP	€ 6,959	—	€ 6,959
ROELOF LANGELAAR	€ 6,959	—	€ 6,959
JOHANNES SCHOLTS	€26,096	—	€26,096
ARNOUT STAL	€ 6,959	—	€ 6,959
DIRK STOLP	€ 6,959	—	€ 6,959
ALLARD VAN DER VEEN	€ 6,959	—	€ 6,959
GUIDO NIEUWENHUIZEN	€ 1,781	—	€ 1,781
ANDREAS NAGELMAKER	€33,493	—	€33,493

(1) Guido Niewenhuizen resigned as a director as of 6 March 2007, each of Marshall Winn, Jonathan Zimmerman, Edwin Denekamp, Roelof Langelaar, Johannes Scholts, Arnout Stal, Dirk Stolp and Allard Van der Veen resigned as a director as of 11 September 2007, and Andreas Nagelmaker resigned as a director as of 20 November 2007.

Source: The Issuer

There were no stock options, pension, retirement or similar benefits granted to the members of the Board set aside or accrued in 2007.

7.3 Remuneration information for senior management for the fiscal year ended 31 December 2007

For the financial year ended 31 December 2007, the aggregate total remuneration paid to senior management (including contingent or deferred compensation but excluding, for the avoidance of doubt, the value of any stock options granted) was EUR 2,208,972 and includes base compensation.

8. LOANS TO DIRECTORS AND SENIOR MANAGEMENT

As of 31 December 2007, no loans were outstanding to any of the Directors or senior management.

9. EMPLOYMENT AND OTHER AGREEMENTS WITH MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

9.1 General

Neither the Issuer nor OKD has entered into employment or other similar agreements with Directors and senior management other than with Miklos Salamon, Marek Jelínek, Klaus-Dieter Beck, Miloslava Trgiňová, Ján Fabián, Petr Otava, Jr., Jan Matula and Leo Bayer. The Issuer has not entered into advisory agreements with Directors other than with Milan Jelinek, as discussed below. None of the employment or advisory agreements with the Directors and senior management provide for any benefits upon termination.

9.2 Terms of Employment

The terms upon which each of the Directors and senior management have been engaged are summarised below:

NAME	DATE OF APPOINTMENT	NOTICE PERIOD	ANNUAL FEES/ ANNUAL BASIC SALARY(1)
EXECUTIVE DIRECTORS			
MIKLOS SALAMON(2)	*1 SEPTEMBER 2007*	*12 MONTHS NOTICE BY ISSUER; 6 MONTHS NOTICE BY DIRECTOR*	*£250,000*
KLAUS-DIETER BECK(3)	*SEE BELOW*	*SEE BELOW*	*SEE BELOW*
MAREK JELÍNEK	*6 MARCH 2007*	*2 MONTHS NOTICE BY ISSUER; ONE MONTH NOTICE BY DIRECTOR*	*€215,000*
NON-EXECUTIVE DIRECTORS			
ZDENĚK BAKALA	*15 AUGUST 2006*	—	£60,000
PETER KADAS	*15 AUGUST 2006*	—	£60,000
ALEX T. KRUEGER	*15 AUGUST 2006*	—	£60,000
CHRISTIAAN NORVAL	*12 JUNE 2007*	—	£60,000
MILAN JELINEK	*8 NOVEMBER 2006*	—	£60,000
HANS-JÜRGEN MENDE	*15 AUGUST 2006*	—	£60,000
PAVEL TELIČKA	*11 SEPTEMBER 2007*	—	£60,000
HANS-JÖRG RUDLOFF	*11 SEPTEMBER 2007*	—	£60,000
BESSEL KOK	*11 SEPTEMBER 2007*	—	£60,000
STEVEN SCHUIT	*20 NOVEMBER 2007*	—	£60,000
BARRY ROURKE	*20 NOVEMBER 2007*	—	£60,000
PAUL EVERARD	*20 NOVEMBER 2007*	—	£60,000
SENIOR MANAGERS			
KLAUS-DIETER BECK	*1 JULY 2007*	*6 MONTHS NOTICE BY ISSUER*	*CZK 12,120,000*
MILOSLAVA TRGIŇOVÁ	*15 AUGUST 2007*	*3 MONTHS NOTICE BY ISSUER OR SENIOR MANAGER*	*CZK 6,000,000*
JÁN FABIÁN	*20 AUGUST 2007*	*3 MONTHS NOTICE BY ISSUER OR SENIOR MANAGER*	*CZK 6,000,000*
PETR OTAVA, JR.	*11 SEPTEMBER 2006*	*3 MONTHS NOTICE BY ISSUER OR SENIOR MANAGER*	*CZK 10,500,000*
JAN MATULA	*1 JUNE 2005*	*3 MONTHS NOTICE BY ISSUER OR SENIOR MANAGER*	*CZK 3,100,000*
LEO BAYER	*1 OCTOBER 2007*	*2 MONTHS NOTICE BY ISSUER OR SENIOR MANAGER*	*CZK 3,840,000*

(1) The annual fees and compensation set forth in the table above are based on employment agreements and existing board compensation policy. To the extent the Issuer revises its board compensation policy or committee membership changes, these expected annual compensation figures and actual compensation figures for 2008 and periods thereafter may differ from the amounts set forth in the table above.

(2) In addition, the Issuer has agreed to deliver to Mr. Salamon, the number of A Shares equivalent to 0.1% of the number of issued A Shares on the first anniversary of his employment agreement and on each of the four anniversaries thereafter (based on the number of A Shares in issue at the date of such anniversary). On the first anniversary of his employment agreement, Mr. Salamon would receive A Shares having a value of EUR 3,956,100 (based upon the mid-point of the Price Range). The actual market price of the A Shares on any anniversary date may be higher or lower than the mid-point of the Price Range or the actual Offer Price.

(3) In addition, OKD has agreed to deliver to Dr. Beck 250,045 A Shares on the anniversary date of his employment agreement for each year of his three year term under that agreement. Based upon the mid-point of the Price Range, Dr. Beck would receive 250,045 A Shares, having a value of EUR 3,750,675. The actual market price of the A Shares on any anniversary date may be higher or lower than the mid-point of the Price Range or the actual Offer Price.

Source: The Issuer

Employment Agreement with Mr. Salamon

The Issuer entered into an employment agreement with Miklos Salamon with an effective commencement date of 1 September 2007. The agreement provides for Mr. Salamon to act as executive chairman of the Issuer at a salary of £250,000 per annum. Mr. Salamon is also entitled to be vested with 0.1% of the issued A share capital of the Issuer on the first anniversary of the employment agreement and on each of the next four anniversaries of his employment. The agreement has no fixed term but can be terminated by Mr. Salamon by giving six months' written notice to the Issuer or by the Issuer giving 12 months' written notice to Mr. Salamon. The agreement also contains provisions for payment of salary alone in lieu of notice. He is not entitled to any benefit on termination of his employment agreement other than contractual benefits to be provided during any notice period.

Employment Agreements with Dr. Beck

On 6 June 2007, OKD entered into an employment agreement with Klaus-Dieter Beck, with an effective commencement date of 1 July 2007 (original agreement). The original agreement provided for Dr. Beck to act as chief executive officer and chairman of OKD. As of 6 January 2008 and 6 February 2008, respectively, OKD entered into another agreement outlining Dr. Beck's pay and duties as chief executive officer (management agreement) and amended the original agreement. Dr. Beck continues to act as a chairman of OKD under the original agreement at a salary of CZK 120,000 per annum. Under the management agreement, as chief executive officer, Dr. Beck is entitled to a salary of CZK 12,000,000 per annum with a discretionary bonus of up to CZK 8,000,000 per annum. The actual amount of the annual bonus for each year is to be determined by the Issuer (acting in the capacity of the shareholders' meeting of OKD) in its discretion based on annual review of budget benchmarks. In addition, the management agreement provides for certain benefits for Dr. Beck, including certain insurance and transportation benefits. Both employment agreements have a fixed term ending on 30 June 2010 but can be terminated by either party on 6 months' notice in writing. The original agreement also contains provisions for payment of salary alone in lieu of notice.

Dr. Beck is also entitled to receive from OKD and its affiliates, at the cost of OKD, 100,018 A Shares of the Issuer for each full year of his three-year term (equal to 250,045 A Shares after reflecting the share split effected at the Conversion Date). Should OKD fail to procure timely transfer of such Shares to Dr. Beck, it shall pay the cash amount equal to the then fair market value of such Shares. In the event that Dr. Beck and OKD agree to extend his employment term beyond the initial three years, he is entitled to receive 100,018 A Shares (250,045 A Shares as adjusted for the share split effected at the Conversion Date) in the Issuer for each full year of the term beyond the initial three years up to a cumulative total maximum of 500,090 A Shares of the Issuer (1,250,225 A Shares as adjusted for the share split effected at the Conversion Date). In the event of any subsequent share splits, the number of shares to which Dr. Beck is entitled will be adjusted accordingly. For further details of the compensation paid to Dr. Beck during the year ended 31 December 2007, see PART XIV entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Agreements with Directors''.

Dr. Beck is not entitled to any benefit on termination of his employment agreements other than contractual benefits to be provided during any notice period. The applicable law governing the management agreement provides for a statutory severance payment of three average monthly salaries. He would be entitled to such severance payment, however, only if the position of chief executive officer has been cancelled (and not in the event of his replacement by a new manager).

Employment agreement with Mr. Jelínek

On 20 November 2007, the Issuer entered into an employment agreement with Marek Jelínek which replaced an employment agreement of 1 February 2007. The agreement provides for Mr. Jelínek to act as chief financial officer of the Issuer at a salary of EUR 215,000 per annum. The agreement has no fixed term and can be terminated by Mr. Jelínek by giving one month's written notice to the Issuer or by the Issuer giving two months' written notice to Mr. Jelínek. Mr. Jelínek is also entitled to an annual allowance of up to EUR 40,000 for accommodation and basic expenses for the education of his children in the Netherlands. He is not entitled to any benefit on termination of his employment agreement other than contractual benefits to be provided during any notice period. For further details of the compensation paid to Mr. Jelínek during the year ended 31 December 2007, see PART XIV entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Agreements with Directors''.

Employment agreement with Ms. Trgiňová

On 18 June 2007, OKD entered into an employment agreement with Miloslava Trgiňová. The agreement provides for Ms. Trgiňová to act as chief financial officer for a salary, including lump sum for overtime work, of CZK 6,000,000 (approx. EUR 220,000) per annum with a discretionary bonus of up to CZK 6,000,000 (approx. EUR 220,000) per annum. The agreement has no fixed term but can be terminated both by Ms. Trgiňová and by OKD by giving three months' written notice. She is entitled, under certain circumstances, to up to four annual salaries (excluding lump sum for overtime work, therefore up to quadruple of the amount of CZK 4,800,000) on termination of her employment agreement (recall/ resignation from her position of chief financial officer).

Employment agreement with Mr. Fabián

On 15 June 2007, OKD entered into an employment agreement with Ján Fabián with effect as of 20 August 2007. The agreement provides for Mr. Fabián to act as chief administration and development officer at a salary, including lump sum for overtime work, of CZK 6,000,000 (approx. EUR 220,000) per annum with a discretionary bonus of up to CZK 6,000,000 (approx. EUR 220,000) per annum. The agreement has no fixed term but can be terminated both by Mr. Fabián and by OKD by giving three months' written notice. He is entitled, under certain circumstances, to receive up to four annual salaries (excluding lump sum for overtime work, therefore up to quadruple of the amount of CZK 4,800,000) on termination of his employment agreement (recall/ resignation from his position of chief administration and development officer).

Employment agreement with Mr. Bayer

On 1 October 2007, OKD entered into an amendment to an employment agreement with Leo Bayer. The agreement provides for Mr. Bayer to act as chief operational officer of OKD at a salary of CZK 3,840,000 (approx. EUR 142,000) per annum with a discretionary bonus of up to CZK 3,840,000 (approx. EUR 142,000) per annum. The agreement has no fixed term but can be terminated both by Mr. Bayer and OKD by giving two months' written notice. He is entitled, under certain conditions, to one year's salary on termination of his employment agreement.

Employment Agreement with Mr. Otava, Jr.

On 11 September 2006, OKD entered into an employment agreement with Petr Otava, Jr. The agreement provides for Mr. Otava to act as chief commercial officer of OKD at a salary of CZK 10,500,000 (approx. €400,000) per annum with a discretionary bonus of up to CZK 10,000,000 (approx. €400,000) per annum. The agreement has no fixed term but can be terminated both by Mr. Otava and by OKD by giving three months' written notice. He is entitled, under certain conditions, to one year's salary on termination of his employment agreement.

Employment Agreement with Mr. Matula

On 12 September 2006, OKD entered into an employment agreement with Jan Matula. The agreement provides for Mr. Matula to act as chief engineering officer of OKD at a salary of CZK 3,100,000 (approx. €124,000) per annum with a discretionary bonus of up to 80% of his annual salary (approx. €99,200) per annum. The agreement has no fixed term but can be terminated both by Mr. Matula and by OKD by giving three months' written notice. He is entitled, under certain conditions, to one year's salary on termination of his employment agreement.

9.3 Retirement Scheme for Members of the Board

According to the Corporate Governance Policy, no more than ⅓ of the directors shall retire at the same time. Accordingly, the Issuer has adopted a retirement scheme for directors in order to prevent resignations and re-elections of more than ⅓ of its directors occurring simultaneously.

9.4 Other Agreements with Members of the Board

Milan Jelinek, a member of the Board, has entered into an agreement for services and an agreement for coking sales. For further details, see PART XIV of this document entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Agreements with Directors''.

9.5 Current Letters of Appointment with Non-Executive Directors

Each Non-Executive Director has entered into a letter of appointment with the Issuer, the relevant terms of which are set out below:

In accordance with the Articles of Association, the term of appointment of the Non-Executive Directors is 4 years, subject to satisfactory performance and re-election when appropriate by the Issuer in general meeting.

No notice period applies for the termination of each Non-Executive Director's letter of appointment. Unless the appointment as a non-executive director is renewed on or prior to the termination date, the term as a non-executive director shall lapse immediately after the termination date. The appointment may also be terminated at any time by the general meeting of the shareholders of the Issuer.

The basic annual fee payable to the Non-Executive Directors is £60,000, which will be reviewable annually by the remuneration committee of the Board. Any amendments to the remuneration of the Non-Executive Directors require a resolution of the general meeting of the shareholders of the Issuer. In addition, the compensation payable for Non-Executive Directors who are members of the board committees is as follows:

	Finance and Investment Committee	**Health, Safety and Environment Committee**	**Remuneration Committee**	**Audit and Risk Management Committee**	**Real Estate Committee**
Chairman	£20,000	£40,000	£25,000	£50,000	£50,000
Member	£10,000	£10,000	£20,000	£25,000	£25,000

Source: The Issuer

At the completion of the Offer and once again 12 months thereafter, each of the independent Non-Executive Directors (Hans-Jörg Rudloff, Bessel Kok, Steven Schuit, Barry Rourke and Paul Everard) shall be granted A Shares in the value of EUR 200,000 per grant, provided that each director must hold the A Shares awarded for a minimum of one year after such award. The terms and conditions for this award to eligible independent Non-Executive Directors will be included in a share plan. The number of A Shares granted at the completion of the Offer will be equal to the outcome of the calculation of EUR 200,000 divided by the Offer Price. The number of A Shares to be granted 12 months after Admission will be equal to the outcome of the calculation of EUR 200,000 divided by the average of the highest market prices per share on each of the 5 trading days as reported by the London Stock Exchange.

In addition, each Non-Executive Director is eligible for reimbursement for all reasonable and properly documented expenses incurred in performing his or her role and is subject to confidentiality undertakings.

10. EQUITY HOLDINGS

Save in respect of their entitlement to A Shares pursuant to the options described below, and in respect of the A Shares to be granted to the Independent Non-Executive Directors referred to above, no member of the Board or senior management directly owns any of the A Shares, B Shares or the C Share. Mr. Bakala and Mr. Kadas (both members of the Board) are deemed to have an indirect interest in certain A Shares through their interests in the Indirect Shareholders.

Mr. Bakala holds no direct interest in A Shares, B Shares or the C Share but he is considered as being interested in the A Shares, B Shares and the C Share as a result of certain trusts and affiliated companies relating to him and his family (collectively the ''Bakala entities'') holding an indirect ownership interest in RPGP. Immediately following the completion of the Offer (assuming no exercise of the Over-Allotment Option), RPGI will own 68.5% of the issued A Shares, 100% of the B Shares and the sole issued C Share. RPGP controls RPGI through its holding of 81% of the shares in this company. Accordingly, after the Offer and the cancellation of the C Share, RPGP will have an 81% indirect interest in the A Shares and a 100% interest in the B Shares held by RPGI. Mr. Bakala, through the Bakala entities, owns 50% of the outstanding voting capital in RPGP.

Mr. Kadas holds no direct interest in A Shares, B Shares or the C Share but he is considered as being interested in A Shares, B Shares and the C Share because of Crossroads Capital Investments Inc.'s (''CCII'') indirect ownership interest in RPGP and RPGP's indirect ownership interest in the Issuer (as referred to in the paragraph above). Companies controlled by CCII own 50% of the outstanding voting capital in RPGP. Certain trusts associated with the family of Mr. Kadas own a minority interest in CCII.

In addition, as set out under the terms of employment, the Issuer has agreed with Mr. Salamon under his employment agreement to deliver A Shares equivalent to 0.1% of the issued A share capital of the Issuer on the first anniversary of his agreement and on each of the next four anniversaries. OKD has agreed to deliver to Mr. Beck shares equivalent 100,018 A Shares (250,045 A Shares after the share split effected at the Conversion Date) for each full year of this three year term (with the possibility of an extension).

Options held by members of the Board and senior management.

The following options set forth in the table below indicating the monetary value of Admission Options in respect of A Shares will be granted to members of the Board and senior management upon Admission, each such option being exercisable at the Offer Price.

	Date of Grant	Monetary Value in EUR of A Shares under Option(1)	Minimum number of A Shares under option(2)	Maximum number of A Shares under option(2)	Exercise Period
Executive Directors					
Marek Jelínek	13 May 2008	215,000	40,526	49,951	3–8 years
Senior Managers					
Ján Fabián	13 May 2008	280,000	52,778	65,052	3–8 years
Miloslava Trgiňová	13 May 2008	280,000	65,972	81,315	3–8 years
Petr Otava, Jr	13 May 2008	420,000	92,959	121,972	3–8 years
Jan Matula	13 May 2008	124,000	29,216	36,011	3–8 years
Leo Bayer	13 May 2008	164,000	38,641	47,627	3–8 years
Total			326,092	401,928	

The Admission Options vest in accordance with the recipient achieving certain performance criteria (see PART IX—MANAGEMENT AND THE DIVISIONS—Stock Option Plan).

(1) Mr. Jelínek's monetary value was fixed in EUR by the Board. The monetary values for the persons listed under the heading entitled ''Senior Managers'' were fixed in CZK by the Board and were converted into EUR from CZK at an exchange rate of 25.0 CZK/EUR. The Offer Price information was converted from UK sterling into EUR at an exchange rate of 1.25 EUR/£1. The number of Admission Options granted to each person will be determined by dividing the monetary value by the value of one Admission Option, calculated on the basis of the Black Scholes option valuation taking into account the final Offer Price. The exercise price for each Admission Option is the Offer Price.

(2) The actual number of A Shares underlying the Admission Options will depend upon the Offer Price, after applying the Black Scholes option valuation model used by the Issuer. The minimum number of A Shares under option assumes the Offer Price is at the highest point of the Price Range. The maximum number of A Shares under option assumes the Offer Price is at the lowest point of the Price Range.

11. OTHER INFORMATION RELATING TO MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Issuer is not aware, in relation to the members of the Board or senior management, of (i) any convictions in relation to fraudulent offences for the last five years, (ii) any bankruptcies, receiverships or liquidations of any entities in which such persons held any office, directorships or senior management positions in the last five years, or (iii) any official public incrimination and/or sanctions of such person by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company in the last five years. In addition, there are no family relationships between any of those persons listed in paragraph 10 above.

12. POTENTIAL CONFLICTS OF INTEREST

Directors and members of the senior management and directors of the Former OKD Group also have ownership interests in and/or duties owing to other companies (including interests in, and duties owing to, the Indirect Shareholders). In addition, Directors and members of senior management of the Issuer who currently do not have private interests or duties owing to other companies could, in the future, have an interest in pursuing directorships, acquisitions, divestitures, financings, or other transactions that, in their judgment, would enhance their profile and equity investments, with regard to companies that may compete directly or indirectly with the Issuer. Conflicts may arise over corporate opportunities, and while the Issuer will have the first right of refusal in relation to certain opportunities under the Relationship Agreement for a period of 30 days from notification of such opportunities to the Issuer (''PART XIV—CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS), such first right of refusal will not be available when the Relationship Agreement ceases to have effect. Therefore, there is a potential for conflicts of interests between the Directors' and senior management's duties to the Issuer, on the one hand, and the personal interests in, and/or the duties such persons owe to, other companies, in circumstances where their interests and duties are not aligned with the Issuer's interests. In this respect, the fully independent audit and risk management committee has a crucial role in opining and making proposals to the Board in all matters where a (potential) conflict of interest exists between the Issuer and its controlling shareholder and the Indirect Shareholders. See PART II of this document entitled ''RISK FACTORS—Risks Relating to the Group's Business and the Industry—The Controlling Shareholder and Indirect Shareholders exercise considerable influence over the Group and their interests or interests of their shareholders may conflict with the Issuer's interests, interests of each other and/or the interests of the holders of the Notes'' for further details.

According to the Corporate Governance Policy, a potential conflict of interest exists between the Issuer and a director if the Issuer intends to enter into a transaction with an entity: (i) in which a director or a related party thereof of the Issuer personally has a material financial interest; (ii) which has a management board member who has a relationship under family law with a director of the Issuer; or (iii) in which a director of the Issuer has a management or supervisory position. Decisions to enter into transactions in which the Issuer has a conflict of interest with one or more Directors that are of material significance to the Issuer and/or the relevant Directors may only be entered into following a resolution of the Board. A director shall not participate in the assessment by the Board of a potential conflict of interest involving that director or in any discussion or decision regarding a transaction in which that director has a conflict of interest.

Through the operation of the Articles of Association and Dutch law, if an executive director has a conflict of interest with the Issuer, the Issuer may be represented by each other Executive Directors unless the general meeting appoints another person for that purpose to represent the Issuer.

The existence of separate classes of shares in the Issuer could give rise to occasions when the interests of the Divisions and the interests of the holders of the A Shares and the holders of the B Shares may diverge, conflict or appear to diverge or conflict. In resolving such divergence or conflict of interests, the Board will act in accordance with the terms of the Corporate Governance Policy, the Articles of Association and the Divisional Policy Statements which govern the relationship between the Divisions, together with its duties, as directors of a Dutch company, which require the Board to consider the impact of these decisions on all stakeholders of the Issuer. To the extent that matters arise between the Divisions which are not provided for in the Articles of Association and the Divisional Policy Statements, the Board is required to handle such matters in a manner that is consistent with the best interests of the Issuer as a whole and all of its stakeholders after giving careful consideration to the potentially divergent interests and all other interests of the separate classes of shares in the Issuer. See PART II of the document ''RISK FACTORS''—''Risks relating to the different classes of share capital''—''There may be conflicts between the interests of the Mining Division and the Real Estate Division'' for further details. These conflicts may be resolved by the Board in a manner adverse to the interests of the holders of the A Shares. Directors of the Issuer who are interested in the B Shares and as such do not qualify as independent directors under the rules of the Real Estate Committee are required to abstain from voting on certain matters before the board related to the Real Estate Division.

Other than as set out above, there are no potential conflicts of interest between any duties to the Issuer and the private interests and/or other duties of any of the Directors or senior managers of the Issuer. In addition to their directorships with the Issuer, the Issuer's directors, executive officers and senior managers currently hold or have held the following directorships and/or have been a partner in the following partnerships in the five years prior to the date of this Prospectus:

Name	Current directorships / partnerships	Previous directorships / partnerships
Executive Directors		
Miklos Salamon	AMCI Capital Central Rand Gold Gem Diamonds OKD Randquest Syndicate Limited Tranquility CC	African Metals Limited BHP Billiton BHP Billiton Limited BHP Billiton Nickel West Pty Limited BHP Billiton plc BHP Billiton SA Limited BHP Billiton SA Holdings Limited Billiton Coal SA Limited Billiton plc Cerro Matoso SA Columbus Stainless (Pty) Ltd International Aluminium Institute International Manganese Institute McAlpine SA Limited Minera Escondida Limitada Mozal SARL QNI Limited Richards Bay Coal Terminal (Pty) Ltd Richards Bay Iron and Titanium (Pty) Ltd Samancor Chrome Limited Samancor Manganese (Pty) Ltd Tisand (Pty) Ltd WMC Limited World Coal Institute Worsley Alumina Pty Limited
Klaus-Dieter Beck	OKD	
Marek Jelínek	OKD GGI RPG Trading	Metalimex RPGA OKK NWR Transportation RPG Real Estate B.V.
Non-Executive Directors		
Zdeněk Bakala	OKD NWR Transportation RPG Real Estate B.V. RPGA	Karbon Invest, a.s. Charles Capital, a.s. RPGICZ
Peter Kadas	Crossroads Capital (UK) Ltd RPG Real Estate B.V.	OKD
Alex T. Krueger	Asian Energy Holdings, LLC First Reserve Corporation First Reserve GP IX, Inc. First Reserve GP X, Inc. First Reserve GP XI, Inc. FR Horizon GP Limited FR IX Offshore GP Limited FR Sunbury Holdings, Inc. FR Transport Holdings, Inc.	Alpha NR Holding, Inc. FRC-NRP, Inc. FRC-WPP GP LLC Alpha Natural Resources, Inc. AMCI Holdings Australia Pty Ltd. Asian American Gas, Inc. Australian Coal Inter Holdings (LUX) I S.a.r.l. Australian Coal Inter Holdings (LUX) IA S.a.r.l. Australian Coal Inter Holdings (LUX) II S.a.r.l.

Name	Current directorships / partnerships	Previous directorships / partnerships
	FR X Offshore GP Limited FR X Southern Cross Coal Holdings LLC FR XI Offshore GP Limited FRC Southern Cross Coal Holdings, Inc. AMCI Capital GP Limited Asian American Coal, Inc. FR Cooke Acquisition B.V. FR Horizon GP Limited Foundation Coal Holdings, Inc. FR Transport Holdings, Inc. FR China Coal Holdings, Limited RPG Amfire Cayman Holdings, Ltd. Southern Cross Cayman Holdings, Inc. Whitehaven Coal Limited	Australian Coal Inter Holdings (LUX) IIA S.a.r.l. Narrabri Coal PTY Ltd Natural Resource Partners Whitehaven Coal Mining Limited
Christiaan Norval . . .	GGI DPB	SUAL International Group
Milan Jelinek	OKD AMCI Capital ICS Trading AG NWR Transportation Enerco BV	Metalimex
Hans-Jürgen Mende .	A.M. Nova Holding Company Alpine Development Company AMCI Acquisition II, LLC AMCI Acquisition III, LLC AMCI Acquisition IV, LLC AMCI Acquisition V, LLC AMCI (BC) Pty Ltd. AMCI Capital GP Limited AMCI Capital LLC AMCI Carbon AG AMCI ConsMin GP (Cayman) Ltd. AMCI ConsMin (Cayman) L.P. AMCI Energy, I L.P. AMCI HM (Cayman) Limited AMCI Holdings, Inc. AMCI International AG AMCI Investments Pty Ltd AMCI Management (Cayman) Limited AMCI Minerals Corporation AMCI (MV) Pty Ltd. AMCI (Moorvale) Pty Ltd. AMCI Pty Ltd. AMCI Resources Inc. AMCI (SEQ) Pty Ltd. AMCI Shipping LP AMCI Shipping Services LLC AMCI (Switzerland) AG AMCI (WA) Pty Ltd. AMCI World Sales Corporation AMCI Dutch Co-op Partner Limited American Metallurgical Coal Sales LLC AMS Tube Corp. (Louisiana) AMS Tube Corp. (South Carolina) American Metals & Coal International, Inc. Bela Coal Pty Ltd. Bela Resources II, LLC Bela Resources III, LLC Bela Resources IV, LLC Betalpha Pty Ltd Bowen Basin Coal Australia Carbofer Finance Cooperative U.A. Consulting Coal Services, Inc. Christine Shipco LLC Creekside II, Inc. CPB Coed Pty Ltd Day Med Properties, Inc.	Alpha Natural Resources, Inc. Foundation Coal Holdings, Inc. Barkers Ridge Development Company Hamburg Energy LLC Indian Ridge Development Company Laurel Mountain Management Madison Mining Company II, LLC Nova Solid Fuels Corporation Solomons Group, Inc. Tanoma Coal Company, Inc. Vollow Resources II, LLC

Name	Current directorships / partnerships	Previous directorships / partnerships
	Deerfield Resources, Inc. EneRmaR Carbon S.r.l. Energy Coal Marketing Pty Ltd. Felix Resources Limited First Carbofer LLC First Hamburg Finance LLC Hamburg Trust B.V. HM1, LLC HM1 Investor LP HM2, LLC Hope Shipco LLC HPC, Inc. Kirmar Investment Incorporated Kirrnar Limited Partnership KPC, Inc. K-M Investment Corporation KMKT Partnership LD Equipment Pty Inc. LD Operations Pty Limited Lille Shipco LLC M-K (Cayman) Warrior GP Limited M-K (Cayman) Warrior Limited Namoi Mining Pty Ltd. Naold Pty Ltd. Narrabri Coal Pty Ltd Olbye Engineering & Mining Services Pty Ltd. The Nicola Limited Partnership QCR No. 2 Pty Ltd. Prime Carbon AG Raw Material Services LP Redbank II, Inc. RMS Services, Inc. Riverview Coal Sales Inc. RMS Services LLC Sandy Huff Coal Company Second Carbofer LLC Second Hamburg Finance LLC Senate Coal Mines, Inc. Senate Resources, Inc. South West Coal Pty Ltd. Tanoma Energy Resources, Inc. Tanoma Energy II, Inc. Tanoma Mining Company, Inc. Tarrawonga Coal Pty Ltd. Triangle Resource Cayman LLC Triangle Resource Holding Trilabogarden Holding SA Vasse Coal Management Pty Ltd. Virginia Crews Coal Company WA Resources Pty Ltd. Western Coal Holdings Pty Ltd. Westiron Pty Ltd. Whitehaven Coal Mining Limited Whitehaven Coal Holdings Pty Ltd. World Energy Sales. Inc. Xcoal Energy & Resources, L.P.	
Bessel Kok	Astelit/LIFE (Kiev) Scarlet Communications (Netherlands) CV Warehouse (Belgium)	Telefonica/02 (Czech Republic) Eurotel
Hans-Jörg Rudloff . . .	Barclays Capital ICMA Bluebay Asset Management Ltd. Novartis ABD Capital SA Thyssen Bornemisza Group Ros Business Consulting Landeskreditbank Baden-Württemberg Marcuard Group	MC-BBL Eastern Europe Credit Suisse Kidder Peabody

Name	Current directorships / partnerships	Previous directorships / partnerships
Steven Schuit	ZBG Finance N.V. Amodo N.V. Breevast B.V. Numico B.V.	Allen & Overy LLP
Barry Rourke	3Legs Resources plc Columbus Acquisition Corp. Department for Business Enterprise and Regulatory Reform Surrey and Borders Partnership NHS Trust	Threshold Housing SUAL Group
Senior Officers		
Miloslava Trgiňová . .	OKD	
Ján Fabián	OKD OKD, Bastro, a.s. Karbonia	
Jan Matula	OKD, HBZS, a.s. DPB	ČMD Karbon Invest
Petr Otava Jr.	OKD OKK Czech-Karbon	Metalimex

Source: The Issuer

13. DIRECTORS' INDEMNIFICATION AND INSURANCE

Under Dutch law, members of the Board may be liable for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Issuer and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code (*Burgerlijk Wetboek*). In certain circumstances, members of the Board may also incur additional specific civil and criminal liabilities. The Articles of Association also stipulate that current and former members of the Board are entitled to reimbursement of:

- reasonable costs of conducting a defence against claims based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at the request of the Issuer;
- any damages or fines payable by them as a result of an act or failure to act as referred to above; and
- reasonable costs of appearing in other legal proceedings in which they are involved as current or former members of the board of directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf.

There is, however, no entitlement to reimbursement as described in the immediately preceding paragraph if and to the extent:

- a Dutch court has established in a final and conclusive judgment that the act or failure to act of the individual concerned may be characterised as wilful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would be unacceptable in view of the requirements of reasonableness and fairness (*redelijkheid en billijkheid*) when taking into account the relevant circumstances; or
- the costs or financial loss of the person concerned are covered by insurance and the insurer has made a payment covering the costs or financial loss.

The Group has obtained liability insurance for the benefit of the members of the Board and certain other officers, including those listed as senior management.

In addition, the Directors have entered into indemnification agreements with the Issuer with respect to any liability arising from the fulfilment (or lack thereof) of their duties as Directors.

14. EMPLOYEES

For the year ended 31 December 2007, the Group employed an average total number of 18,360 employees and utilised 3,576 workers employed by contractors. For additional information, see Part V of this document entitled ''INFORMATION ON THE GROUP—Employees and Contractors.''

15. LABOUR RELATIONS

For further information regarding the labour relations of the Group see PART II—''RISK FACTORS—Risks Relating to the Group's Business and the Industry—The Group could be negatively affected if it fails to maintain satisfactory labour relations''.

16. STOCK OPTION PLAN

The Group will operate a Stock Option Plan (the ''Stock Option Plan''), which will be adopted before the completion of the Offer. The terms of the Stock Option Plan will be substantially as set out below.

16.1 Eligibility

Executive directors, members of senior management and key employees of the Group are eligible to participate in the plan. Individual eligibility is determined by the remuneration committee on a discretionary basis.

16.2 Operation

The plan shall be operated and administered by the Board and remuneration committee.

16.3 Grant of options

The Board, may, at its discretion, grant options to acquire A Shares under the plan to any eligible employees. Options can normally only be granted in the days following the publication of the Issuer's annual results. The maximum number of A Shares over which options under the Stock Option Plan may be granted under the Stock Option Plan may not exceed a number of A Shares, equal to 3 per cent of the issued A Share capital of the Issuer at Admission. At Admission Options to acquire A Shares will be granted with an exercise price equal to the Offer Price—these will vest in accordance with certain performance criteria (the ''Admission Options''). The total monetary value of the Admission Options will be EUR 3.7 million. The total number of Admission Options granted will be determined by dividing the total monetary value of the Admission Options by the value of one Admission Option, calculated on the basis of Black Scholes option valuation taking into account the final Offer Price.

Options may be granted subject to a performance condition based on objective criteria, such as EBITDA (in the case of the executive directors) or production targets and costs in the case of members of senior management and key employees of the Group.

Option holders are not required to pay for the grant of an option.

16.4 Exercise price

Options will be granted with an exercise price which is set at the Offer Price in respect of the Admission Options and in respect of any other options granted under the plan will be not less than the average opening value of an A Share (as derived from the PSE) on the London Stock Exchange on the 5 business days immediately prior to the date of grant.

16.5 Exercise of options

Options are normally exercisable, subject to the satisfaction of the relevant performance condition, following the third anniversary of grant, provided the Option holder remains an employee or director.

The options will vest after a three year period. For each year during the vesting period that the performance condition is met, ⅓ of the granted options may vest, with the understanding that if the threshold performance is met 50% (of ⅓) of the granted options will vest and if the target performance is met, 100% (of ⅓) of the granted options will vest. If the actual performance is between the threshold performance and the target performance, options vest on a linear basis.

Threshold and target performance are set for each year individually as part as the normal budgeting cycle.

For 2008 the targets and thresholds will be the following:

For executive directors and certain members of senior management and key employees designated by the Board:

- EBITDA threshold: EUR 512 million for consolidated NWR EBITDA at CZK/EUR of 25.0
- EBITDA target: EUR 640 million for consolidated NWR EBITDA at CZK/EUR of 25.0

For all other senior management and key employees:

- Production threshold: 11,224 mt of coal and coke combined
- Production target: 14,030 mt of coal and coke combined
- Total cost threshold: EUR 1,542 million of consolidated total operating costs, including transportation costs at CZK/EUR of 25.0
- Total cost target: EUR 1,402 million of consolidated total operating costs, including transportation costs at CZK/EUR of 25.0

Options which have not been exercised will normally lapse on the eighth anniversary of grant. Options may, however, be exercised early in certain circumstances, including certain terminations of employment (see below) and in the event of a takeover (see below), scheme of arrangement or winding up. Options are not transferable and may only be exercised by the persons to whom they are granted.

16.6 Termination of employment

If an Option holder ceases to be a director or employee of a member of the Group for reasons involving misconduct, all his options will lapse on such cessation. If an Option holder dies, retires at normal retirement age, is made redundant or retires through illness or injury, his Options may be exercised on a proportionate basis dependent upon the time which has elapsed since the date of grant and the to the relative satisfaction of any applicable performance condition.

16.7 Change in control

In the event of a change in control of the Issuer, all options will vest.

16.8 Issue of A Shares

A Shares issued on the exercise of Options will rank equally with A Shares in issue at that time, except in respect of rights arising by reference to a prior record date.

16.9 Variation in share capital

Options may be adjusted following certain variations in the share capital of the Issuer, including a capitalisation or rights issue, subdivision or consolidation of share capital.

16.10 Individual limits

Unless the remuneration committee determines that exceptional circumstances apply: (i) Options may not be granted to a member of senior management if this would cause the total amount payable on exercise of any Options granted in that financial year to exceed his fixed annual salary in the 12 months prior to grant, or to exceed five times his fixed annual salary in the 60 months prior to grant; and (ii) Options may not be granted to a key employee of the Group if this would cause the total amount payable on exercise of any Options granted in that financial year to exceed 60% of his fixed annual salary in the 12 months prior to grant, or to exceed three times his fixed annual salary in the 60 months prior to grant.

16.11 Amendments

The remuneration committee has discretion to manage and administer the plan, interpret the same and (propose to) introduce changes therein, such changes subject to the provisions of any applicable law, including but not limited to Dutch corporate law and market abuse laws in both England and The Netherlands.

16.12 Termination

The Board may terminate the plan at any time. If this happens, no further Options may be granted but the provisions of the plan will continue in relation to Options already granted. No Options may be granted after the eighth anniversary of the date of adoption of the plan.

17. PENSION SCHEMES

The Group does not operate any pension schemes on behalf of, or for the benefit of, its directors or employees. The Group does not set aside or accrue amounts to provide pension, retirement or similar benefits. However, the Group does accrue certain benefits under applicable Czech law for medical leave, employment length of service and termination payments for its employees. For additional information, see note 28 to the Issuer's consolidated financial statements for the year ended 31 December 2007.

18. CORPORATE GOVERNANCE

18.1 In addition to the Corporate Governance Policy, the Issuer has also adopted a Code of Ethics and Business Conduct (the ''CEBC''). The CEBC governs the behaviour of all officers and employees of the Issuer and its subsidiaries. Appended to the CEBC is the Issuer's Whistleblower Procedure, pursuant to which, employees of the Issuer and its subsidiaries are able to express concerns to the chairman, senior independent director (at present Bessel Kok) and designated officer (at present Ivona Ročárková, company secretary) in relation to the conduct of the Issuer, its officers and employees which they consider contrary to the CEBC or if they wish to report a Suspected Irregularity (as defined in the Whistleblower Procedure).

18.2 Dutch Corporate Governance Code

On Admission, although the Issuer will not be listing its A Shares at Euronext in Amsterdam, it will still be required to comply with the Dutch Corporate Governance Code. The Dutch Corporate Governance Code contains 21 principles and 113 best practice provisions for managing boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. The Dutch Corporate Governance Code applies to all Dutch companies listed on a government-recognised stock exchange, whether in the Netherlands or elsewhere. Such companies are required under the laws of the Netherlands to disclose in their annual reports whether or not they apply those provisions of the Dutch Corporate Governance Code that are addressed to the managing board or, if any, supervisory board of the company and, if they do not apply those provisions, to give the reasons for such non-application.

Non-application of a specific best practice provision is not in itself considered objectionable by the Dutch Corporate Governance Code and may well be justified because of particular circumstances relevant to a company. Pursuant to the Decree of 23 December 2004, on the adoption of further regulations regarding the contents of the annual report, however, the Issuer discloses in its annual report the non-application of the best practice provisions of the Dutch Corporate Governance Code. To the extent the Issuer does not apply certain best practice provisions or does not intend to apply these in the current or the subsequent financial year, the Issuer states the reasons therefor.

The Issuer acknowledges the importance of good corporate governance. The Issuer has made an effort in drawing up internal corporate governance regulations that comply, to the extent possible, with the Dutch Corporate Governance Code. Where deviations from the Dutch Corporate Governance Code have been necessary, they have been indicated below and will furthermore be indicated in the Issuer's annual report and accounts. In addition, under the Listing Rules, the Issuer is required to include a statement in its annual report and accounts as to the significant ways in which its actual corporate governance practices differ from those set out in the UK Combined Code.

The Issuer has not applied a limited number of best practice provisions from the Dutch Corporate Governance Code, as it has not considered them to be appropriate for the Issuer and its stakeholders.

The best practice provisions currently not applied by the Issuer are:

- As the performance criteria pursuant to which the Options granted under the Stock Option Plan will vest, will be set for each year individually, the Stock Option Plan does not meet best practice provision II.2.1 of the Dutch Corporate Governance Code to the extent that this provision relates to predetermined performance criteria.
- The independent Non-Executive Directors are granted A Shares at the completion of the Offer and again 12 months thereafter. The A Shares are granted for no financial consideration. This grant is subject to the restriction that each award of A Shares is held for a minimum of one year. As the independent Non-Executive Directors shall not necessarily retain the A Shares for at least a period of five years and the number of A Shares to be granted shall not be dependent on the achievement of clearly quantifiable and challenging targets specified beforehand, the Issuer deviates from best practice provision II.2.3 of the Dutch Corporate Governance Code. The Issuer considers the practice in compliance with international business practice and it considers the grant of A Shares as an important incentive to attract individuals with the required skills and expertise to serve as independent non-executive directors. Although independent non-executive directors in a one-tier board structure (such as the Issuer) are to a certain extent comparable to supervisory directors in a two-tier structured public listed company, the Dutch Corporate Governance Code does not contain a prohibition on shares being granted to non-executive directors. Furthermore, upon the completion of the Offer and once again 12 months thereafter, the independent Non-Executive Directors shall be granted A Shares in the value of EUR 200,000 per grant, provided that each director must hold the A Shares awarded for a minimum of one year after such award. The terms and conditions for this award to eligible independent Non-Executive Directors will be included in a share plan.
- Under existing employment agreements of Mr. Miklos Salamon with the Issuer and Mr. Klaus-Dieter Beck with OKD, a number of A Shares shall be granted on certain anniversaries under their respective agreements. The A Shares are granted against no financial consideration. As the number of A Shares to be granted shall not be dependent on the achievement of clearly quantifiable and challenging targets specified beforehand, the Issuer deviates from best practise provision II.2.3 of the Dutch Corporate Governance Code. The Issuer considers the practice in compliance with international business practice and it considers the grant of A Shares as an important incentive to attract individuals with the required skills and expertise to serve as executive director of the Issuer.
- The Issuer has appointed an executive chairman and as such deviates from best practice provision III.8.1 of the Dutch Corporate Governance Code. The Issuer believes that the presence of an executive chairman is needed to provide leadership at group level in a holding structure in which leadership of operations is exercised at operating company level. The executive chairman has no current business relationship with the Selling Shareholder.
- In addition, the Board will not contain a majority of independent non-executive directors within the meaning of best practice provisions III.2.2 and III.8.4 of the Dutch Corporate Governance Code. The Issuer currently has three Executive Directors (who are considered to be non-independent) and twelve Non-Executive Directors out of whom five are considered to be independent, applying the criteria of best practice provision III.2.2. The Non-Executive Directors who are considered to be non-independent are Mr. Zdeněk Bakala, Mr. Peter Kadas, Mr. Alex T. Krueger, Mr. Christiaan Norval, Mr. Milan Jelinek, Mr. Pavel Telička and Mr. Hans-Jürgen Mende. The independent Non-Executive Directors are Mr. Hans-Jörg Rudloff, Mr. Bessel Kok, Mr. Steven Schuit, Mr. Barry Rourke and Mr. Paul Everard. The Issuer has a minority of independent Non-Executive Directors on the Board, because the majority of Non-Executive Directors represent the Indirect Shareholders. However, as set out earlier in this PART IX—DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE, independent Non-Executive Directors are entrusted with key tasks related to the role of the audit and risk management committee in monitoring the audit functions and potential conflicts of interest, as well as being all of the members of the Real Estate Committee.
- The Issuer has not installed a selection and appointment committee and as such deviates from principle III.5 and best practice provision III.5.13 of the Dutch Corporate Governance Code. The Issuer believes that its ownership structure and the number of independent non-executive directors account for the absence of such a committee. The Board anticipates that it shall jointly

fulfill the tasks and responsibilities set out by the Dutch Corporate Governance Code for such committee.

18.3 UK Combined Code

As referred to above the Issuer is required to comply with Dutch Corporate Governance Code. However, pursuant to the UK Listing Rules, which will apply to the Issuer, the Issuer will be required to disclose in its annual report and accounts the significant ways in which its actual corporate governance practices differ from those set in the UK Combined Code. The Issuer has not applied a limited number of best practice provisions from the UK Combined Code, as it has not considered them to be appropriate to the Issuer and its stakeholders:

- The Issuer has appointed an executive chairman, which is contrary to the recommendation of the UK Combined Code (provision A.2.1).
- The executive chairman did not, upon appointment, meet the independence criteria set out in the UK Combined Code (provision A.3.1).
- The Board will not contain a majority of independent non-executive directors, which is recommended by UK Combined Code (provision A.3.2).
- The Board will carry out the tasks and responsibilities of the nominations committee whereas the UK Combined Code (provision A.4.1) recommends the appointment of a separate nomination committee.
- The remuneration committee is chaired by Zdeněk Bakala, whereas the UK Combined Code (provision B.2.1) recommends that the remuneration committee should be comprised entirely of independent non-executive directors. In addition, the remuneration committee does not have delegated responsibility for setting the remuneration for the executive directors, as recommended by the Combined Code (provision B.2.2). Instead, the remuneration committee is to, *inter alia*, prepare specific proposals to the Board with respect to the salary, bonuses and other benefits for the Issuer's executive directors.

Notwithstanding departures from the Dutch Corporate Governance Code and the UK Combined Code, the Board has adopted a 'Corporate Governance Policy' to ensure the maintenance of a coherent and effective system of governance and enable the Board to carry out its direction and control functions.

18.4 Czech Corporate Governance Code

In July 2004, the Czech Securities Commission (the former Czech regulator) issued a codex of corporate governance based on the Organisation for Economic Co-operation and Development (''OECD'') principles. The Issuer is not obliged to comply with this codex by the CNB or the PSE. The CNB only recommends that a declaration about the compliance with the codex be included in the annual report of the Issuer.

The Issuer has established a corporate governance regime that generally adheres to the provision of the Dutch Corporate Governance Code and the UK Combined Code except as described above. Although the Issuer does not apply the Czech Corporate Governance Code, the codex is generally similar to the UK Combined Code and the material deviations are similar to those described in PART IX of this document entitled ''DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE—Corporate Governance Issues—Dutch Corporate Governance Code.''

18.5 Polish Corporate Governance Code

Pursuant to the Warsaw Stock Exchange Rules, and in connection with the listing of the A Shares on the Warsaw Stock Exchange, the Issuer is required to indicate which of the Polish principles of corporate governance contained in the Code of Best Practices for WSE Listed Companies (''WSE Corporate Governance Rules'') it does not intend to comply with and the reasons for non-compliance and this information should be published by the Issuer in its annual report.

The Issuer has decided to observe the majority of the WSE Corporate Governance Rules. However, certain principles will apply to the Issuer only to the extent allowed by Dutch corporate law and subject to certain reservations stemming from the Issuer's corporate structure, especially the single board structure as opposed to the two-tier system that the WSE Corporate Governance Rules assume.

Therefore, the Issuer complies partially or is unable to comply with Rules I.6, I.7, II.6 and III.I-9 in the WSE Corporate Governance Rules concerning the Supervisory Board and its members. In cases where the Issuer is unable to comply with a certain principle directly, the Issuer will endeavour to create procedures maintaining the spirit of such principle.

Detailed information on non-compliance, and the required explanations, will be given in the full text of the Issuer's declaration regarding compliance with the WSE Corporate Governance Rules. This declaration shall be filed immediately upon the A Shares being admitted to trading on the WSE.

19. CONTROLLING SHAREHOLDER

Following the completion of the Offer, the controlling shareholder of the Issuer, RPGI, will own approximately 68.5% of the A Shares (or 63.8% of the A Shares if the Over-Allotment Option is exercised in full), 100% of the B Shares and the sole issued C Share. As a result, RPGI will, on Admission, have effective control of the Issuer. The Board is satisfied that the Issuer is capable of carrying on its business independently of RPGI and that all transactions and relationships between the Issuer and RPGI will be on arm's length terms. The Board will make all of its decisions in a manner consistent with its duties to the Issuer and all of the Issuer's stakeholders after giving fair consideration to the potentially divergent interests and all other relevant interests of the holders of the separate classes of shares in the Issuer.

To ensure that all transactions and relationships between the Issuer and RPGI are on arms-length terms, the Issuer has entered into a Relationship Agreement with RPGI. If a conflict arises between RPGI and the Issuer, the Directors with a conflict of interest will take no part in the board's decisions on that matter. For further information on the Relationship Agreement, please see the description of the Relationship Agreement in ''PART XVI—CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Relationship Agreement''.

B. THE RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION

1. ESTABLISHMENT OF THE DIVISIONS

As part of RPGI's policy of separately managing the real estate business, the Issuer separated the mining business and the real estate business into separate divisions with effect from the Commencement Time. To effect the separation, the Issuer established two divisions which act as separate accounting and reporting units, consisting of the Mining Division and the Real Estate Division. Whilst the Issuer owns the assets of the Mining Division and the Assets of the Real Estate Division, each division is legally indivisible within the Group and the two Divisions are treated separately for accounting and reporting purposes.

As part of the Restructuring certain non-core real estate was transferred outside the Issuer. The transfer of some of the remaining real estate is subject to restrictions under Czech law, the Indenture and the Senior Secured Facilities. Accordingly, the Issuer created the B Shares structure to produce the same economic effect as if the Assets of the Real Estate Division had in fact been removed from the Issuer and transferred to RPGI prior to the Offer.

The Divisions were established through an amendment to the Articles of Association and upon the conversion of 4,000 ordinary shares in the issued share capital of the Issuer into the B Shares of EUR 1 each, with such B Shares being held by the Issuer's sole shareholder, RPGI. An amount of EUR 90 million has been allocated to the share premium reserve B and an amount of EUR 4,411,614 has been allocated from the retained earnings of the Issuer to the dividend reserve B and those amounts, which, along with future retained earnings attributable to the B Shares will be used in the future to allow the transfer of the Assets of the Real Estate Division via dividends or distributions (whether in cash or in specie) to the holders of the B Shares. This allocation is based on the unconsolidated statutory shareholder's equity of the Issuer which is higher that the consolidated shareholder's equity as included in the 2007 Consolidated Financial Statements. In addition, the meeting of the holders of the B Shares has the right to nominate one director at the Issuer's general meeting as part of the binding nomination system set out in the Articles of Association.

The Mining Division has been allocated all assets, liabilities and activities of the Issuer, other than the Assets of the Real Estate Division, including the assets and liabilities of the IMGE business unit of OKD and the shares of Rekultivace and Garáže which are allocated to the Real Estate Division. The assets allocated to the Mining Division include all of Issuer's activities and operations in connection with hard coal mining (including the production of coking coal and steam coal) and coke production.

The total value of surface real estate assets as at 31 December 2007 was approximately EUR 460 million, representing approximately 23% of total assets. The value of buildings provided to the Mining Division amounts to approximately EUR 354 million. The Real Estate Division also provides land in the amount of EUR 18 million to the Mining Division due to the unrestricted use and access to those assets being granted to the Mining Division by the Policy Statements.

2. DIVISIONAL POLICY STATEMENTS

The Divisional Policy Statements are a standard for the duties and responsibilities of the Board and the various other layers of management within the Group in relation to the management of the Assets of the Real Estate Division and the interaction between the Divisions that were adopted by the Board pursuant to the provisions of the Articles of Association and following approval by the Issuer's sole shareholder, RPGI. The Divisional Policy Statements refer to the Mining Division and the Real Estate Division that are within the Group.

The Divisional Policy Statements have been prepared and adopted on the basis that the Mining Division has the right to maintain:

(i) the undisturbed continuation of its mining, coking and related operations that are conducted on certain of the Assets of the Real Estate Division; and

(ii) unrestricted access to such Assets of the Real Estate Division in connection with such mining, coking and related operations.

These rights of the Mining Division and any relevant legal or regulatory obligations, rights or requirements, the requirements of any accounting standard applicable to the Issuer and the rules and requirements of any stock exchange on which the Issuer's shares are traded shall take priority when interpreting and following the policies set out in the Divisional Policy Statements.

The holders of the A Shares are not entitled to receive any dividends, liquidation proceeds or other distributions which relate to the Real Estate Division. See PART XV of this document entitled ''THE RESTRUCTURING AND THE RECAPITALISATION'' and PART XVI of this document entitled ''ADDITIONAL INFORMATION—Summary of Articles of Association'' for further details.

The Board has created the Real Estate Committee to oversee the Assets of the Real Estate Division and to provide advice to the Board in relation to issues relating to the interaction between the Divisions in connection with the Assets of the Real Estate Division. The members of the Real Estate Committee have been selected by the Board and shall be comprised solely of the independent non-executive directors. See paragraph 3 below for further details of the Real Estate Committee.

All matters in which the Mining Division, or holders of the A Shares, and the Real Estate Division, or holders of the B Shares, have divergent interests are required to be resolved in a manner that is in the best interests of the Issuer and all of its stakeholders after giving fair consideration to, amongst other things, the potentially divergent interests and all other relevant interests of the Issuer, the holders of A Shares and the holders of the B Shares and other stakeholders. The amount allocated or payable by the Mining Division to the Real Estate Division for its use and access to the Assets of the Real Estate Division has been fixed at EUR 3.6 million per annum (subject to adjustment for Czech inflation) and shall be reduced for the amount of payments due from the Group in relation to Assets of the Real Estate Division transferred to the holder of the B Shares, until all assets have been transferred from the Real Estate Division. Practices and procedures to ensure that matters are dealt with on arms' length terms, as approved by an independent valuer or other expert, shall be applied.

It is proposed that, subject to the fundamental and overriding rights of the Mining Division to be allowed the continued use of and access to the Assets of the Real Estate Division in the course of its mining, coking and related operations, all of the Assets of the Real Estate Division will eventually be transferred to the holders of the B Shares or to a company nominated by such holders. The Mining Division shall obtain all necessary governmental and regulatory approvals or other consents required for such transfer of assets as quickly and in as efficient a manner as practicable upon the permanent cessation of all mining activities on such Assets of the Real Estate Division. The external costs of the transfer (e.g. legal costs for such transfer) shall be borne by the Real Estate Division and all internal costs (e.g. administrative costs for the requisite approvals and consents) shall be borne by the Mining Division.

The Real Estate Division shall be treated as bearing its fair proportionate allocation of all internal corporate administrative overhead expenses and costs in relation to the Assets of the Real Estate Division (for example, internal administrative and accounting expenses) limited to EUR 100,000 per annum (subject to adjustment for Czech inflation) as well as depreciation (related to the book value of land allocated to the Real Estate Division) and taxes. The Mining Division shall, whilst the Assets of the Real Estate Division are owned or held within the Group, bear all other liabilities in relation to the Assets of the Real Estate Division (e.g. environmental or maintenance liabilities) and thereafter shall bear only those liabilities arising under leases or agreements granting rights to such assets in favour of the Group and liabilities arising as a matter of law relating to the Assets of the Real Estate Division (e.g. recultivation liabilities or liabilities incurred through mining activities).

All real estate acquired by the Issuer after the Commencement Time will 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 shall be paid for by, and shall subsequently be held by, the Real Estate Division.

The Mining Division may not acquire Assets of the Real Estate Division from the Real Estate Division, nor swap any such Assets of the Real Estate Division with local municipalities in accordance with its prior practices (unless such Assets of the Real Estate Division were earmarked for such a swap at or prior to the Commencement Time), except if the transaction is on arms' length terms as approved by the Board and the meeting of the holders of the B Shares. In both such cases, the Mining Division shall pay in cash for the Assets of the Real Estate Division acquired or swapped (and any assets or rights received from any municipality are the property of the Mining Division).

Pursuant to the Articles of Association, the Divisional Policy Statements provide that in the event of a dissolution, liquidation or winding-up of the Issuer, the holders of the A Shares and the B Shares shall then share in the funds of the Issuer remaining for distribution to the Issuer's shareholders in proportion to the respective value of the Mining Division (which will be attributable to the A Shares) and the value of the Real Estate Division (which will be attributable to the B Shares).

Also, pursuant to the Articles of Association, as minority protection rights, the holders of the B Shares have the right to request an investigation into the affairs of the Issuer (*enqueterecht*) and to make a binding nomination for the appointment of one director of the Issuer.

The Divisional Policy Statements provide for a prohibition on creating loans, mortgages or encumbrances over or with the Assets of the Real Estate Division without the consent of the holders of the B Shares (except for intra-divisional or treasury management balances which may arise from time to time and incidental loans, mortgages or encumbrances which are for the purpose of benefiting, maintaining or protecting the Assets of the Real Estate Division) which have been considered by the Real Estate Committee and approved by the Board and the meeting of the holders of the B Shares.

The Divisional Policy Statements also deal with tax matters on the basis that the Mining Division and the Real Estate Division shall allocate the tax liability and the tax benefits of the Issuer based on there being two hypothetical affiliated groups consisting of the Divisions. The general principle is that the consolidated tax liability of the Issuer will be allocated between the Divisions based on the contribution of each Division to the consolidated taxable income of the Issuer, taking into account losses, deductions and other tax attributes (such as capital losses or charitable donations) that are utilised by the Issuer even if these attributes could not be utilised on a stand-alone basis. To the extent that the tax liability and tax benefits are not directly allocable to one Division or the other, such tax liability and tax benefits shall be allocated between the Divisions on a fair and reasonable basis as the Board determines.

The Divisional Policy Statements and the Articles of Association provide that the Board, subject to the approval of the general meeting of shareholders of the Issuer and the holders of the B Shares, may amend, rescind or suspend that part of the Divisional Policy Statements in relation to the fundamental and overriding rights of the Mining Division, the payments for use and access to Assets of the Real Estate Division and the allocation of costs for overhead and support services or the principles contained in the remainder of the Divisional Policy Statements or make additions or exceptions thereto. The Board shall not seek to make any determinations to amend, rescind or suspend any other aspects of the Divisional Policy Statements, or make exceptions to them or adopt additional policies or exceptions unless there shall have been prior consultation between the Board and the meeting of the holders of the B Shares and the Board shall have given due consideration to any representations made. In this regard the Board shall act in a manner consistent with its duties to the Issuer and all of the Issuer's stakeholders and after giving, among other matters, fair consideration to the potentially divergent interests and all other relevant interests of the holders of the separate classes of shares in the Issuer.

3. THE REAL ESTATE COMMITTEE

In accordance with its Corporate Governance Policy and the Divisional Policy Statements, the Issuer has established a Real Estate Committee to oversee the Assets of the Real Estate Division and the interaction between the Mining Division and the Real Estate Division.

Pursuant to the Divisional Policy Statements and the rules of the Real Estate Committee, members of the Real Estate Committee have been, and will continue to be, selected and appointed by the Board from amongst the members of the Board. At all times, all of the members of the Real Estate Committee will be independent non-executive directors of the Issuer. If a director, who is also a member of the Real Estate Committee, ceases to act as a director of the Issuer or ceases to be an independent non-executive director, his membership of the Real Estate Committee shall also immediately cease subject to the Articles of Association and any approporiate rules of the Board.

As at the date of this Prospectus, the Real Estate Committee is composed of Barry Rourke (Chairman), Steven Schuit and Paul Everard.

Under the Divisional Policy Statements, OKD, OKD's subsidiaries and the other subsidiaries of the Issuer (as applicable) carry out the day-to-day operations of the Real Estate Division. In carrying out such day-to-day operations, OKD, OKD's subsidiaries and the other subsidiaries of the Issuer (as applicable) are required to seek the prior approval from the Board when proposing to enter into transactions which: (i) are not considered by the board to be in the ordinary course of business of the Real Estate Division; or (ii) relate to real estate which has a book value of 5% or more of the total book value of the Assets of the Real Estate Division from time to time (or such lower percentage as determined by the Real Estate Committee from time to time). The Board of Directors shall issue guidance on the types of matters or transactions that require prior approval.

In relation to Real Estate Division transactions which require prior approval of the Board, the Real Estate Committee acts as an advisory body to the Board. In this advisory capacity, the Real Estate Committee will submit a report to the Board (either orally or in writing) setting out its advice in relation to the adoption of the referred transaction. When preparing its report, the Real Estate Committee is required to take into account the policies set out in the Divisional Policy Statements and the advice of an independent valuer or other expert (being nominated and appointed under a procedure set out in the Divisional Policy Statements). Directors of the Issuer who have a conflict of interest in relation to a ''transaction'' cannot take part in either a discussion or any decision-making process in relation to that transaction. The term ''transaction'', for these purposes, includes any transfer or allocation of real estate between the Real Estate Division and the Mining Division and any other act, matter or determination to be made by the Board when value or liabilities may transfer or be allocated between those Divisions (but does not include any dividend or distribution from the dividend reserve to the holders of the B Shares). A director of the Issuer will have a conflict of interest if the director, or a related party to a director (e.g. spouse or child) holds directly or indirectly at least 10% of the A Shares or the B Shares or is a member of the board or senior management of an entity which holds directly or indirectly at least 10% of the A Shares or the B Shares.

4. THE ARTICLES OF ASSOCIATION

The Articles of Association contain provisions relating to the rights attaching to the A Shares and the B Shares. Provisions are contained in the Articles of Association dealing with matters including the issue of further A Shares and B Shares, pre-emptive rights, the transfer of shares, rights to vote at general meetings, dividends and distributions and the operation of the Board. See PART XVI of this document entitled ''Additional Information—Summary of Articles of Association'' for further details.

PART X

CERTAIN FINANCIAL INFORMATION

1. SELECTED HISTORICAL CARVE OUT AND CONSOLIDATED FINANCIAL DATA

The following table sets forth, for the periods indicated, the selected historical consolidated and carve-out financial data.

The selected historical financial data as for the year ended 31 December 2007 has been derived from the Issuer's audited consolidated financial statements (presented in euros) for the year ended 31 December 2007 included elsewhere in this Prospectus. The selected historical carve-out financial data (presented in Czech korunas) for the years ended 31 December 2006 and 2005 have been derived from the audited carve-out financial statements of the mining operations of RPGI, for each of the years ended 31 December 2006 and 2005 and which represent eleven commonly-controlled entities the Carve-out Entities included elsewhere in this Prospectus.

Unless otherwise indicated, the selected historical financial data has been prepared in accordance with IFRS effective as of the applicable year-end date of the relative financial statements.

The selected historical consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, the section ''Operating and Financial Review and Prospects'' and with the Issuer's financial statements and carved-out accounts and the related notes thereto contained elsewhere in this Prospectus.

	Historical			Historical		
	Issuer	Carve-out Entities		Issuer	Carve-out Entities	
	Year ended 31 December			Year ended 31 December		
(in millions)	2007(1)	2006	2005	2007	2006(2)	2005(2)
	CZK	CZK	CZK	EUR	EUR	EUR
Income Statement:						
Revenues	37,948	35,002	38,741	1,367	1,235	1,300
Changes in inventories of finished goods and work in progress	(278)	(265)	744	(10)	(9)	25
Consumption of material and energy	(10,105)	(9,029)	(11,797)	(364)	(319)	(396)
Service expenses	(8,495)	(7,587)	(6,054)	(306)	(268)	(203)
Personnel expenses(3)	(9,383)	(9,648)	(9,546)	(338)	(340)	(320)
Depreciation(4)	(4,358)	(6,103)	(5,922)	(157)	(215)	(199)
Amortization(5)	(250)	(270)	(263)	(9)	(10)	(9)
(Impairment)/reversal of impairment of property, plant and equipment	611	1,438	(2,907)	22	51	(98)
Reversal of impairment of receivables	—	43	197	—	2	7
Net gain from material sold	167	135	113	6	5	4
Gain from sale of property, plant and equipment	28	11	116	1	—	4
Other operating income	110	238	92	4	8	3
Other operating expenses	(222)	(895)	(490)	(8)	(32)	(17)
Subtotal (operating income)	5,773	3,070	3,024	208	108	101
Financial income	3,970	1,878	1,272	143	66	43
Financial expenses	(3,081)	(1,252)	(884)	(111)	(44)	(30)
Profit from continuing operations before tax	6,662	3,696	3,412	240	130	114
Income tax expense	(1,360)	(844)	(848)	(49)	(30)	(28)
Profit after tax from continuing operations	5,302	2,852	2,564	191	100	86
Balance Sheet Data* (at period end):						
Cash and cash equivalents(6)	12,618	27,354	11,574	474	995	399
Total assets	54,118	69,137	56,007	2,033	2,514	1,931
Total debt(7)	28,909	19,756	114	1,086	718	4
Equity	10,036	34,598	40,398	377	1,258	1,393

* For more detailed balance sheet data please see the subsection of this PART X entitled Review of Assets and Liabilities.

(in millions)	Historical			Historical		
	Issuer	Carve-out Entities		Issuer	Carve-out Entities	
	Year ended 31 December			Year ended 31 December		
	2007[(1)]	2006	2005	2007	2006[(2)]	2005[(2)]
	CZK	CZK	CZK	EUR	EUR	EUR
Other Financial Data:						
EBITDA[(8)]	9,742	7,994	12,000	351	283	403
Capital expenditures	2,165	2,324	2,537	78	82	85
Net debt[(9)]	16,291	(7,598)	(11,460)	612	(276)	(395)
Net working capital[(10)]	53	882	1,148	2	32	40
Ratios:		—	—			
Total debt/EBITDA	2.97	2.47	0.01	3.09	2.54	0.01
Net debt/EBITDA	1.67	(0.95)	(0.96)	1.74	(0.98)	(0.98)

Calculation of EBITDA:

(in millions)	Historical			Historical		
	Issuer	Carve-out Entities		Issuer	Carve-out Entities	
	Years ended 31 December			Years ended 31 December		
	2007[(1)]	2006	2005	2007	2006[(2)]	2005[(2)]
	CZK	CZK	CZK	EUR	EUR	EUR
Profit after tax from continuing operations	5,302	2,852	2,564	191	100	86
Income tax	1,360	844	848	49	30	28
Financial expenses, net[(11)]	(889)	(626)	(388)	(32)	(22)	(13)
Depreciation and amortization	4,608	6,373	6,185	166	225	208
Impairment/reversal of impairment of PPE	(611)	(1,438)	2,907	(22)	(51)	98
(Gain)/loss from sale of PPE	(28)	(11)	(116)	(1)	—	(4)
EBITDA[(8)]	**9,742**	**7,994**	**12,000**	**351**	**283**	**403**

The additional information in the table below headed ''Additional financial data'' is derived from the Issuer's financial and operating records, but the information is not determined in accordance with IFRS.

Additional financial data:

	Year ended 31 December		
	2007	2006	2005
External coal and coke operating data:			
Tonnes sold (in thousands)			
Coking coal[(12)]	6,781	6,590	5,665
Steam coal	5,283	5,707	5,771
Coke	1,262	1,310	1,145
Average sales prices per tonne (CZK)			
Coking coal[(12)]	2,388	2,190	2,617
Steam coal	1,333	1,284	1,326
Coke	4,941	4,077	5,395
Average sales prices per tonne (EUR)[(13)]			
Coking coal[(12)]	86	77	88
Steam coal	48	45	45
Coke	178	144	181

(1) The financial data for the year ended 31 December 2007 have been derived from the consolidated financial statements of the Issuer for the year ended 31 December 2007, which are presented in euro. A convenience translation from euros to Czech korunas has been provided for purposes of comparability, where Income Statement data and Other Financial data have been translated with the period average exchange rate and the Balance Sheet Data with the period end exchange rate for the relevant period. The period average exchange rates for the year ended 31 December 2007 from euros to Czech korunas was EUR 1.00 = CZK 27.76. The period end exchange rates for the year ended 31 December 2007 from euros to Czech korunas was EUR 1.00 = CZK 26.62. See PART XVI of this document ''ADDITIONAL INFORMATION—Currency and Exchange Rate Information''. As indicated, the amounts presented in Czech korunas have been translated from euros for information purposes and for the convenience of the reader. We do not represent that the translated amounts actually represent such Czech koruna amounts or could be converted into Czech korunas at the rates indicated or any other rate.

(2) The financial data for the years ended 31 December 2006 and 2005 have been derived from the carve-out financial statements of the mining operations of RPGI for the years ended 31 December 2006 and 2005, which are presented in Czech korunas. A convenience translation of Czech korunas to euros has been provided for purposes of comparability, where Income Statement data and Other Financial data have been translated with the period average exchange rate and the Balance Sheet Data with the period end exchange rate for the relevant periods. The period average exchange rates for the years ended 31 December 2005 and 2006 from Czech korunas to euros were EUR 1.00 = CZK 29.80 and EUR 1.00 = CZK 28.34 respectively. The period end exchange rates for the years ended 31 December 2005 and 2006 from Czech korunas to euros were EUR 1.00 = CZK 29.01 and EUR 1.00 = CZK 27.50. See PART XVI of this document ''ADDITIONAL INFORMATION—Currency and Exchange Rate Information''. As indicated, the amounts presented in euros have been translated from Czech korunas for information purposes and for the convenience of the reader. We do not represent that the translated amounts actually represent such euro amounts or could be converted into euros at the rates indicated or any other rate.

(3) Personnel expenses include employee benefits.

(4) Depreciation excludes impairment and reversals of impairment of PPE, which is presented as a separate line item.

(5) Amortization includes goodwill amortization.

(6) Cash and cash equivalents excludes restricted cash, which represented, as of 31 December 2007, EUR 24 million deposited in an escrow account in connection with the Issuer's obligations under Czech law to maintain cash reserves for reclamation costs and potential liability for damages to properties owned by third parties.

(7) 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 gross amount of debt less related expenses. Interest-bearing loans, bond issues, and borrowings are measured at amortized cost.

(8) EBITDA is defined as net profit after tax from continuing operations before minority interest adjusted for, income tax, net financial expenses, depreciation and amortization, impairment and reversals of impairment of PPE and gain/loss on disposal of interest in its subsidiaries and gain/loss from sale of PPE. While the amounts included in EBITDA have been derived from the historical financial statements, it is not a financial measure calculated in accordance with IFRS and, accordingly, should not be considered as an alternative to net income or operating income as an indicator of performance, or as an alternative to operating cash flows as a measure of the Issuer's liquidity. The Issuer 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 Issuer finds it a useful tool to assist in evaluating performance because it excludes interest, taxes and other principal non-cash charges. In addition, the Issuer believes that EBITDA is a measure commonly used by investors. EBITDA, as presented in this Prospectus, may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated. EBITDA used in this Prospectus is not the same as the definition of EBITDA used in the Senior Secured Facilities or the definition of cash flow used in the Indenture governing the Senior Notes.

(9) Net debt represents total debt, as defined above, less cash and cash equivalents. It is not an IFRS measure.

(10) Net working capital is calculated as inventories plus trade and other receivables minus accounts payable and accruals.

(11) Financial expenses, net include financial revenue and financial expense.

(12) Excludes coal sold to OKK, because OKK is a consolidated entity of the Group.

(13) Calculated using the average foreign exchange rate for the relevant period as published by the CNB.

2. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of financial condition and results of operations is based on the audited consolidated financial statements (presented in EUR) of the Issuer for the year ended 31 December 2007 prepared in accordance with IFRS and on the audited carve-out financial statements (presented in CZK) of mining operation of RPGI, the Issuer's shareholder, for the years ended 31 December 2006 and 2005, which are prepared in accordance with IFRS, all of which are presented elsewhere in this Prospectus. The Carve-out Accounts reflect, for the periods stated above, the results of operations and cash flows of the Group's Core Business (including the Real Estate Division, but excluding the transport and gas businesses). Because OKD and other entities of the Group, including OKK, were not contributed to the Issuer until 7 September 2006, the Audited 2006 Financial Statements were not a meaningful basis for the purposes of comparing the Group's results of operations of such period against the same period in 2005 and 2007. The income statement included in the consolidated financial statements of the Issuer for the year ended 31 December 2007 (the ''2007 Consolidated Financial Statements'') also includes the results of the Group's former transport and gas businesses, which are presented as discontinued operations. The Group believes, subject to the limitations disclosed herein, that the 2006 and 2005 Carve-out Accounts provide a reasonable basis for comparison of the historical results of businesses currently operated by the Group with the results from continuing operatings presented in the 2007 Consolidated Financial Statements. This discussion should be read in conjunction with the information set forth in the Carve-out Accounts and the audited consolidated financial statements of the Issuer for the year ended 31 December 2007 presented elsewhere in this Prospectus. See PART X of this document entitled ''CERTAIN FINANCIAL INFORMATION—SELECTED HISTORICAL CARVE-OUT AND CONSOLIDATED FINANCIAL DATA''.

Some of the information contained in this discussion, including information with respect to the Issuer's plans, its business strategies and its expected sources of financing, contains forward looking statements that involve risk and uncertainties. The Issuer's future results could differ materially from those discussed below. You should read ''Forward Looking Statements'' for a discussion of the risks related to those statements. You should also read PART II of this document entitled ''RISK FACTORS'' for a discussion of certain factors that may affect the Group's business, financial condition and results of operations.

General Overview

Background

The Group, through OKD, is the Czech Republic's largest hard coal mining company and is a leading producer of hard coal in the Czech Republic and in Central Europe, serving customers in the Czech Republic, Slovakia, Austria, Poland, Hungary and Germany. It is one of the largest industrial groups in the Czech Republic in terms of revenues and employees. For the year ended 31 December 2007, the Group employed an average of 18,360 employees and utilized an average of 3,576 workers employed by contractors, making it one of the largest private employers in the country. In terms of revenues in 2006, the Group was the third largest natural resources company in the Czech Republic. The Group's principal business is hard coal mining and coke production (''Core Business'').

The Group's revenues for the year ended 31 December 2007 accounted for approximately EUR 1.37 billion.

The Group operates five mines and two coking facilities in the Czech Republic and serves several large steel and energy producers in CEE.

The Group's largest business in terms of revenue is the production of coking coal, which accounted for EUR 579,800 thousand of external net sales in 2007 on an EXW basis. Coking coal is sold to steel producers and to independent coke producers. The Group also produces coke, primarily from its own coking coal, for sale to steel producers and foundries. Net coke sales totalled EUR 224,629 thousand in 2007.

The Group also produces steam coal, which accounted for EUR 253,495 thousand of net sales in 2007 on an EXW basis. While steam coal generally results in lower profit margins, it provides a more stable demand from year to year than coking coal.

The Group also generates revenue from the sale of coke by-products, electricity trading and the sales of coalbed methane to DPB and as part of invoicing its customers, the Group passes on the majority of the cost for coal transportation. These sources of additional revenues represented EUR 309,174 thousand in 2007.

Prior to the distribution of the Group's transport and gas businesses to RPGI in June 2007, the Group also provided transportation and logistics services, and extracted and sold methane gas, a by-product of its coal mining operations.

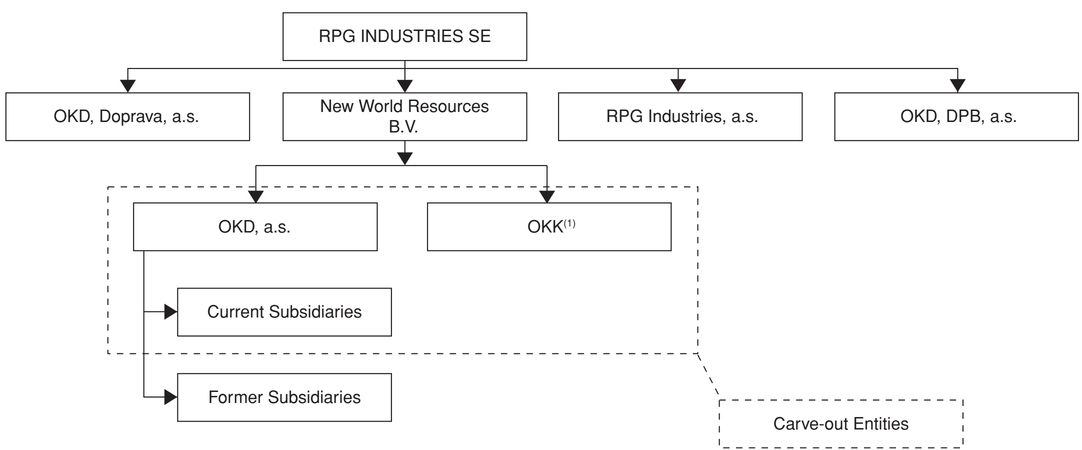
Until 1 June 2006 the Group also traded coal purchased from third parties via the coal trading division of Metalimex a.s. Metalimex is a former subsidiary of OKD that originally specialised in the trading of metal and coal. The coal trading division of Metalimex traded coal purchased from OKD as well as coal purchased from third parties. The coal trading division is included in the Carve-out Accounts as of 1 January 2005. The coal trading division was merged with OKD on 1 June 2006. Since then, the division has not traded coal purchased from third parties. While this transaction affected the Group's revenues and costs, its effect on the Group's net income was insignificant. The metal trading division is not included in the Carve-out Accounts and is not part of the Group.

Basis of Presentation of Financial Information

The Issuer was formed on 29 December 2005, and its principal subsidiaries, OKD and OKK were contributed to it on 7 September 2006 by its shareholder, RPGI. The business and assets of OKD and OKK represent substantially all of the mining and coking business of RPGI for the years ended 2006 and 2005, and the mining and coking businesses operated by the Issuer for the year ended 31 December 2007. New World Resources B.V. will be converted into New World Resources N.V. (a public company with limited liability) prior to Admission. The financial information included in this Prospectus comprises: (i) the 2007 Consolidated Financial Statements; (ii) the Carve-out Accounts; and (iii) the Audited 2006 Financial Statements.

The Carve-out Accounts reflect, for the periods stated above, the results of operations and cash flows of the Group's Core Business (including the Assets of the Real Estate Division, but excluding the transport and gas businesses). Because OKD and other entities of the Group were not contributed to the Issuer until 7 September 2006, the Audited 2006 Financial Statements were not a meaningful basis for the purposes of comparing the Group's results of operations of such period against the same period in 2005 and 2007. The Carve-out Accounts have been derived or "carved out" from RPGI's consolidated financial statements for the periods presented using historical results of operations and assets and liabilities of the Group's Core Business. The Group's management prepared the Carve-out Accounts in compliance with IFRS and believes the methodology underlying the preparation of the Carve-out Accounts gives a true and fair view of the Group's Core Business for the presented periods. The Carve-out Accounts are audited and represent the financial results and operations of the Group for the relevant periods. However, the Carve-out Accounts may not reflect the Group's results of operations, financial position and cash flow that the Group would have had, had the transport and gas businesses and other disposed businesses already been removed from the Group during the relevant periods.

The following is a schematic diagram illustrating Carve-out Entities:



(1) OKD, OKK, a.s. is the official name of OKK. Whilst the Group often refers to it as OKK, the Group has kept OKD adjacent to OKK in the official name and as part of its branding in the Czech Republic.

The Carve-out Accounts reflect the results of operations and cash flows of the Group's Core Business. The income statement included in the 2007 Consolidated Financial Statements presents the financial performance of the transport and gas businesses separately as discontinued operations and therefore makes a distinction between Core Business results and the transport and gas businesses. Therefore to describe the development of the Core Business in this discussion, the Group only refers to the results from continuing operations for 2007.

The Group is split into two divisions: the Mining Division and the Real Estate Division. The Issuer has issued A Shares and B Shares prior to the date of this Prospectus. The A Shares and B Shares are tracking stocks which are designed to reflect the financial performance and economic value of the two divisions. The A Shares being offered hereby track the financial performance and economic value of the Mining Division but do not track the financial performance or economic value of the Real Estate Division, which are represented by the B Shares and are held by RPGI. The ownership of the A Shares and the B Shares represents an ownership interest in the Group as a whole, but does not represent a direct legal interest in the assets and liabilities of the assets of the Mining Division or the Real Estate Division, respectively. The historical financial statements of the Group, as described above, and the Carve-out Accounts reflect the results of operations and the financial position and performance of the assets and businesses currently owned and operated by the Mining Division and the Real Estate Division.

Because the A Shares and B Shares are tracking stocks of the same legal entity, the Group, separate financial statements are not provided. The Group has provided segmental information in the 2007 Consolidated Financial Statements for the Mining Division and the Real Estate Division. See PART IX-B of this document entitled ''RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION'' for further details. With effect from the Commencement Time, the Group has tracked the financial performance of the two divisions and presents corresponding financial information in the segmental information in its consolidated financial statements.

The financial information in this discussion is presented in EUR, which is the presentation currency of the Group. The 2007 Consolidated Financial Statements were prepared and audited in EUR. However the Carve out Accounts were prepared and audited in CZK. For the purpose of the presentation in this discussion, the income statement data has been converted, if not directly available in EUR, into EUR using the average exchange rate for the corresponding years. Any balance sheet data presented in this discussion has been converted, if not directly available in EUR, into EUR using the rates valid on the last day of the accounting period published by the CNB. The following table presents the FX rates used:

(CZK/EUR)	2007	2006	2005
Average exchange rate	27.762	28.343	29.784
Balance sheet exchange rate (31 Dec of year)	26.620	27.495	29.005

This discussion does not eliminate the effects resulting from the conversion of amounts in the Carve-out Accounts from CZK into EUR on the comparability of financial information of the Group in different years. This can lead to an over or understatement of change in revenue and expenses from year to year when compared to the change in revenues in CZK. The financial statements and described trends could present differently if the financial information was in CZK.

Effects of Acquisitions, Restructuring and Disposals

Fair Value Accounting and Purchase Price Allocation

The long term assets of the Group are valued based on the allocation of the purchase price paid in October 2004 by current shareholders for the acquisition of Former OKD. The purchase price was allocated in October 2004 based on an independent expert's valuation. This purchase price allocation resulted in a significant increase in the carrying value of these assets in the consolidated balance sheet of the Group.

Restructuring and Disposals

Following the acquisition of the predecessor of OKD (''Former OKD''), from 2005 to 2008 the current shareholders of the Issuer and the Issuer's predecessor effected a restructuring (as described below, the ''Restructuring'') of the business held by the Group and its predecessor companies to (i) separate the mining business from various unrelated activities in which the Former OKD and its subsidiaries were previously involved; (ii) simplify the holding structure of the Group; (iii) relocate the holding entity for the mining business to the Netherlands so as to better position it for access to international securities markets; (iv) transfer the gas, transport and certain non-core real-estate businesses from the Group to RPGI; (v) transfer Karbonia from OKD to become a direct subsidiary of the Issuer and create NWR Coking a.s. to be a direct subsidiary of the Issuer to serve as the holding company of OKK upon its transfer from OKD; and (vi) create a division of the Issuer consisting of all the Assets of the Real Estate Division, as at the Commencement Time (the ''Real Estate Division'').

The Restructuring had a significant effect on the comparability of historical financial statements of the Group and its predecessors. As a result, the Issuer has prepared the Carve-out Accounts to provide comparable historical data. The Restructuring involved the disposition of several non core businesses from June 2004 to 31 December 2007 as described further in the table below. The table lists all dispositions effected from June 2004 to 31 December 2007 other than the disposition of certain real estate assets. The subsidiaries set out in the table below are collectively referred to as the ''Disposed Subsidiaries.''

	Company	Scope of business	Ownership interest	Month of disposition
2004	Sokolovská uhelná, a.s	Coal mining	36.32%	June
	Dom Polski, a.s.	Hotel owner and operator in Ostrava	5.5%	July
	Bohemiacoal s.r.o.	Coal contractor	34%	August
2005	KARBONIA KLADNO, a.s.	Coal contractor	45%	March
	Havířovská teplárenská společnost, a.s.	Heat utility in Havířov city	15%	July
	Projekce a výstavba dolů, a.s.	Underground and surface construction	35.3%	September
	ČM kapitálová, a.s.	Factoring	100%	October
	OKD, Tatranský Permon, akciová spoločnost'	Hotel owner and operator in Slovakia	100%	October
	Hornický penzijní fond Ostrava, a.s.	Pension fund	97%	December
	AL INVEST Břidličná, a.s.	Aluminum processing, aluminum foil and sheet production	100%	December
2006	Metalimex a.s.	Metals and coal sales	100%	January
	Služby dolů, a.s.	Real estate	100%	February
	KOVONA KARVINÁ, a.s.	Manufacturing	97.1%	March
	SL-KD, s.r.o. ,,v likvidácii''	Prospecting in Slovakia (inactive)	100%	May
	EOSA 2002, S.A.	Construction company in Spain	50%	August
	VOKD, a.s.	Underground and surface construction company	100%	October
	Agrobanka Praha, a.s. v likvidaci	Bank	0.37%	October
	SLOVENERGO, spol. s r.o.	Coal and electricity trading company in Slovakia	90%	December

	Company	Scope of business	Ownership interest	Month of disposition
2007	OKD, Báňské stavby Ostrava, a.s. ''v likvidaci''**	Construction company	100%	February
	Československá obchodní banka, a.s.	Bank	0.25%	June
	Doprava*	Transportation company	100%	June
	DPB*	Coalbed methane extraction and distribution	100%	June
	Green Gas International B.V.*	Methane gas management and utilisation	70%	June
	RPGICZ	Special purpose vehicle	100%	November

* Distributed by the Issuer to its shareholder, RPGI, through a dividend in kind on 28 June 2007.

** On 23 February 2007, a court decision about the termination of the liquidation process became effective and the Company delisted from the commercial register.

The disposal of the Issuer's 0.25% equity interest in Československá obchodní banka, a.s. resulted in a gain of EUR 17 million (CZK 459 million) in 2007 as reflected in the 2007 Consolidated Financial Statements. Other gains and losses are, as explained below, not included in the Financial Statements included herein.

With effect from 1 January 2006, Former OKD was demerged into several successor entities. As a result of this demerger and several additional restructuring transactions effected during 2006, (i) the mining and coking business of Former OKD was contributed to OKD, (ii) the transport business of Former OKD became owned by Doprava, part of the Group at the time, (iii) the gas business of Former OKD became owned by DPB, part of the Group at the time, and (iv) the majority of Former OKD's real estate not related to the mining and coking business at that time was contributed to three subsidiaries of RPGI held outside the Group.

In addition, on 1 January 2006, Former OKD disposed of several subsidiaries whose principal assets consisted of non core real estate by way of a demerger. This disposition had a significant impact on the comparability of assets reflected in the Group's consolidated accounts as of 31 December 2005 and 2006. The Carve-out Accounts exclude the demerged real estate and exclude any corresponding effect from the demerged real estate on the income statement.

As part of the Restructuring, the Issuer transferred its transport and gas businesses from the Issuer to its shareholder, RPGI, in June 2007. The income statement included in the 2007 Consolidated Financial Statements presents the financial performance of the transport and gas businesses separately as discontinued operations.

As a result of the foregoing, the income statements of the Carve-out Accounts do not reflect the operations of or gains or losses from, the disposal of the Disposed Subsidiaries.

Recapitalisation

Following the completion of the acquisition of Former OKD, the current shareholder and its predecessors commenced a project to optimize its capital structure.

The Recapitalisation was effected by way of an initial drawdown of EUR 720 million from the Senior Secured Facilities by OKD in late 2006 and a distribution by the Issuer of EUR 801 million to RPGI in January 2007 which was also partially financed by cash on hand.

The second portion of the Recapitalisation consisted of a EUR 276 million distribution that the Issuer made to RPGI on 18 October 2007. This distribution was funded by a drawdown of EUR 275 million under the Additional Loan Option under the Senior Secured Facilities. See PART VIII of this document entitled ''USE OF PROCEEDS AND DIVIDEND POLICY'' for further details.

Segment Reporting

Operating Segments

The Group's principal business is coal mining and coking operations. The Carve-out Accounts consist of the coal mining, coke production and coal and coke sales and marketing and several ancillary activities. The Group presents segmental information on the coal mining and coke operations and geographic segments. In addition, effective 31 December 2007, the Group was divided into the Real Estate Division and the Mining Division, and as a result, the Group also presents these Divisions as separate segments in the 2007 Consolidated Financial Statements. For more details please refer to the notes to 2007 Consolidated Financial Statements included with this Prospectus.

The table below summarises revenues of the Group's Core Business for the period 2005 to 2007 based on the Carve-out Accounts (converted to EUR) and the 2007 Consolidated Financial Statements:

	Year ended 31 December					
Revenues (EUR thousand)	**2007**	**2007%**	**2006**	**2006%**	**2005**	**2005%**
External coking coal sales (EXW)	579,800	42%	509,278	41%	497,856	38%
External steam coal sales (EXW)	253,495	19%	258,457	21%	256,866	20%
External coke sales (EXW)	224,629	16%	188,413	15%	207,380	16%
Coal trading (Metalimex)(1)	0	0%	32,886	3%	141,906	11%
Coal and coke transport by OKD(2)	111,425	8%	99,354	8%	67,446	5%
Sale of coke by-products	24,939	2%	24,813	2%	19,660	2%
Electricity trading (Czech Karbon)(3)	78,528	6%	28,550	2%	18,570	1%
OKD other sales(4)	56,284	4%	62,777	5%	67,732	5%
Other(5)	37,998	3%	30,420	3%	23,318	2%
Total	**1,367,098**	**100%**	**1,234,948**	**100%**	**1,300,734**	**100%**

(1) Metalimex, a.s. is a former subsidiary of OKD that originally specialized in the trading of metal and coal. The coal trading division of Metalimex traded coal purchased from OKD as well as coal purchased from third parties. The coal trading division is included in the Carve-out Accounts as of 1 January 2005. The coal trading division was merged with OKD on 1 June 2006. Since then, the division has not traded coal purchased from third parties. The metal trading division is not included in the Carve-out Accounts and is not part of the Group. The revenues and expenses had an impact on the consolidated revenues and operating expenses, but had no material impact on the net profit of the Group.

(2) The transport of coal and coke represents the costs for transportation of coal to customers invoiced directly as part of the price for coal delivery.

(3) Czech-Karbon, s.r.o. is a subsidiary of OKD that specializes in electricity trading. The company trades electricity with companies within the Group and with third parties. The revenues presented in the table represent the sales of electricity to third parties.

(4) OKD other sales include sales of coalbed methane to DPB, rock, gasoline and other services.

(5) Other includes revenues from auxiliary subsidiaries.

The majority of the Group's revenue is derived from coal and coke sales. Its key customers are Arcelor Mittal Steel, US Steel, Dalkia, Moravia Steel and Voestalpine Stahl. The majority of coal and coke sales are based on framework agreements which are re-priced mainly on an annual basis. See PART V of this document entitled ''INFORMATION ON THE GROUP—Long Term Framework Agreements'' for further details.

The Group's hard coal mining business is conducted through OKD, a wholly owned subsidiary of the Group. OKD produces coking coal, accounting for approximately 56% of the overall tonnage of coal sold in 2007 to external customers, for use in steel production and high quality steam coal for use in power generation. Steam coal, which accounted for approximately 44% of all tonnage of the Group's coal sales in 2007, is used by utilities, heating plants and industrial companies to produce steam and electricity. While steam coal margins generally are lower than coking coal margins, steam coal has historically provided a stable source of revenue.

Geographic Segments

The Group operates in the Czech Republic and in other geographic segments. A summary of the Group's results by geographic segments in the 2007 Consolidated Financial Statements and in the Carve-out Accounts is presented below:

Geographic Segments	**Czech Republic**	**European Union "old 15"[(1)]**	**European Union— "new12"[(2)]**	**Rest of Europe**	**Total**
	For the year ended 31 December 2007 (EUR thousand)				
Segment Revenues					
External Sales	666,237	379,604	368,359	25,855	1,440,055
—Continuing operations	595,266	378,802	367,355	25,675	1,367,098
—Discontinued operations	70,971	802	1,004	180	72,957
Segment Assets	1,729,145	253,669	49,280	661	2,032,755
—Continuing operations	1,729,145	253,669	49,280	661	2,032,755
—Discontinued operations	—	—	—	—	—
Capital Expenditures	81,594	264	854	—	82,712
—Continuing operations	77,368	264	854	—	78,486
—Discontinued operations	4,226	—	—	—	4,226
	For the year ended 31 December 2006 (EUR thousand)				
Segment Revenues					
External Sales	757,054	229,634	227,975	20,285	1,234,948
Segment Assets	2,445,491	32,141	33,414	3,465	2,514,511
Capital Expenditure	81,845	—	155	—	82,000
	For the year ended 31 December 2005 (EUR thousand)				
Segment Revenues					
External Sales	537,618	453,247	273,525	36,344	1,300,734
Segment Assets	1,860,493	32,806	28,758	8,890	1,930,947
Capital Expenditure	85,084	—	105	—	85,189

(1) Includes Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy, Luxemburg, the Netherlands, Portugal, Spain and Sweden.

(2) Includes Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Romania and Bulgaria but excludes the Czech Republic.

Reporting of the Results of the Mining Division and the Real Estate Division

In connection with the establishment of the Mining Division and the Real Estate Division effective from 31 December 2007, the Group reports the Mining Division and the Real Estate Division as separate financial reporting segments and discloses the financial position of the Divisons as of 31 December 2007 in 2007 Consolidated Financial Statements included elsewhere in the Prospectus. See PART X of this document entitled ''OPERATING AND FINANCIAL REVIEW AND PROSPECTS—Effect of the Seperation of the Real Estate Division'' for further information.

Description of Key Components of the Group's Income Statement

Revenue

The Group derives revenues primarily from the sale of coking and steam coal as well as coke. Other significant revenue categories include transport of coal and coke, sale of coke by-products and revenues from electricity trading. Prior to 2007, the Group was also involved in trading coal purchased from third parties. Prior to the distribution of the transport and gas businesses, the Group also derived revenue from the sale of methane gas obtained in mine gas degasification operations as well as from transport and logistics services. Revenues attributable to transport and gas business for the year ended 31 December 2007 are presented as discontinued operations in the 2007 Consolidated Financial Statements and are not presented in the revenues line of the income statement.

Principal Costs and Expenses

The most significant expenses of the Group are the consumption of material and energy, service expenses (including contract workers) personnel expenses and depreciation. For the year ended 31 December 2007, the consumption of material and energy, service expenses, personnel expenses and depreciation accounted for 31%, 26%, 29% and 13%, respectively, of the operating expenses.

Consumption of Material and Energy. The consumption of material and energy is a significant cost item. It consists of three main items: consumption of material for mining operations (steel and wood supports etc.), consumption of spare parts for mining machines and consumption of energy. For 2005, a fourth significant item in consumption of material and energy was the costs of coal traded by Metalimex, purchased from third-party companies.

Service Expenses. Service expenses comprise the cost of contractors and of consulting, professional, transportation and other services. The vast majority of transportation services expenses are pass through costs invoiced directly to the Group's clients (and included in the Group's revenue). Professional service expenses are those costs associated with the services of attorneys, consultants and other professionals, and were relatively high in 2005 due to transactional costs associated with the Restructuring.

As the Group has increased its use of contractors for sourcing miners between 2005 and 2007, the costs of coal production have been increasingly included in service expenses. The Group expects to continue to use miners provided by contractors because it offers greater employment flexibility and because of the difficulty of hiring qualified mining employees. The use of contract workers has improved the flexibility and productivity of the Group's mining operations.

Personnel Expenses. Personnel expenses comprise of wages and salaries, social insurance costs, social security, employee benefits and other payroll costs for the Group's own employees. For comparison purposes, the employee benefits portion of the personnel expenses line item was presented under its own subheading. As discussed above, personnel expenses exclude the costs of workers employed by contractors, which are included in service expenses.

Employee Benefits. The Group's net obligation in respect of long term service benefits is the amount of benefits earned in return for their services in the current and prior periods payable more than 12 months after the balance sheet date. The change in the amount of the employee benefits obligation over the period is shown in the income statement.

The Group's employee benefit scheme covers the statutory requirements applicable to the mining industry and other benefits arranged with the labour union in the general labour agreement. All benefits are unfunded. Most of them are paid annually and are calculated based on length of service, level of exposure to health hazards and disability. Others are payable upon severance. Post employment and long term benefits are adjusted annually according to (i) a discount rate derived from the linear approximation of the yield curve of the Czech government bonds, (ii) the estimated wage increase per year, (iii) Czech official mortality models, and (iv) the applicable statutory retirement age.

Other Operating Expenses. Other operating expenses principally include compensation for mining damages, provisions for mine closures, property taxes and government fees and net loss on sale of receivables. Provisions for mine closures increased in 2006 as a result of a decision to close the Dukla site, which was part of the Paskov mine.

Sub total (Operating Income).

The income statement of the Group contains a line item captioned Sub total. The Group considers the line sub total in the financial statements to be the operating income of the Group. It includes all operating costs and revenues but does not reflect financial revenues or expenses or the effects of disposal of subsidiaries, results from discontinued operations and taxes.

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 CEE affect the Group's results of operations. Such factors include, among others, the demand for coal, which is driven by the level of macroeconomic and industrial activity, most notably steel production and electricity consumption; the price of coal; changes in coal and coke production capacity of competitors; the cost of labour; and the level of production of the Group's mines.

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.

Due to its landlocked nature and the significant cost of transportation for coal importers ouside of Europe (Asia, Australia), the Czech Republic and neighbouring Central European countries represent a largely localized market for coal. The only significant regional coal producers capable of importing 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 low wages, skilled labour force, a stabilizing economic and political environment and the proximity to established and other emerging markets, CEE has been experiencing significant private sector investments in industrial production and manufacturing capacity in recent years.

During the last three years, increasing demand for energy and increasing consumption of steel and steel products in CEE, resulted in relatively high prices of coking and steam coal as well as coke. A temporary decline in coking coal and coke prices occurred in 2006 caused by Polish competitors selling off excess inventory. Coking coal and coke prices have recovered in 2007. Coking coal prices increased in 2007 when the supply/demand balance stabilized. In the first three months of 2008 the average selling prices of coking coal increased by 61%, the average selling prices for the Group's steam coal increased by 44%, the average 6 month selling prices for the Group's coke increased 128% and the average 12 month selling price for coke increased by 37%. Any decrease in coal prices 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 could adversely affect the Group's revenues, results of operations and its ability to generate cash flows.

The tables below summarize external coal and coke sales volumes and prices to external customers for the three years ended 31 December 2007, 2006 and 2005. For information regarding recent trends in coal prices, please see the section entitled ''Recent Development, Current Trading and Prospects''.

	Year ended 31 December		
	2007	2006	2005
Volumes of coal and coke sold in thousands of tonnes			
Coking coal	6,781	6,590	5,665
Steam coal	5,283	5,707	5,771
Coke	1,262	1,310	1,145
Average sales prices per tonne (EUR)			
Coking coal	86	77	88
Steam coal	48	45	45
Coke	178	144	181
Average sales prices per tonne (USD)[(1)]			
Coking coal	117	97	109
Steam coal	66	56	56
Coke	243	181	225

(1) Converted with average FX rates of 1.3670, 1.2536 and 1.2437 USD/EUR for the years ended 31 December 2007, 2006 and 2005 respectively. Sales are effected in EUR so the sale price in USD are provided just for convenience.

Cost Trends

The Group has experienced increased operating costs for spare parts, mining materials and fuel partly attributable to increased economic activity worldwide and in CEE. The Group has also experienced increases in labour costs as a result of admission of the Czech Republic to the EU and increased economic activity in the Czech Republic. This trend is expected to continue. Wage costs in CEE are expected to rise faster than in Western Europe in the coming years. The Group has in recent years used outside contractors to provide miners. The lower costs of contracted workers compared to own employees have increased the labour productivity of the Group's mining operations. In addition, the Group is currently reducing the level of employees in above ground operations and intends to reduce headcount further in connection with planned modernization of its mining equipment through the capital investment program, which is expected to improve the operational efficiency of its mines. Headcount of own employees decreased by 8% from 19,952 in 2006 to 18,360 in 2007. Headcount of contractors decreased by 8% from 3,871 utilized in 2006 to 3,576 utilized in 2007. For information regarding recent trends in employee/contractor costs, please see the section entitled ''Recent Development, Current Trading and Prospects''.

Effects of the Separation of the Real Estate Division

Overview of the Separation of the Mining Division and the Real Estate Division

The A Shares being sold in the Offer 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. The A Shares do not track the performance, and do not represent the economic value, of the Real Estate Division. The Issuer is offering only A Shares in the Offer. The B shares will be held before and upon completion of the Offer solely by RPGI, the controlling shareholder of the A shares.

Segment Information reflecting the Separation of the Mining Division and the Real Estate Division

The 2007 Consolidated Financial Statements disclose the financial position of the Mining Division and the Real Estate Division as at 31 December 2007 and certain income statement information. The segmental information is presented in the following table. Because the Mining Division and Real Estate Division were established at the Commencement Time, there were no revenues or costs attributable to the Real Estate Division in 2007. For more detail see the section entitled ''Selected historical carve-out and consolidated financial data''.

	Year ended 31 December 2007	
(EUR thousand)	**Mining Division**	**Real Estate Division**
Segment revenues		
Total revenues	1,367,098	—
Segment Result		
Segment result	207,516	—
Assets and liabilities as at 31. 12. 2007		
Segment assets	1,944,731	106,220
Segment liabilities	1,645,164	28,324
Other segment information:		
Capital expenditures	78,486	—
Depreciation	156,931	—
Amortization	9,326	—
Reversal of impairment of assets	21,959	—
Interest income	13,096	—
Interest expense	52,642	—
Average number of employees	18,360	—

Selected disclosures of basis of presentation of Division financial information

The 2007 Consolidated Financial Statements include two segments: one for the Mining Division and one for the Real Estate Division. As the Real Estate Division is a basic administration unit designed to manage assets of the Real Estate Division and residual interests in real estate that is currently being used by the Mining Division and has limited other operations, supplemental footnote disclosures related to the Real Estate Division are very limited. Accordingly, the segment information presented for the Mining Division and the Real Estate Division have been presented to show the financial position of each Division as of 31 December 2007 with all income and expense related activity for the year ended 31 December 2007 allocated to the Mining Division. Effective 1 January 2008 the Issuer started accounting and reporting for the operations of the Divisions separately.

The Mining Division is provided with unrestricted access to all Real Estate Assets necessary for its mining, coking and related operations for the time period, until these operations cease to exist. The Real Estate Assets include two groups of assets:

(i) constructions and similar real estate assets (''Buildings'') and

(ii) land.

For Buildings the following criteria for identifying the relation between the divisions as financial leasing are met:

(i) the lease term is for the major part of the economic life of the asset,

(ii) the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

Therefore the Buildings are accounted for in the balance sheet of the Mining Division and fully depreciated there. The Mining Division has a liability to return the Buildings to the Real Estate Division, however this liability becomes effective after mining, coking and related operations cease. Since the respective assets meet the criteria mentioned above, they will be fully depreciated in the Mining Division at the point in time when mining, coking and related operations stop in the future. Therefore there is a liability to return assets with a zero value, which is correspondingly valued at zero by the management of the Issuer. A finance leased asset has to be evaluated at the present value, which is the basis for depreciation. The annual fee paid for the use of the Assets of the Real Estate Division is accounted for as interest expense. The Divisional Policy Statements fix the annual charge at EUR 3,600 thousand per year for all Real Estate Assets provided by the Real Estate Division to the Mining Division (the ''Cap'', which may be adjusted upward for inflation). There is no requirement for the Mining Division to repay the present value of the Real Estate Assets provided in compliance with the overriding rules. Therefore, the amount of the present value, equal to the book value of the provided Real Estate Assets, is presented in the equity of the Mining Division. The amount decreases over time along with the depreciation of the provided assets. The Cap is accounted for as financial interest from leasing in the Mining Division. The real estate assets' related deferred tax assets and liabilities are divided correspondingly between the divisions.

For land, the criteria for financial leasing cannot be met. However, land is provided to the Mining Division without any consideration. Thus the Mining Division is provided with the right to use the land for a period of time equal to the lifetime of its business operations. The right is depleted over the expected lifetime of the business operations using a linear amortization method. The assets are provided for an extensive period, however the value of the right is limited by the value of the asset provided. Therefore the right was determined as 100% of the book value on the date, when the divisions were established. The Real Estate Division has a corresponding liability to provide the land to the Mining Division, which decreases over time correspondingly to the depletion of the right to use the assets.

Shares of Garáže, all assets and liabilities of the consolidated subsidiary Rekultivace and all assets and liabilities in the IMGE internal unit of OKD are presented in the Real Estate Division.

If the Divisional Policy Statements had been in place as of 1 January 2007, the net impact on profit before tax allocated to the Mining Division for the financial year ended 31 December 2007 would have been EUR 9,465 thousand, representing 4% of net income before tax of the Group for the year ended 31 December 2007. The net impact results from additional costs of the Mining Division resulting from the Cap of EUR 3,600 thousand and the depletion of the right to use land by the Mining Division of EUR 827 thousand, combined with the absence of the profit before tax of Rekultivace of EUR 5,038 thousand, since Rekultivace was part of the Mining Division until the implementation of the Divisional Policy Statements, but was allocated to the Real Estate Division as of 31 December 2007. The amounts are based on the assumption that the financial impact on the assets would have been the same as on 31 December 2007. As of 1 January 2008, the net profit of the Mining Division will be affected by additional costs resulting from the Cap and the depletion of the right to use land by the Mining Division.

It is expected that, from time to time, provided that Czech law and the Group's business considerations allow, real estate will be transferred out of the relevant Czech subsidiaries of the Issuer to the holders of B Shares. Czech law and the Divisional Policy Statements will generally not permit real estate to be transferred out of the Czech subsidiaries until mining activity has ceased in the area proximate to the relevant real estate. The Issuer will declare distributions in kind from the equity allocated to the Real Estate Division solely to the holders of B Shares. The distribution of dividends is based on the

Issuer's unconsolidated statutory shareholder's equity, which is higher than consolidated shareholder's equity as presented elsewhere in this Prospectus. Any share premium allocated to the B Shares will not be available for dividends, distributions or share repurchases or redemptions on the A Shares or other capital transactions. From the general share premium reserve of the Issuer EUR 75,000 thousand has been allocated to share premium reserve C and as at 31 December 2007, EUR 90,000 thousand has been allocated to share premium reserve B and the remainder of EUR 244,839 thousand to share premium reserve A. This share premium reserve A, plus capital in excess of nominal value paid with respect to new A Shares sold in the Offer, plus retained earnings allocated to the Mining Division will be available to pay dividends and make other distributions to the holders of A Shares. To the extent that the Mining Division does not earn profits, its ability to pay dividends or other capital return transactions will be significantly limited. See PART II of this document entitled ''RISK FACTORS—Risks Related to the Different Classes of Share Capital'' for further details.

Results of Operations

Fiscal Year 2007 versus Fiscal Year 2006

The following discussion is based on the 2007 Consolidated Financial Statements and the Carve-out Accounts (as converted to EUR).

(EUR thousand)	Year ended 31 December 2007	2006	Change	%
Revenues	1,367,098	1,234,948	132,150	11%
Change in inventories of finished goods and work-in-progress	(10,308)	(9,339)	(969)	10%
Net gain from material sold	6,385	4,778	1,607	34%
Consumption of material and energy	(363,977)	(318,552)	(45,425)	14%
Service expenses	(306,433)	(267,696)	(38,737)	14%
Personnel expenses	(334,965)	(322,418)	(12,547)	4%
Employee benefits	(3,251)	(18,000)	14,749	(82)%
Depreciation	(156,931)	(215,321)	58,390	(27)%
Amortization	(9,326)	(9,539)	213	(2)%
Reversal of impairment of property, plant and equipment	21,959	50,743	(28,784)	(57)%
Reversal of impairment of receivables	491	1,527	(1,036)	(68)%
Gain from sale of property, plant and equipment	1,305	406	899	221%
Other operating income	3,758	8,381	(4,623)	(55)%
Other operating expenses	(8,289)	(31,605)	23,316	(74)%
SUB-TOTAL OPERATING PROFIT	207,516	108,313	99,203	92%
Financial income	142,621	66,269	76,352	115%
Financial expense	(110,490)	(44,157)	(66,333)	150%
PROFIT FROM CONTINUING OPERATIONS—BEFORE TAX	239,647	130,425	109,222	84%
Income tax expense	(48,976)	(29,784)	(19,192)	64%
PROFIT FROM CONTINUING OPERATIONS	190,671	100,641	90,030	89%
PROFIT FROM DISCONTINUED OPERATIONS	5,821	—	5,821	—
PROFIT FOR THE PERIOD	196,492	100,641	95,851	95%

Revenues

Revenues in 2007 were EUR 1,367,098 thousand, 11% higher than the revenues of EUR 1,234,948 thousand in 2006. The EUR 132,150 thousand difference reflects mainly an increase in revenues from coking coal and coke sales.

(EUR thousand)	Year ended 31 December 2007	2006	Change	%
Revenues				
External coking coal sales (EXW)	579,800	509,278	70,522	14%
External steam coal sales (EXW)	253,495	258,457	(4,962)	(2)%
External coke sales (EXW)	224,629	188,413	36,216	19%
Coal trading (Metalimex)	—	32,886	(32,886)	(100)%
Coal and coke transport by OKD	111,425	99,354	12,071	12%
Sale of coke by-products	24,939	24,813	126	1%
Electricity trading (Czech-Karbon s.r.o.)	78,528	28,550	49,978	175%
OKD other sales	56,284	62,777	(6,493)	(10)%
Other	37,998	30,420	7,578	25%
Total	**1,367,098**	**1,234,948**	**132,150**	**11%**

Coking coal sales at EXW prices increased by 14% to EUR 579,800 thousand for the year ended 31 December 2007 from EUR 509,278 thousand for the same period in 2006. The revenue increase of EUR 70,522 thousand reflects higher prices (representing an increase of EUR 56,060 thousand) combined with increased volumes of coking coal sold (increase of EUR 14,462 thousand). Tonnes sold increased by 3% to 6,781 thousand tonnes for the year ended 31 December 2007 from 6,590 thousand tonnes for the same period in 2006, reflecting a decline of stock.

Steam coal sales at EXW prices decreased by 2% to EUR 253,495 thousand for the year ended 31 December 2007 from EUR 258,457 thousand for the same period in 2006. The revenue decrease of EUR 4,962 thousand reflects higher prices (representing an increase of EUR 17,046 thousand), which were more than offset by a decrease in volumes of steam coal sold (decrease of EUR 22,008 thousand). Tonnes sold decreased by 7% to 5,283 thousand tonnes for the year ended 31 December 2007 from 5,707 thousand tonnes for the same period in 2006.

Coke sales at EXW prices increased by 19% or EUR 36,216 thousand to EUR 224,629 thousand for the year ended 31 December 2007 from EUR 188,413 thousand for the same period in 2006. Although tonnes sold decreased by 4% to 1,262 thousand tonnes for the year ended 31 December 2007 from 1,310 thousand tonnes for the same period in 2006 (representing a decrease in sales of EUR 8,283 thousand), this decrease in coke sale was more than offset by higher coke sales prices (representing an increase in sales of EUR 44,499 thousand). The decrease in volume of coke sold resulted in an increase of coke stock at OKD.

Change in Inventories

Change in inventories of finished products and work-in-progress decreased by EUR 969 thousand for the year ended 31 December 2007 compared to the same period in 2006. The higher decrease in inventory for the year ended 31 December 2007 is mainly the result of a decrease in stock of coal at OKD, which is EUR 8,167 thousand higher than in the same period in 2006, which is partly offset by relatively lower decrease in coke inventory at OKK by EUR 6,585 thousand.

Operating Expenses

Operating expenses were EUR 1,160,722 thousand for the year ended 31 December 2007, 3% above operating expenses for the same period in 2006. The difference of EUR 29,861 thousand is mainly due to the increase in consumption of material and energy and in service expenses.

Consumption of Material and Energy

(EUR thousand)	Year ended 31 December 2007	2006	Change	%
Consumption of material and energy				
Mining material	90,811	86,834	3,977	5%
Spare parts	34,020	35,794	(1,774)	(5)%
Polish coal consumption for coking	52,674	33,340	19,334	58%
Energy for coal mining (OKD)	67,299	64,343	2,956	5%
Energy for coking (OKK)	11,860	11,644	216	2%
Coal trading (Metalimex)	—	20,533	(20,533)	(100)%
Electricity trading (Czech Karbon)	99,755	48,352	51,403	106%
Other	7,558	17,712	(10,154)	(57)%
Total	**363,977**	**318,552**	**45,425**	**14%**

Consumption of material and energy for the year ended 31 December 2007 was EUR 363,977 thousand, 14% above the consumption of material and energy of EUR 318,552 thousand in the same period in 2006. The most significant differences in the structure of consumption of material and energy are the increase in electricity trading activities of the Issuer's subsidiary, Czech-Karbon s.r.o., and the increase in consumption of Polish coking coal in the coking production, thus replacing own coking coal which is sold to third parties instead. This is partly offset by the decrease in trading activities of the coal trading division (originally operated by the former OKD subsidiary Metalimex), which ceased to trade coal from third parties after becoming part of OKD in June 2006. The consumption of mining material was stable reflecting the unit price increase.

Service Expenses

Service expenses for the year ended 31 December 2007 were EUR 306,433 thousand, 14% higher than EUR 267,696 thousand for the same period in 2006. The difference is mainly due to an increase in transport expenses:

(EUR thousand)	Year ended 31 December 2007	2006	Change	%
Service expenses				
Coal and coke transport costs	114,108	97,334	16,774	17%
Contractors (OKD)	70,558	68,804	1,754	3%
Maintenance for OKD and OKK	31,141	26,927	4,214	16%
Sidings at mines	10,346	12,184	(1,838)	(15)%
Consulting and advisory fees for OKD	12,136	20,171	(8,035)	(40)%
Advisory expenses for NWR	19,278	—	19,278	—
Other(1)	48,866	42,276	6,590	16%
Total	**306,433**	**267,696**	**38,737**	**14%**

(1) includes non-OKD contractors

Transportation expenses represent a significant portion of the service expenses. However, almost all transportation expenses are incurred in relation to deliveries of coal to customers and are then directly re-invoiced to these customers and included in revenue, which means that transportation costs are just a pass-through item and do not have a material impact on the Issuer's financial results. The increase in 2007 is the result of increased unit prices combined by a different customer portfolio with higher transportation expenses. The increase is reflected in the revenues from coal and coke transport.

Expenses associated with contractors for the year ended 31 December 2007 increased by 3% despite a decrease in headcount of 8%. The increase reflects the increase in average costs per contractor of 13%. The Group expects further increase in unit expenses for contractors in 2008.

	Year ended 31 December		Change	
	2007	2006		%
Contractors average headcount				
Total	3,576	3,871	(295)	(8)%
—of which OKD mining	3,068	3,387	(319)	(9)%

Consulting and advisory service expenses for OKD were lower for the year ended 31 December 2007 compared to the same period in 2006 because of higher costs associated with the Restructuring and Recapitalization in 2006. Also NWR issued bonds with a reporting covenant in 2007, resulting in an increase in advisory services required by the Issuer.

Personnel Expenses

Personnel expenses for the year ended 31 December 2007 were EUR 334,965 thousand, 4% above personnel expenses of EUR 322,418 thousand in 2006. The decrease in the average number of employees by 8% from 19,952 in 2006 to 18,360 in 2007 was more than offset by higher bonus payments in 2007 made to all employees of the Group, high severance payments for the year ended 31 December 2007 resulting from a higher number of lay offs in 2007 compared to 2006 and higher average wages.

	Year ended 31 December		Change	
	2007	2006		%
Employees average headcount				
Own employees	18,360	19,952	(1,592)	(8)%
—of which OKD mining	10,663	11,595	(932)	(8)%

Depreciation

Depreciation for the year ended 31 December 2007 was EUR 156,931 thousand, 27% lower than depreciation of EUR 215,321 thousand in 2006. The decrease is mainly due to a one-time depreciation of assets in the amount of EUR 40,171 thousand in 2006, resulting from the decision to close Dukla mine.

Reversal of Impairment of Fixed Assets

The impact of the reversal of the impairment of the coking assets in OKK was EUR 18,659 thousand for the year ended 31 December 2007 and EUR 50,743 thousand in 2006[(1)]. The impact of the reversal of the impairment of the assets in Rekultivace was EUR 3,300 thousand for the year ended 31 December 2007. There was no other impairment recognized or released in 2007 and 2006.

Reversal of Impairment of Receivables

The net impact of the bad debt expense reversals (reversal of impairment of receivables) for the year ended 31 December 2007 was EUR 491 thousand and EUR 1,527 thousand in 2006.

Net Gain from Material Sold

The net gain from material sold for the year ended 31 December 2007 was EUR 6,385 thousand, 34% higher than net gain from material sold of EUR 4,778 thousand in 2006. The gain of EUR 1,607 thousand was primarily attributable to higher margins on material sold. The sale of material is not a Core Business activity.

(1) The original amount of impairment at OKK was released partly in 2006 and partly in 2007 based on updated business plans of OKK. The increase in coke prices in 2007 and 2008 was one of the main factors for the improvement in the business plans. The original amount of impairment at Rekultivace was released based on an expert's valuation of the assets.

Gains from Disposal of Property, Plant and Equipment

Gains from disposal of property, plant and equipment for the year ended 31 December 2007 were EUR 1,305 thousand compared to EUR 406 thousand for the same period in 2006. This increase was primarily attributable to the sale of a building by OKD, BASTRO, a.s. and by the sale of property from Dukla mine, which is being closed.

Other Operating Income and Expense

Other operating income was EUR 3,758 thousand for the year ended 31 December 2007, 55% lower than other operating income of EUR 8,381 thousand in the same period in 2006. Other operating expenses for the year ended 31 December 2007 were EUR 8,289 thousand, 74% lower than other operating expenses of EUR 31,605 thousand in the same period in 2006. Other operating expenses are influenced by a provision created for the Dukla mine closure in the amount of EUR 12,909 thousand in 2006, of which EUR 1,562 thousand was released in 2007.

Operating Income (Sub-total)

Operating income (Sub-total) for the year ended 31 December 2007 was EUR 207,516 thousand, which was 92% higher than the operating income of EUR 108,313 thousand in 2006. The increase was primarily the result of the increase in sales of coking coal and coke for the year ended 31 December 2007 and the one-time provision and depreciation relating to Dukla mine closing in 2006.

Financial Income

	Year ended 31 December		Change	
	2007	2006		%
Financial income				
Bank interest received	13,044	10,105	2,939	29%
Other interest received	52	32	20	63%
Realized and unrealized foreign exchange gains	69,481	16,940	52,541	310%
Profit on revaluation of derivative instruments	42,639	38,231	4,408	12%
Gain on disposal of investment	16,529	—	16,529	—
Other	876	961	(85)	(9)%
Total	**142,621**	**66,269**	**76,352**	**115%**

Financial income increased to EUR 142,621 thousand for the year ended 31 December 2007 from EUR 66,269 thousand in the same period in 2006. The increase was due primarily to gain on disposal of investment of EUR 16,529 thousand and to higher foreign exchange (mainly EUR/CZK FX rate) gains (EUR 69,481 thousand for the year ended 31 December 2007 compared to EUR 16,940 thousand in 2006). The income from revaluation of derivatives increased by EUR 4,408 thousand (EUR 42,639 thousand for the year ended 31 December 2007 compared to EUR 38,231 thousand in 2006).

Financial Expense

	Year ended 31 December		Change	
	2007	2006		%
Financial expense				
Bank interest expense	36,863	3,424	33,439	977%
Bond interest expense	13,644	—	13,644	—
Interest on finance leases	4	19	(15)	(79)%
Other interest expense	2,131	2,240	(109)	(5)%
Realized and unrealized foreign exchange losses	50,091	22,131	27,960	126%
Loss on derivative instruments	—	6,466	(6,466)	(100)%
Bank fees	2,361	201	2,160	1075%
Other	5,396	9,676	(4,280)	(44)%
Total	**110,490**	**44,157**	**66,333**	**150%**

Financial expense is comprised primarily of foreign exchange losses (EUR 50,091 thousand for the year ended 31 December 2007 compared to EUR 22,131 thousand in 2006) and interest expense. The expense increase of EUR 66,333 thousand was primarily attributable to an increase in foreign exchange losses and to an increase in bank interest expense in the amount of EUR 33,439 thousand, as the drawdown of loans under the Senior Secured Facilities occurred in November 2006 and therefore the associated interest influenced primarily financial expenses for the year ended 31 December 2007, as well as interest expense in the amount of EUR 13,644 thousand for the year ended 31 December 2007, relating to the Issuer's EUR 300,000 thousand of 7.375% Senior Notes issued in May 2007.

Profit from Continuing Operations before Tax

Profit from continuing operations before tax for the year ended 31 December 2007 was EUR 239,647 thousand, which was 84% higher than profit before taxation of EUR 130,425 thousand in 2006. The factors influencing profit from continuing operations before tax are discussed above.

Income Tax Expense

Income tax expense for the year ended 31 December 2007 was EUR 48,976 thousand, 64% higher than the income tax expense of EUR 29,784 thousand in the same period in 2006 due to higher profit before tax. The effective tax rates were 21% and 23% for the years ended 31 December 2007 and 2006, respectively. The relatively higher effective tax rate in 2006 was primarily affected by non-deductible expenses related to the closure of the Dukla mine.

Profit from Discontinued Operations

Doprava and DPB were subsidiaries of the Issuer until 28 June 2007. On 28 June 2007, they were distributed to the sole shareholder of the Issuer, RPGI. The financial performance of these companies for the period ended 28 June 2007 is presented in the line Profit from discontinued operations and amounts to EUR 5,821 thousand. Because of the methodologies used in the preparation of the Carve-out Accounts, Doprava and DPB were not included in the Carve-out Accounts for 2006.

Profit for the Period

Profit for the year ended 31 December 2007 was EUR 196,492 thousand, which was 95% higher than profit of EUR 100,641 thousand for 2006. The increase was the result of an increase in profit before taxation and lower effective tax rate.

Fiscal Year 2006 versus Fiscal Year 2005

Results of operations are summarized in the tables below and are discussed in greater detail in the year to year comparisons that follow.

(EUR thousand)	Year ended 31 December 2006	2005	Change	%
Revenues	1,234,948	1,300,734	(65,786)	(5)%
Change in inventories of finished goods and work-in-progress	(9,339)	24,986	(34,325)	(137)%
Net gain from material sold	4,778	3,794	984	26%
Consumption of material and energy	(318,552)	(396,074)	77,522	(20)%
Service expenses	(267,696)	(203,280)	(64,416)	32%
Personnel expenses	(322,418)	(298,430)	(23,988)	8%
Employee benefits	(18,000)	(22,066)	4,066	(18)%
Depreciation	(215,321)	(198,853)	(16,468)	8%
Amortization	(9,539)	(8,821)	(718)	8%
(Impairment)/Reversal of impairment of property, plant and equipment	50,743	(97,615)	148,358	(152)%
Reversal of impairment of receivables	1,527	6,600	(5,073)	(77)%
Gain from sale of property, plant and equipment	406	3,884	(3,478)	(90)%
Other operating income	8,381	3,103	5,278	170%
Other operating expense	(31,605)	(16,441)	(15,164)	92%
Sub-total operating profit	108,313	101,521	6,792	7%
Financial income	66,269	42,710	23,559	55%
Financial expense	(44,157)	(29,668)	(14,489)	49%
Profit before taxation and minority interest	130,425	114,563	15,862	14%
Minority interest	—	(2,118)	2,118	(100)%
Income tax expense	(29,784)	(28,474)	(1,310)	5%
Profit after tax	100,641	83,971	16,670	20%

Revenues

Revenues in 2006 were EUR 1,234,948 thousand, 5% below revenues of EUR 1,300,734 thousand in 2005. The EUR 65,786 thousand difference reflects mainly a decrease in the volume of third party coal trading activities of the coal trading division of Metalimex and a decrease in revenue from coke sales.

(EUR thousand)	Year ended 31 December 2006	2005	Change	%
Revenues				
External coking coal sales (EXW)	509,278	497,856	11,422	2%
External steam coal sales (EXW)	258,457	256,866	1,591	1%
External coke sales (EXW)	188,413	207,380	(18,967)	(9)%
Coal trading (Metalimex)	32,886	141,906	(109,020)	(77)%
Coal and coke transport by OKD	99,354	67,446	31,908	47%
Sale of coke by-products	24,813	19,660	5,153	26%
Electricity trading (Czech-Karbon s.r.o.)	28,550	18,570	9,980	54%
OKD other sales	62,777	67,732	(4,955)	(7)%
Other	30,420	23,318	7,102	30%
Total	**1,234,948**	**1,300,734**	**(65,786)**	**(5)%**

Coking coal sales at EXW prices increased by 2% to EUR 509,278 thousand in 2006 from EUR 497,856 thousand in 2005. The revenue increase of EUR 11,422 thousand reflects lower prices (representing a decrease of EUR 62,321 thousand), which were more than offset by increased volumes of coking coal sold (increase of EUR 73,743 thousand). Tonnes sold increased by 16% to 6,590 thousand tonnes for 2006 from 5,665 thousand tonnes in 2005, reflecting an increase in tonnes of coking coal produced and a decline of stock.

Steam coal sales at EXW prices increased by 1% to EUR 258,457 thousand in 2006 from EUR 256,866 thousand in 2005. The revenue increase of EUR 1,591 thousand reflects stable prices and decrease in volumes of steam coal sold. Tonnes sold decreased by 1% to 5,707 thousand tonnes for 2006 from 5,771 thousand tonnes in 2005.

Coke sales at EXW prices decreased by 9% or EUR 18,967 thousand to EUR 188,413 in 2006 from EUR 207,380 thousand in 2005. Tonnes sold increased by 14% to 1,310 thousand tonnes for 2006 from 1,145 thousand tonnes in 2005 (representing an increase of EUR 23,390 thousand), reflecting an increase in tonnes produced and a decline of coke stock, but this increase was more than offset by lower coke sales prices (contributing a decrease of EUR 42,357 thousand).

Change in Inventories

Change in inventories of finished products and work-in-progress has decreased by EUR 34,352 thousand in 2006 compared to 2005. The decrease of inventory was mainly driven by coal inventory at OKD and OKK, where the decrease of change in inventories in 2006 from 2005 was EUR 17,807 thousand. The change in inventory at OKK decreased from an increase in inventory of EUR 9,081 thousand in 2005 to a decrease of EUR 7,750 thousand in 2006 due to a lower inventory volume combined with lower price per tonne in 2006.

Operating Expenses

Operating expenses were EUR 1,130,861 thousand in 2006, 8% below operating expenses in 2005. The difference of EUR 104,119 thousand is mainly due to an impairment charge taken in 2005 relating mainly to OKK and its subsequent partial reversal in 2006, decreasing the operating expenses compared to 2005 by EUR 148,358 thousand.

Consumption of Material and Energy

Consumption of material and energy in 2006 was EUR 318,552 thousand, 20% below consumption of material and energy of EUR 396,074 thousand in 2005. The EUR 77,522 thousand difference mainly reflects decreases in the trading conducted by Metalimex in 2005 as compared to 2006. For 2006, Metalimex's consumption of material was EUR 20,533 thousand compared to EUR 130,852 thousand in 2005. In addition there was an increase in spare parts expenses and energy consumption in 2006, reflecting the higher level of production and an increase in unit prices.

The table below sets forth the main items of consumption of material and energy in the coal mining operations.

	Year ended 31 December		Change	
(EUR thousand)	**2006**	**2005**		**%**
Consumption of material and energy				
Mining material	86,834	87,525	(691)	(1)%
Spare parts	35,794	29,588	6,206	21%
Polish coal consumption for coking	33,340	21,757	11,583	53%
Energy for coal mining (OKD)	64,343	53,282	11,061	21%
Energy for coking (OKK)	11,644	10,565	1,079	10%
Coal trading (Metalimex)	20,533	130,852	(110,319)	(84)%
Electricity trading (Czech Karbon)	48,352	42,354	5,998	14%
Other	17,712	20,151	(2,439)	(12)%
Total	**318,552**	**396,074**	**(77,522)**	**(20)%**

The decrease in consumption of mining material despite an increase in prices reflects the improved efficiency of the mining operations. The increase in spare parts consumption reflects rising prices, attributable to higher demand driven by higher mining activities globally. The increase in expenses for energy for coal operations reflects higher market prices for electricity in 2006.

Service Expenses

Service expenses in 2006 were EUR 267,696 thousand, 32% higher than EUR 203,280 thousand in 2005. The difference is mainly due to an increase in transport expenses.

(EUR thousand)	Year ended 31 December 2006	2005	Change	%
Service expenses				
Coal and coke transport costs	97,334	67,423	29,911	44%
Contractors	68,804	61,505	7,299	12%
Maintenance for OKD and OKK	26,927	23,587	3,340	14%
Sidings at mines	12,184	9,211	2,973	32%
Consulting and advisory fees for OKD	20,171	20,860	(689)	(3)%
Other	42,276	20,694	21,582	104%
Total	**267,696**	**203,280**	**64,416**	**32%**

The increase in expenses associated with contractors in 2006 reflects the Group's increased use of contractors in its mining operations. The contractors headcount is reflected in the table below. However, the number of shifts per contractor was not stable in the years 2005 and 2006. The total number of contractors' shifts increased from 711,583 to 768,187, which represents an increase of 8%. The remaining increase in expenses associated with contractors is due to increased prices per contractor's shift.

	Year ended 31 December 2006	2005	Change	%
Contractors average headcount				
Total	3,871	3,186	685	22%
—of which OKD mining	3,387	2,826	561	20%

Maintenance costs for OKD and OKK where higher in 2006 than in 2005 due to higher planned maintenance expenses associated with maintenance of a washing plant in 2006.

Consulting and advisory service expenses were lower in 2006 compared to 2005 because of higher costs associated with the Restructuring in 2005.

Personnel Expenses

Personnel expenses in 2006 were EUR 322,418 thousand, 8% higher than personnel expenses of EUR 298,430 thousand in 2005. Personnel expenses increased despite a decrease in the average number of employees by 5% from 20,975 in 2005 to 19,952 in 2006 resulting mainly from the closure of the Dukla mine. The effect from the decrease in headcount was more than offset by higher bonus payments paid to all employees of the Group in 2006 and high severance payments in 2006 resulting from a higher number of lay offs. The table below presents the average headcount of own employees.

	Year ended 31 December 2006	2005	Change	%
Employees average headcount				
Own employees	19,952	20,975	(1,023)	(5)%
—of which OKD mining	11,595	12,224	(629)	(5)%

Amortization and Depreciation

The value of amortization and depreciation in 2006 was EUR 224,860 thousand, 8% higher than amortization and depreciation of EUR 207,674 thousand in 2005.

Impairment of Assets

The effect of the impairment charge/reversal in 2006 and 2005 is set forth below;

(EUR thousand)	Year ended 31 December 2006	2005	Change	%
(Impairment)/Reversal of impairment of assets	50,743	(97,615)	148,358	(152)%
—of which OKK	50,743	(85,851)	136,594	(159)%

OKK, which was the coke producing subsidiary of OKD accounted for an impairment in the amount of EUR 88,150[(1)] thousand in the balance sheet as at 31 December 2005. In 2006, OKK updated its impairment test based on its updated business plan resulting in an impairment reversal in the amount of EUR 50,743 thousand. Other subsidiaries accounted for minor impairments in the total amount of EUR 12,086 thousand in 2005.

Reversal of Impairment of Receivables

The net bad debt expense reversals (reversal of impairment of receivables) in 2006 were EUR 1,527 thousand and EUR 6,600 thousand in 2005.

Net Gain from Material Sold

Net gain from material sold in 2006 was EUR 4,778 thousand, 26% higher than net gain from material sold of EUR 3,794 thousand in 2005. The increase was primarily attributable to better price conditions of sales of material. The sale of materials is an insignificant activity resulting from the Group's core business activities.

Gains from Disposal of Property, Plant and Equipment

Gains from disposal of property, plant and equipment in 2006 were EUR 406 thousand, which were lower than the Group's gains of EUR 3,884 thousand in 2005. The gain in 2005 was primarily attributable to the sale of real estate at a former mine site.

Other Operating Income and Expenses

Other operating income was EUR 8,381 thousand in 2006, which was 170% higher than other operating income of EUR 3,103 thousand in 2005. Other operating expenses in 2006 were EUR 31,605 thousand, 92% higher than other operating expenses of EUR 16,441 thousand in 2005. The increase in other operating income was primarily attributable to revenues from settlements of certain legal disputes of OKD at the time. The increase in other operating expenses was primarily attributable to the provision created for the Dukla mine closing in the amount of EUR 12,909 thousand.

(EUR thousand)	Year ended 31 December 2006	2005	Change	%
Other operating expenses comprise:				
Net loss on receivables sold / written-off	1,466	256	1,210	473%
Compensation for mining damages	10,630	11,221	(591)	(5)%
Settlement agreement	—	2,350	(2,350)	(100)%
Assets under construction written-off	1,523	191	1,332	697%
Property taxes and government fees	5,244	5,616	(372)	(7)%
Gifts	430	389	41	11%
Change in provisions	9,041	(4,916)	13,957	(284)%
Other	3,271	1,334	1,937	145%
Total	**31,605**	**16,441**	**15,164**	**92%**

(1) The amount in the balance sheet differs from the impairment charge because the balance sheet is converted into EUR at the FX rate as at 31 December, whereas the impairment charge is converted at the average FX rate.

Operating Income (Sub-total)

Operating income (Sub-total) in 2006 was EUR 108,313 thousand, 7% higher than operating income of EUR 101,521 thousand in 2005. This is primarily the result of the factors discussed above, including the reversal of the impairment charge relating to OKK's coking operations.

Financial Income

Financial income increased by 55% to EUR 66,269 thousand in 2006 from EUR 42,710 thousand in 2005. The increase was due primarily to the revaluation of derivatives (EUR 38,231 thousand in 2006 compared to EUR 4,365 thousand in 2005) offset by lower foreign exchange gains (EUR 16,940 thousand in 2006 compared to EUR 27,478 thousand in 2005).

	Year ended 31 December		Change	
(EUR thousand)	**2006**	**2005**		**%**
Financial income				
Bank interest received	10,105	7,713	2,392	31%
Other interest received	32	85	(53)	(62)%
Realized and unrealized foreign exchange gains	16,940	27,478	(10,538)	(38)%
Gain on derivative instruments	38,231	4,365	33,866	776%
Other	961	3,069	(2,108)	(69)%
Total financial income	**66,269**	**42,710**	**23,559**	**55%**

In 2005 and 2006 OKD had financial investments in subsidiaries that are not part of the Group's mining operations. These investments were either sold in 2005 and 2006 or demerged on 1 January 2006. These investments are eliminated from the carve-out balance sheet against the equity. Any net gain/(loss) related to the sale of these financial investments, including any dividend income and any changes in provision for these financial investments are presented within the statements of changes in equity in a separate line and do not influence the items in the income statements.

Financial Expense

Financial expense is comprised primarily of foreign exchange losses (EUR 22,131 thousand in 2006 compared to EUR 20,509 thousand in 2005) and the revaluation of derivatives (EUR 6,466 thousand in 2006 compared to EUR 5,272 thousand in 2005). The increase of EUR 14,489 thousand was partly attributable to the increase in bank interest expense, as the drawdown of loans under the Senior Secured Facilities occurred in November 2006 and therefore the associated interest influenced only financial expenses in 2006, for two months.

	Year ended 31 December		Change	
(EUR thousand)	**2006**	**2005**		**%**
Financial expense				
Bank interest expense	3,424	94	3,330	3543%
Interest on finance leases	19	42	(23)	(55)%
Other interest expense	2,240	2,460	(220)	(9)%
Realized and unrealized foreign exchange losses	22,131	20,509	1,622	8%
Loss on derivative instruments	6,466	5,272	1,194	23%
Bank fees	201	208	(7)	(3)%
Other	9,676	1,083	8,593	793%
Total financial expense	**44,157**	**29,668**	**14,489**	**49%**

Profit Before Taxation

Profit before taxation and minority interest in 2006 was EUR 130,425 thousand, 14% higher than profit before taxation of EUR 114,563 thousand in 2005. The factors influencing profit before taxation are discussed above.

Income Tax Expense

Income tax expense in 2006 was EUR 29,784 thousand, remaining at the same level as the income tax expense of EUR 28,474 thousand in 2005. The effective tax rate decreased by 2% from 25% to 23% due to the change in the official tax rate (decrease from 26% to 24%).

Minority interest

Profit attributable to minority shareholders in 2005 was EUR 2,118 thousand. There were no minority shareholders in 2006.

Profit After Tax for the Period

Profit after tax and minority interest for the 2006 period was EUR 100,641 thousand, 20% higher than profit after tax and minority interest of EUR 83,971 thousand in 2005. The increase was the result of an increase in profit before taxation as well as a decrease of minority interests.

Review of Assets and Liabilities

The following table sets forth, for the periods indicated, selected balance sheet data as of 31 December 2007, 2006 and 2005, including a convenience translation into EUR from CZK for the Carve-out Entities as of 31 December 2005 and 2006, and a convenience translation into CZK from EUR for the Issuer as of 31 December 2007.

	Historical			Historical		
	Issuer	Carve-out Entities		Issuer	Carve-out Entities	
	As of 31 December			As of 31 December		
(in millions)	**2007(1)**	**2006**	**2005**	**2007**	**2006(2)**	**2005(2)**
	CZK	**CZK**	**CZK**	**EUR**	**EUR**	**EUR**
ASSETS						
Property, Plant and Equipment	27,951	29,563	31,918	1,050	1,076	1,101
Mining licenses	4,765	5,016	5,286	179	182	182
Other financial investments	80	96	90	3	3	3
Long-term receivables	186	84	59	7	3	2
Deferred tax asset	53	—	—	2	—	—
Restricted cash	639	489	264	24	18	9
TOTAL NON-CURRENT ASSETS	33,674	35,248	37,617	1,265	1,282	1,297
Inventories	852	1,141	1,673	32	41	58
Accounts receivable and prepayments	4,259	4,047	4,481	160	147	154
Derivatives	2,023	938	2	76	34	—
Income tax receivable	692	409	660	26	15	23
Cash and cash equivalents	12,618	27,354	11,574	474	995	399
TOTAL CURRENT ASSETS	20,444	33,889	18,390	768	1,232	634
TOTAL ASSETS	**54,118**	**69,137**	**56,007**	**2,033**	**2,514**	**1,931**
EQUITY AND LIABILITIES						
TOTAL EQUITY	10,036	34,598	40,398	377	1,258	1,393
LIABILITIES						
Provisions	2,875	3,218	3,133	108	118	108
Long-term loans	19,273	16,957	4	724	616	—
Bond issued	7,693	—	—	289	—	—
Employee benefits	2,289	2,385	2,133	86	87	74
Deferred revenue	266	88	85	10	3	3
Deferred tax liability	2,795	3,551	4,263	105	129	147
Other long-term liabilities	—	7	12	—	—	—
TOTAL NON-CURRENT LIABILITIES	35,191	26,206	9,630	1,322	953	332

(in millions)	Historical			Historical		
	Issuer	Carve-out Entities		Issuer	Carve-out Entities	
	As of 31 December			As of 31 December		
	2007(1)	2006	2005	2007	2006(2)	2005(2)
	CZK	CZK	CZK	EUR	EUR	EUR
Provisions	240	425	198	9	15	7
Accounts payable and accruals	5,084	4,306	5,006	191	157	172
Accrued interest payable on bond	80	—	—	3	—	—
Derivatives	—	50	—	—	2	—
Income tax payable	1,544	753	665	58	27	23
Current portion of long-term loans	1,783	2,743	—	67	100	—
Short-term loans	160	56	110	6	2	4
TOTAL CURRENT LIABILITIES	8,891	8,333	5,979	334	303	206
TOTAL LIABILITIES	44,082	34,539	15,609	1,656	1,256	538
TOTAL EQUITY AND LIABILITIES	**54,118**	**69,137**	**56,007**	**2,033**	**2,514**	**1,931**

(1) The financial data for the year ended 31 December 2007 have been derived from the consolidated financial statements of the Issuer for the year ended 31 December 2007, which are presented in euros. A convenience translation from euros to Czech korunas has been provided for purposes of comparability where Balance Sheet Data have been translated with the period end exchange rate for the relevant period. The period end exchange rate for the year ended 31 December 2007 from euros to Czech korunas was EUR 1.00=CZK 26.62. See PART XVI of this Prospectus entitled ''ADDITIONAL INFORMATION—Currency and Exchange Rate Information.'' As indicated, the amounts presented in Czech korunas have been translated from euros for information purposes and for the convenience of the reader. We do not represent that the translated amounts actually represent such Czech koruna amounts or could be converted into Czech korunas at the rates indicated or any other rate.

(2) The financial data for the years ended 31 December 2006 and 2005 have been derived from the carve-out financial statements of the mining operations of RPGI for the years ended 31 December 2006 and 2005, which are presented in Czech korunas. A convenience translation of Czech korunas to euros has been provided for the purposes of comparability, where Balance Sheet Data have been translated with the period end exchange rate for the relevant periods. The period end exchange rates for the years ended 31 December 2005 and 2006 from Czech korunas to euros were EUR 1.00=CZK 29.01 and EUR 1.00=CZK 27.50. See PART XVI of this Prospectus entitled ''ADDITIONAL INFORMATION—Currency and Exchange Rate Information.'' As indicated, the amounts presented in euros have been translated from Czech korunas for information purposes and for the convenience of the reader. We do not represent that the translated amounts actually represent such euro amounts or could be converted into euros at the rates indicated or any other rate.

Non-current assets of the Group have been relatively stable from 2005 to 2007. Depreciation charges with respect to property, plant and equipment was substantially offset in each year by the purchase of additional equipment. As part of the Restructuring the Group disposed of significant amounts of non-core businesses. These disposals do not affect the carve-out financial statements of RPGI for the years 2005 and 2006 because these financial statements were prepared to reflect the coal and mining business of RPGI and do not include the disposed business. See the section of this PART X entitled ''Effects of Acquisitions, Restructuring and Disposals''.

In 2007 the Group transferred its gas and transport businesses to RPGI, its then sole shareholder, as an in specie dividend. The gas and transport businesses were not included in the 2005 and 2006 carve-out financial statement of RPGI and are reflected as discontinued businesses in the 2007 financial statements of the Issuer.

Current assets increased 94% to EUR 1,232 million in 2006 from EUR 634 million in 2005. The increase was substantially attributable to a cash increase resulting from the initial drawdown of EUR 720 million under the Senior Secured Facilities in late 2006. This drawdown was in anticipation of a dividend payment as part of the recapitalisation of the Issuer. The decrease of current assets by 38% to EUR 768 million from EUR 1,232 million in 2006 was primarily attributable to a decrease in cash. The decrease in cash of EUR 801 million distributed as dividend by the Issuer in January 2007 was partly offset by the additional drawdown of EUR 300 million under the Additional Loan Option under the Senior Secured Facilities and the proceeds of EUR 300 million from the 7.375% Senior Notes issued in May 2007.

Liabilities increased 133% from EUR 538 million in 2005 to EUR 1,256 million in 2006 and increased by 32% to EUR 1,656 million in 2007. The main factors affecting the increase in liabilities from 2005 to

2007 were the drawdowns of EUR 1,020 million under the Senior Secured Facilities and the issuing of EUR 300 million of 7.375% Senior Notes.

For further detail on the Group's indebtedness refer to section of this PART X entitled ''Recapitalization''. For further detail on development of working capital and cash refer to the section of this PART X entitled ''Results of Operations''.

Recent Developments, Current Trading and Prospects

In the three months ended 31 March 2008 there has been an increase in coal prices based on contracts entered into by the Group during that period and the Group's coal production volume shows an increase compared to the first quarter of 2007. The effect of these developments was offset in part by increased wages and energy and material costs. The Issuer has identified the following trends in respect of the first quarter of 2008:

- The Group has negotiated prices for coal sales with virtually all of its coal customers. Based upon these contracted prices in 2008, coking coal prices increased 61% and steam coal prices increased 44%, in each case compared to sales prices in 2007. Approximately 14% of contractual volumes for coal were for six months, while 86% of contracted volumes for coal were for 12 months. In addition, six months contracted coke prices increased 128%, and twelve month contracted coke prices increased 37% compared to sales prices in 2007. These contractual prices were implemented in January and February 2008, were denominated in EUR or CZK and such price increases reflect these currencies.
- For the first three months of 2008, the Group's aggregate coal production (in tonnes of coal produced) was 3,648 thousand, which represented an increase of 9.4% compared to the Group's coal production during the same period in 2007. A monthly breakdown for the first three months of 2008 is provided below:

Month	2008	2007
	(in thousands of tonnes)	(in thousands of tonnes)
January	1,264	1,089
February	1,210	1,108
March	1,174	1,139

- For the first three months of 2008, the Issuer recorded external sales of 1,818 thousand tonnes of coking coal and 1,323 thousand tonnes of steam coal, an increase of 13% and 2%, respectively, above sales for the first three months of 2007. Coking coal sold to OKK in this period amounted to 268 thousand tonnes.
- As a result of annual negotiations with labour unions, the Issuer expects the average employee wage rate for 2008 to increase by approximately 7% as compared to the same period in 2007.

In addition, the Issuer is reviewing its energy related assets with a view toward aggregating ownership of those assets and managing them as a separate business unit. The Issuer is also considering the sale of such an energy unit to a third party and entering into an energy services agreement and a coal sale agreement with such a buyer, whereby the buyer would agree to provide energy services to, and purchase coal from the Group, however, there are no assurances that any such transaction will occur or on what the terms of such a transaction may be. The sale is not expected to be made to RPGI or any of its affiliates. While the Issuer is in the process of assessing the Group's energy assets, the Issuer does not expect the accounting value of its energy assets to exceed 3% of the Group's total assets.

Liquidity and Capital Resources

The Issuer is a holding company with no significant revenue-generating operations of its own and will rely on dividends or other distributions from subsidiaries, intercompany loans or other capital contributions to make interest and principal payments on its debt and distributions of dividends to its shareholders. The dividends, distributions or other payments from subsidiaries are expected to be funded by cash from their operations. The Group's working capital is funded through cash flow from the Group's operations, the proceeds raised in this Offer and availabilities under the Revolving Credit Facilities. The Issuer is of the opinion (having made due and careful enquiry) that the working capital available to the Issuer is sufficient for its present requirements, that is, at least for the period of 12 months from the Closing Date.

The liquidity requirements of the Group arise primarily from required capital expenditures, working capital requirements, dividend payment, repayment of debt and, on a selective basis, acquisitions. The Group expects to continue to make additional capital expenditures to expand and improve the quality and coverage of operations as demand warrants. For example, in late 2007, the Group adopted a new capital investment programme which includes investments of approximately EUR 315 million over three years beginning 2008 to improve productivity and its reserve base at its existing mines in the Czech Republic. Pursuant to this plan, the Group has entered into an agreement to aquire EUR 150 million worth of mining equipment and has submitted a purchase order to acquire a majority of the remaining EUR 165 million worth of equipment shortly. In addition, one of the two coking batteries operated by the Šverma coking facility is expected to have its useful life end in 2011 at which time, absent a refurbishment, it will cease operations. The Board recently agreed to construct a new coking battery at the Svoboda coking facility, which is expected to cost approximately EUR 70 million. The Directors have determined in principle to maintain the Group's current coke production abilities, which may require the refurbishment of, or technological improvements at one or more of its facilities, or the construction of another coking facility. The Group has not definitely decided upon which of such options to pursue or the timing of pursuing any of these options. The Group has retained an engineering firm to evaluate the costs and time frame for construction of new coking facilities and refurbishing the existing facilities. Pursuing any of the foregoing options would require significant additional capital expenditures. The management believes the majority of these requirements can be met by cash flow from operations, the Offer and the Revolving Credit Facilities.

The main factors affecting the Group's liquidity are the prices of coal and sales volumes, foreign exchange rates and the payment discipline of the Group's customers. The Group expects production levels to decline in 2008 by approximately 1% compared to production levels in 2007. For further details, see PART II of this document entitled ''Derivatives'' or ''RISK FACTORS''.

Fiscal year ended 31 December 2007 versus Fiscal year ended 31 December 2006

The table below sets forth, for the periods indicated certain information about the Group's cash flow:

	Year ended 31 December	
(EUR thousand)	**2007**	**2006**
Profit/(loss) before taxation and minority interest	247,750	130,426
Adjustments for non-cash income items	69,007	144,906
Working capital changes	4,137	(2,236)
Corporate income tax paid	(63,324)	(43,147)
Net cash flows from operating activities	**257,570**	**229,949**
Net cash flows used in investing activities	**(75,631)**	**(59,581)**
Repayments of / Proceeds from borrowings	347,693	703,383
Dividends paid	(1,076,760)	(316,967)
Net cash flows (used in)/from financing activities	**(729,067)**	**386,416**

Cash Flow from Operating Activities

Net cash flows from operating activities increased by 12% to EUR 257,570 thousand for the year ended 31 December 2007, compared with EUR 229,949 thousand for the same period in 2006, primarily due to increase in revenue reflecting the increase in coal and coke revenues in the amount of EUR 101,776 thousand. The decrease in working capital for the year ended 31 December 2007 was mainly due to a decrease in inventories (EUR 8,096 thousand), resulting from an excess of coal production over coal sales volumes, and increase in payables resulting from a higher income tax payable for the year ended 31 December 2007 (EUR 58,446 thousand) compared to 2006 (EUR 29,588 thousand), partly offset by the increase in receivables resulting from higher sales (increase of EUR 15,067 thousand).

Cash Flow from Investing Activities

Net cash outflows from investing activities increased by 27% to EUR 75,631 thousand for the year ended 31 December 2007, compared with outflow of EUR 59,581 thousand for 2006. The amount mainly reflects purchases of property, plant and equipment. In 2007 the net cash flow used in investing activities includes cash of subsidiaries distributed as dividends in kind of EUR 24,445 thousand.

Capital Expenditures

The following table presents the Group's capital expenditures as depicted in the Group's statements of cash flows for the years ended 31 December 2007 and 2006:

(EUR thousand)	Year ended 31 December 2007	2006
Purchase of land, property, plant and equipment	82,712	82,001

Capital expenditures consist principally of expenditures for mining equipment. Capital expenditures increased for the year ended 31 December 2007 compared to the same period in 2006, due to higher prices of equipment and a higher amount of development investments (i.e. investments in equipment with higher capacity or more advanced technology than the equipment it replaced).

Net Cash Flows from Financing Activities

Net cash flows from financing activities decreased to an outflow of EUR 729,067 thousand for the year ended 31 December 2007, compared to an inflow of EUR 386,416 thousand for 2006. The cash flow used in financing activities for the year ended 31 December 2007 is influenced by the distribution of dividends in the amount of EUR 1,076,760 thousand and repayment of net proceeds from borrowings in the amount of EUR 347,693 thousand compared to dividend of EUR 301,588 thousand and net proceeds from borrowings of EUR 703,383 thousand for 2006.

Fiscal Year 2006 versus Fiscal Year 2005

The table below sets forth, for the periods indicated certain information about the Group's cash flow:

(EUR thousand)	Year ended 31 December 2006	2005
Profit/(loss) before taxation and minority interest	130,426	114,561
Adjustments for non-cash income items	144,906	308,526
Working capital changes	(2,236)	(72,169)
Corporate income tax paid	(43,147)	(104,907)
Net cash flows from operating activities	**229,949**	**246,011**
Net cash flows used in investing activities	**(59,581)**	**(53,987)**
Repayments of / Proceeds from borrowings	703,383	(4,180)
Dividends paid	(316,967)	(172,499)
Net cash flows from/(used in) financing activities	**386,416**	**(176,679)**

Cash Flow from Operating Activities

Net cash flows from operating activities decreased by 7% to EUR 229,949 thousand in 2006, compared with EUR 246,011 thousand in 2005, primarily due to decrease in revenue reflecting the decrease in coal and coke sales in the amount of EUR 5,954 thousand. The significant increase in working capital in 2005 was mainly due to increase in inventories (EUR 19,359 thousand), resulting from an excess of coal production over coal sales volumes, and increase in receivables resulting from higher prices (EUR 15,380 thousand). In 2006 the change of working capital was minor.

Cash Flow from Investing Activities

Net cash outflows from investing activities increased by 10% to EUR 59,581 thousand in 2006, compared with outflow of EUR 53,987 thousand in 2005. The amount is driven by the purchase of property, plant and equipment.

Capital Expenditures

The following table presents the Group's capital expenditures as depicted in the Group's statements of cash flows for the years ended 31 December 2005 and 2006:

(EUR thousand)	Year ended 31 December 2006	2005
Purchase of land, property, plant and equipment	82,001	85,189

Capital expenditures consist principally of expenditures for mining equipment. Capital expenditures remained stable during each of the years ended 31 December 2005 and 2006. Funding requirements in 2007 were covered primarily by operational cash flows from the ordinary course of business and part of the proceeds from the Issuer's offering of the Senior Notes.

Net Cash Flows from Financing Activities

Net cash flows from financing activities increased to an inflow of EUR 386,416 thousand in 2006, compared to an outflow of EUR 176,679 thousand in 2005, mainly as a result of the drawdown under the Senior Secured Facilities (EUR 720 million in 2006) and payment of dividends (EUR 301,588 thousand in 2006, compared to EUR 172,499 thousand in 2005).

Capital Resources

The Group's principal source of liquidity has historically been the Group's operating cash flows and bank borrowings. In connection with the Recapitalization and the Restructuring, OKD entered into the Senior Facilities Agreement. The net proceeds to the Issuer of the Offer will be used to finance future acquisitions and partially finance future capital expenditure of the Group. The remaining portion of future capital expenditure may be funded by the Group's operating cash flows or by funds raised through other means of financing, including an offering of debt or equity of the Group. In addition, in order to fund its Development Projects; at such time as the Group may engage in construction of infrastructure, the Group will be required to incur additional indebtedness or raise equity funds to fund such projects. See PART II of this document entitled ''RISK FACTORS—Risks Relating to the Group's Business and the Industry—The Group must make significant capital expenditures in order to increase its production levels and improve overall efficiency. The inability to finance these and other expenditures could have a material adverse effect on the Group's business, financial condition or results of operations'' for further details.

The Group had EUR 69 million available under the Revolving Credit Facilities as at 31 December 2007.

Since the completion of the Recapitalization and the Restructuring, the Group has been highly leveraged and has serviced significant debt service obligations. As of 31 December 2007, the Group had approximately EUR 1,085,690 thousand of external indebtedness, of which EUR 790,679 thousand is from the Senior Secured Facilities, EUR 289,316 thousand is from 7.375% Senior Notes due 2015 and EUR 5,695 thousand is from other short term loans. No further drawdowns are available under the Senior Secured Facilities.

The Group monitors capital using a gearing ratio defined as net debt divided by EBITDA. As of 31 December 2007 the gearing ratio for the Group was 1.75. The Issuer is required to hold a gearing ratio of senior indebtedness below 2.75. The Issuer defines EBITDA as net profit after tax from continuing operations before minority interest, income tax, net financial costs, depreciation and amortization, impairment of property, plant and equipment and gains/losses from sale of PPE.

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 its books. The assets were booked as costs and have not been utilized. The original cost of these assets was EUR 33,494 thousand (based on the CZK/EUR exchange rate reported by Czech National Bank as at 31 December 2007), of which EUR 29,647 thousand was the value of assets located in the mine and EUR 3,847 thousand is the value of assets located on the surface. Liabilities related to these arrangements are not reflected in the Group's balance sheets and management does not expect that these off balance sheet arrangements will have material adverse effects on the Group's financial condition, results of operations or cash flows.

The de-merger gave rise to cross-guarantees between the Group and certain affiliates of the Group, including OKD, Doprava and DPB, pursuant to which each party has a contingent liability for liabilities assumed by other parties to the demerger. Such contingent liability is limited to the amount of the net assets retained by such party in the demerger. Those guarantees are not reflected in the Group's balance sheets. See PART XV of this document entitled ''THE RESTRUCTURING AND RECAPITALIZATION—The Recapitalization'' for further details.

Contractual Obligations

The following is a summary of the Group's significant future contractual obligations by year as of 31 December 2007. Some of the figures included below are based on management's estimates and assumptions about these obligations, including their duration, anticipated actions by third parties, and other factors. Because these estimates and assumptions are necessarily subjective, the enforceable and legally binding obligations payable in future periods may vary from those reflected below.

	Payments for years ended 31 December			
(EUR thousand)	**2008**	**2009**	**2010-2011**	**After 2011**
7.375% Senior Notes due 2015	—	—	—	300,000
Senior Secured Facilities	66,823	60,412	90,316	573,110
Short Term Bank Loans	2,049	3,646	—	—
Interest Payments	61,669	58,397	107,907	115,746
Interest on Senior Secured Facilities	*39,544*	*36,272*	*63,657*	*41,074*
Interest on Senior Notes	*22,125*	*22,125*	*44,250*	*74,672*
Total(1)	**130,541**	**122,455**	**198,223**	**988,855**

(1) This table above excludes contractual obligations resulting from foreign exchange rate hedging derivatives and interest rate swaps.

As of 31 December 2007, the Group had outstanding commitments with respect to operating leases with payment obligations of EUR 7,294 thousand due within five years. The Group also had commitments to purchase property equal to EUR 25,731 thousand as at 31 December 2007. In late 2007, the Group adopted a new capital investment programme which includes investments of approximately EUR 315 million over three years beginning 2008 to improve productivity and its reserve base at its existing mines in the Czech Republic. Pursuant to this plan, the Group has entered into an agreement to acquire EUR 150 million worth of mining equipment and has submitted a purchase order to acquire a majority of the remaining EUR 165 million worth of equipment in the second quarter of 2008.

Pensions

Under the pension and retirement system of the Czech Republic, pension plans and retirement benefits are fully funded by the state budget. There are no pension liabilities born by the Group.

Contingent Liabilities

Contingent liabilities include clean up liabilities related to a decommissioned coking plant owned by OKK, and the Group's involvement in several litigation proceedings. It is not possible to estimate the exact potential exposure related to such proceedings, as the monetary value of some of the claims have not been specified and the likelihood of success in such proceedings cannot be assessed at this time. However, based on advice of counsel, management believes that the current litigation and claims will not have a significant impact on the Group's financial position.

The Group is liable for all environmental damage caused by mining activities since the original privatization. These future costs can generally be split into two categories—restoration and mining damages. Restoration liabilities are liabilities to restore the land to the condition it was in prior to the mining activities or as stated in the exploration project. Mining damages are liabilities to reimburse all immediate danger caused by mining activities to third party assets.

Provisions for restoration costs are recognized as the net present value of the estimated costs. Restoration costs represent a part of the acquisition cost of fixed assets and such assets are amortized over the useful life of the mines using the sum of the digits method. The provision is compounded every year to reflect the current price level. In addition, the Group analyzes the accuracy of the estimated provision annually. Any change in the estimate of restoration costs is recognized within fixed assets and is depreciated over the remaining useful life of the mines.

Derivatives

The Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

For the year ended 31 December 2007 the gain from derivatives revaluation was EUR 42,639 thousand. As of 31 December 2007 the aggregate fair value of the cash flow hedges aggregates an unrealized gain of EUR 76,008 thousand and an unrealized loss of EUR 226 thousand, and this is recorded in current assets and current liabilities in the balance sheets respectively.

Seasonal Fluctuations in Quarterly Results of Operations

There are no major fluctuations in quarterly results except a decrease in sold volumes of coal in July, with the July sale volumes approximately 15% below average. The coal production plans reflect the slight decrease in sales volumes in July and plans for main maintenance operations at that time.

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 exposed to, any declines in coal prices. Because the Group's levels of coal production have been relatively stable, the price of coal is the most significant factor affecting the Group's results of operations.

A change in 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.

Foreign Currency Risk

A significant amount of the Group's expenses are denominated in Czech koruna. The functional currency of the Group is the Czech koruna. Approximately 56% of the Group's revenues are denominated in Czech korunas and 44% of the Group's revenues are denominated in euros. A substantial portion of the Group's long-term debt is in euros and the Group's working capital facilities, which are currently un-drawn, are denominated in Czech koruna. The Group's costs and revenues are positively affected by appreciation of the euro against the Czech koruna, and negatively affected when the euro depreciates against the Czech koruna.

The Group is exposed to foreign exchange risks arising from sales, purchases, receivables and loans that are denominated in currencies other than CZK. The Group mitigates foreign currency risks by entering into forward exchange rate contracts. The amount currently covered is approximately two-thirds of the expected open position per year through 2013 with average forward exchange rate of approximately 28 CZK/EUR through 2013.

The sensitivity of the Group's financial performance on the change in the foreign exchange rate is presented in the following table:

Increase in foreign exchange rate by 1%	Effect on profit after tax in EUR thousand
Cash & bank balances	(122)
Accounts receivables	(447)
Financial instruments	8,036
Accounts payables	163
Loans	2,012
Total	**9,642**

Interest Rate Risk

The Group has entered into forward interest rate swaps 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. In connection with the initial drawdown of approximately EUR 720 million from the Senior Secured Facilities, the Group entered into forward interest rate swaps, covering 93% of the loan's principal amount at the time of the drawdown. Currently the swaps cover approximately 80% of the Group's interest rate exposure. The interest rates are hedged by interest swaps and collar options. As of 31 December 2007, the nominal value of derivative instruments was PLN 72,000 thousand and EUR 1,260,291 thousand by forward exchange contracts, CZK 3,950,138 thousand and EUR 419,250 thousand by interest swaps and CZK 469,138 thousand and EUR 48,570 thousand by collar options.

The following analysis shows the effect of changes in market interest rates on the Group's profit after tax as if market interest rates had been 0.25% higher over the whole period from 1 January 2007 to 31 December 2007. The analysis reflects all loans, all interest rate swap contracts and all interest rate collar contracts. The effect on profit after tax would amount to EUR (234 thousand).

Subsequent events

Restructuring of OKD, OKK, a.s.

Effective 1 July 2007, the board of directors of OKD, a.s. approved a de-merger of shares of OKD in OKK and the transfer of such shares to NWR Coking, a.s., a direct subsidiary of the Issuer. Through this de-merger there was no change in control. Pursuant to a merger expected to be completed on 30 April 2008, effective from 1 January 2008 NWR Coking, a.s. is intended to be merged with OKK, with OKK being the succession company.

Distribution of Share Premium on the C Share

Subsequent to the Offer, the Issuer intends to make a distribution from the share premium reserve C to the holder of the C Share, RPGI, in an amount equal to EUR 75 million. It is intended that the C Share will be cancelled by the Issuer following such distribution. See PART XVI of this document entitled ''ADDITIONAL INFORMATION—Share Capital'' for further details.

Critical Accounting Policies

The preparation of the financial information included in this Prospectus requires the management of the Group to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Group evaluates these estimates on an ongoing basis. The Group bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Property, Plant and Equipment

The Group's property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The Group's property, plant and equipment include expenditures that are directly attributable to the acquisition of the asset in determining the asset's cost. The cost of self constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overhead directly attributable to bringing the asset to working condition for its intended use. The cost also includes the estimated cost of dismantling and removing the items and restoring the site on or under which they are located, to the extent that such estimated cost is recognized as a provision under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the income statement.

Mining Licenses

Under Czech law, deposits of certain minerals, including coal, are the property of the state. The Czech government grants licenses to persons to exploit deposits of such minerals and to retain the income derived from such mining, but the state retains the legal ownership of such mineral resources. The Group's coal reserve licenses are amongst its principal assets. When determining fair value of its coal reserve licenses as part of the purchase price allocation, the Group uses the present value of the estimated income stream from the deposit. Specifically, the Group employs the multi period excess earning method (''MEEM''), including assumptions regarding a finite time limitation on the Group's coal mining operations. The estimate of total economically exploitable coal reserves is based on the mining plan for the Group's coal mining operations for the projected period of operation.

Depreciation and Amortization

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. Land and construction-in-progress are not depreciated. The estimates used in calculating the estimated useful life of these items involve assumptions and uncertainties, some of which are beyond the Group's control; any changes in those estimates could have a material impact on net income. The Group reviews annually its depreciation methods, as well as the useful and residual values of its depreciable assets.

The Group amortizes its mining licenses over the reporting period by calculating the proportion of coal actually mined in this period to the total economically exploitable coal reserves as estimated by the Group. This estimate is based on engineering, economic and geological data assembled and analyzed by the Group and independent experts in mining, geology and reserve determination. Some of the factors and assumptions that impact the assessment of the estimated reserve life include geological and mining conditions; assumptions regarding future regulation and environmental liabilities; and assumptions concerning future costs of extraction, development, operation and reclamation.

Impairment and Reversal of Impairment

The Group conducts an annual review of the carrying amounts of its assets (excluding inventories and deferred tax assets which are not subject of impairment testing under IAS 36 Impairment of Assets) to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (for intangible assets with an indefinite useful life, the recoverable amount is estimated at each balance sheet date). An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to cash generating unit and then to reduce the carrying amount of other assets on a pro rata basis.

An impairment loss in respect of receivables carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. Any impairment loss recognized in respect of goodwill is not reversed under any situation. For other assets, impairment losses are recognized following indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

Restoration and Mining Damages Provisions

The Group's mining operations are subject to various laws and regulations governing environmental protection and reclamation. The Group's potential liabilities for environmental damage caused by mining activities generally falls into two categories: restoration costs and mining damages costs. Restoration costs and clean up of land used for mining activities are liabilities to restore land to the condition it was in prior to the commencement of mining activities, or the condition stated in the Group's exploration proposal for the deposit. The Group makes provisions based on the net present value of the estimated cost to comply with this obligation. Restoration costs represent a part of the acquisition cost of fixed assets and such assets are depreciated over the useful life of the mines. Any change in the estimate of restoration costs is recognized within fixed assets and is depreciated over the remaining useful life of the mines.

The effects of changes in estimates relating to decommissioning liabilities arising as a result of changes in the estimated cash flows that would be required to settle these liabilities or as a result of discount rate changes, are added to (or deducted from) the amount recognized in the related depreciable asset. Mining damages costs represent obligations to reimburse all immediate damages to third party assets caused by mining activities. Mining damages costs are assessed by the Group for each individual exploration project, and this assessment is reviewed and approved by the Czech Mining Authority.

Restricted balances of cash, which are shown under non-current financial assets as restricted funds, relate to mining damages and restoration expenses. The non-current classification is based on the expected timing of the release of the funds of the Group.

Employee Benefits

The Group provides a number of different benefits to its employees, including jubilee (anniversary), loyalty, retirement and special miners' benefits. The Group's obligation in respect of long term service benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value; the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on Czech government bonds that have maturity dates similar to the terms of the Group's obligations.

Derivative Financial Instruments

The Group uses derivative financial instruments (such as forward currency contracts, interest rates swaps and interest rates collar contracts) to hedge its exposure to foreign exchange risks. The Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair value is the amount determined based on the market price or an expert appraisal.

Hedge accounting has not been applied by the Group with respect to their derivative financial instruments. Consequently, any gains or losses arising from changes in fair value on derivatives are recognised in the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Changes in Accounting Policies

There were no changes in accounting policies, except for changes based on the changes and updates of IFRS, which would have a significant impact on the financial statements of the Carve-out Entities and the 2007 Consolidated Financial Statements. The changes and updates in IFRS that occurred in 2005, 2006 and 2007 are described in the notes to the financial statements included elsewhere in this Prospectus.

PART XI

CAPITALISATION AND INDEBTEDNESS

The information set forth in the two tables below should be read in conjunction with PART X of this document entitled ''CERTAIN FINANCIAL INFORMATION—OPERATING AND FINANCIAL REVIEW AND PROSPECTS'' and the Group's audited consolidated financial statements as of 31 December 2007 included elsewhere in this Prospectus.

The following table sets out the Issuer's capitalisation on a consolidated basis as at 31 December 2007:

- On an actual basis (on the basis of the audited balance sheet of the Issuer as of 31 December 2007, that being the date of the last published financial information of the Issuer) extracted without material adjustment from the 2007 Financial Statements contained elsewhere in this Prospectus;
- **As Adjusted:** for the payment to the holder of the A Shares of a dividend of EUR 87 million on 27 March 2008.
- **As Further Adjusted:** to reflect the net proceeds to the Issuer from the Offer and the application of the proceeds as described under PART VIII of this document entitled ''USE OF PROCEEDS AND DIVIDEND POLICY'' including the payment of a one-time dividend of EUR 75 million on the C Share.

Capitalisation

	As at 31 December 2007[(1)(3)] (EUR million)	As Adjusted for March 2008 A Share Dividend (EUR million)	As Further Adjusted for the Offer and C Share Dividend[(2)(3)(4)] (EUR million)
Total current debt			
—Guaranteed and unsecured	0	0	0
—Secured	67	67	67
—Unguaranteed / Unsecured	6	6	6
Total Non-current debt (excluding current portion of long-term debt)			
—Guaranteed and unsecured	0	0	0
—Secured	724	724	724
—Unguaranteed / Unsecured	289	289	289
Shareholders Equity			
—Share capital	100	100	105
—Legal Reserve	130	130	130
—Share Premium[(1)]	4	4	119
—Retained earnings and other capital[(4)]	144	57	17
Total[(4)]	1,464	1,377	1,457

(1) The Issuer intends to distribute certain real estate assets as dividend in kind to RPGI as sole holder of the B Shares. The net asset value of these assets under IFRS is expected to be approximately EUR 68 million. This dividend is expected to be paid in the third quarter of 2008. Consequently, share premium, shareholders equity and total capitalisation are expected to be reduced by this amount.

(2) Reflects EUR 202,500,000, which is the gross proceeds of the Offer based upon an Offer Price at the mid-point of the Price Range converted into EUR from UK Sterling at an exchange rate of EUR 1.25/£1 and less EUR 47,293,449 of estimated expenses related to the Offer and Admission. An increase (decrease) in the Offer Price by £1.25 above (below) the mid-point of the Price Range which would equate to the highest (lowest) point in the Price Range would result in an increase (decrease) in shareholders equity and total capitalisation of EUR 17 million. An estimated allocation of the estimated expenses of the Offer and Admission has been made between share premium and retained earnings above. Expenses allocated to new

A Shares issued will be charged against share premium and expenses allocated to existing shares admitted will be expensed.

(3) As part of the Group's investment programme, the Group has agreed to acquire EUR 150 million of mining equipment and has submitted purchase orders for the majority of the EUR 165 million remaining to be committed under such programme. The investment in this equipment is expected to be structured as an operating lease. The Issuer expects to make these investments or begin to pay the leasing fees over the next 18 months.

(4) The net proceeds reflect the payment of all estimated expenses related to the Offer of EUR 47,293,449, including the underwriting commission on the Offer Shares sold by the Selling Shareholder and all general expenses relating to the Offer being paid by the Issuer. The Issuer has a reasonable expectation that the Selling Shareholder will pay or reimburse the Issuer for the underwriting commission in respect of the Shares of the Selling Shareholder sold in the Offer. Upon such payment or reimbursement by the Selling Shareholder in connection with or subsequent to the Admission and assuming the Offer Price is the mid-point of the Price Range and no exercise of the Over-Allotment Option, the maximum underwriting commission paid or reimbursed by the Selling Shareholder would be EUR 33,897,500, and net proceeds, cash, retained earnings, and total shareholders' equity would be increased by such amount. In addition, the Selling Shareholder may pay or reimburse the Issuer for certain other expenses, but no agreement has been reached whether there will be such further payment or reimbursement or the amounts thereof.

The following table sets out the Issuer's net indebtedness on a consolidated basis as at 31 December 2007:

- On an actual basis (on the basis of the consolidated balance sheet of the Issuer as of 31 December 2007) and being the date of the last published financial information of the Issuer extracted without material adjustment from the consolidated financial statements of the Issuer as contained elsewhere in this Prospectus.
- **As Adjusted:** for the payment to the holder of the A Shares of a dividend of EUR 87 million on 27 March 2008.
- **As Further Adjusted:** to reflect the net proceeds to the Issuer from the Offer and the application of the proceeds as described under PART VIII of this document entitled ''USE OF PROCEEDS AND DIVIDEND POLICY'' including the payment of a one-time dividend of EUR 75 million on the C Share.

Indebtedness

	As at 31 December 2007(1)	As Adjusted for March 2008 A Share Dividend	As Further Adjusted for the Offer and C Share Dividend(2)(3)
	(EUR million)	(EUR million)	(EUR million)
Cash and cash equivalents(1)(3)	474	387	467
Current Financial Receivable	474	387	467
Current Bank debt	6	6	6
Current portion of non-current debt	67	67	67
Current Financial Debt	73	73	73
Net Current Financial Indebtedness	(401)	(314)	(394)
Non current bank loans	724	724	724
Bonds issued	289	289	289
Other non current loans	0	0	0
Non current Financial Indebtedness(1)	1,013	1,013	1,013
Net Financial Indebtedness(1)	612	699	619

(1) As part of the Group's investment programme, the Group has agreed to acquire EUR 150 million of mining equipment and has submitted purchase orders for the majority of the EUR 165 million remaining to be committed under such plan. The investment in this equipment may be structured as an operating lease. The Issuer expects to make these investments or begin to pay the leasing fees over the next 18 months.

(2) Reflects EUR 202,500,000, which is the gross proceeds of the Offer based upon an Offer Price at a mid-point of the Price Range converted into EUR from UK Sterling at an exchange rate of EUR 1.25/£1 and less EUR 47,293,449 of estimated expenses related to the Offer. An increase (decrease) in the Offer Price by £1.25 above (below) the mid-point of the Price

Range which would equate to the highest (lowest) point in the Price Range would result in an increase (decrease) in cash by EUR 17 million.

(3) The net proceeds reflect the payment of all estimated expenses related to the Offer of EUR 47,293,449, including the underwriting commission on the Offer Shares sold by the Selling Shareholder and all general expenses relating to the Offer being paid by the Issuer. The Issuer has a reasonable expectation that the Selling Shareholder will pay or reimburse the Issuer for the underwriting commission in respect of the Shares of the Selling Shareholder sold in the Offer. Upon such payment or reimbursement by the Selling Shareholder in connection with or subsequent to the Admission and assuming the Offer Price is the mid-point of the Price Range and no exercise of the Over-Allotment Option, the maximum underwriting commission paid or reimbursed by the Selling Shareholder would be EUR 33,897,500, and net proceeds, cash, retained earnings, and total shareholders' equity would be increased by such amount. In addition, the Selling Shareholder may pay or reimburse the Issuer for certain other expenses, but no agreement has been reached whether there will be such further payment or reimbursement or the amounts thereof.

Other than the adjustments reflected in the As Adjusted and As Further Adjusted columns to the capitalisation table and the notes thereto, the Issuer does not believe there have been any material changes since 31 December 2007 to the capitalisation and indebtedness of the Group.

1. SENIOR SECURED FACILITIES

In connection with the Recapitalisation, Senior Secured Facilities were made available to OKD, as borrower pursuant to the Senior Facilities Agreement entered into as of 14 February 2006, between, among others, OKD (and Former OKD as replacement borrower), the guarantors named therein, the lenders named therein, Citibank N.A. and Citibank a.s. as arrangers and underwriters, Citibank a.s., as facility agent, security agent and account bank, as amended from time to time. The Issuer agreed to become an additional guarantor under the Senior Secured Facilities pursuant to an accession agreement dated 9 November 2006.

The Senior Secured Facilities provide for financing of up to EUR 1,070 million and consist of:

- a senior secured amortizing term loan facility in a maximum aggregate principal of EUR 450 million with advances to be repaid in equal semi-annual installments and a final maturity five years after the date of the Senior Facilities Agreement (''Facility 1'');
- a senior secured bullet term loan facility in a maximum aggregate principal amount of equivalent EUR 350 million, including the Additional Loan Option (as defined below), with a final maturity six years after the date of the Senior Facilities Agreement (''Facility 2'');
- a senior secured bullet term loan facility in a maximum aggregate principal amount of EUR 270 million, including the Additional Loan Option described below, with a final maturity seven years after the date of the Senior Facilities Agreement (''Facility 3''); and
- a EUR 350 million ''Additional Loan Amount'' which was made available as part of Facility 2 and Facility 3 in the amounts of EUR 188.5 million from available amount of Facility 2 and EUR 161.5 million from the available amount of Facility 3, and a EUR 25 million ''Additional Loan Amount'' which was made available by Česká spořitelna from the available amount of Facility 3 (the ''Additional Loan Option'').

The interest rate on each advance under the Senior Secured Facilities for each interest period is the rate per annum which is the aggregate of the applicable (a) margin (see below), (b) EURIBOR, LIBOR or PRIBOR (as the case may be) and (c) any applicable mandatory cost of compliance with (i) the cash ratio and special deposit requirements of the Bank of England; and/or (ii) banking supervision or other costs imposed by the Financial Services Authority; or (iii) and regulation or reserve asset requirements of the European Central Bank. The initial margin for each of Facility 1, Facility 2 and Facility 3 are 1.10%, 1.35% and 1.50% per annum, respectively, and is subject to an adjustment mechanism for Facility 1 allowing for a step down to a minimum of 0.65%. The downward adjustment (and possible subsequent upward adjustments, as applicable, to a maximum of 1.35%) may be triggered following the delivery of quarterly financial statements for a period of at least two complete financial quarters after the date of the first drawdown upon meeting certain consolidated total debt to consolidated EBITDA ratio requirements.

A total amount of EUR 1,020 million has been drawn down and no further utilizations are available. On 2 July 2007, the Issuer, as guarantor, applied EUR 150 million from the proceeds of its Senior Notes issuance to the amounts outstanding under Facility 1. Pursuant to a conversion agreement, the recourse claim of the Issuer, as guarantor, against OKD as a result of the above prepayment was converted into equity of OKD as of 3 September 2007.

In May 2007 RPG Trading received approximately CZK62.1 million distribution (approximately EUR 2.2 million) as proceeds from Metalimex. In its capacity as guarantor it applied this amount to prepay outstanding amounts owed by OKD under the Senior Secured Facilities. Later in 2007 RPG Trading received a dividend of approximately CZK 35 million and sold its remaining 10 per cent. stake in Metalimex for CZK 6 million. Both these amounts were used to prepay outstanding amounts owed by both the Issuer and OKD under the Senior Secured Facilities. It was agreed amongst the Issuer, OKD and RPG Trading that these prepayments gave rise to recourse claims against the Issuer and OKD in favour of RPG Trading. The Issuer, RPGI, RPG Trading and OKD have subsequently engaged in a series of transactions resulting in such recourse claims being converted into the equity of the Issuer. See PART XV of this document entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Agreements Related to the Restructuring—Conversion Agreement'' for further details. The recourse claims against OKD that were transferred to the Issuer as part of the series of transactions mentioned above have also been converted into the equity of OKD.

In August and November 2007, lenders allowed the Issuer to borrow under the Additional Loan Option. A total amount of EUR 275 million has been drawn by the Issuer in August 2007 and EUR 25 million in November 2007. These loans are guaranteed by OKD. The first of these draw-downs was used to make a distribution to RPGI in October 2007.

The Issuer may further prepay the loans in whole or in part subject to payment of a break fee. The Senior Secured Facilities contain mechanics for mandatory prepayment upon certain customary events such as a change of control (excluding the Restructuring transaction), asset sales, receipt of insurance proceeds, receipt of certain recovery proceeds and excess cash flow. The Senior Secured Facilities are secured by first ranking security pledges shares in OKD and the material subsidiaries.

The Senior Facilities Agreement contains certain customary negative undertakings that limit the ability of each Obligor to among other things: create any encumbrance or security interest over any of its assets; make any asset disposals; make any substantial change to the general nature of its business; enter into material transactions other than on an arm's length basis; amalgamate or merge; extend any loan or guarantee; incur other additional debt; enter into certain sales of receivables; issue new shares; enter into derivatives contracts; make acquisitions of companies, shares or securities, businesses or undertakings; amend certain Material Condition Precedent Documents as set forth in the Senior Facilities Agreement; and make minority investments or investments in joint ventures, venture businesses or unlimited liability vehicles.

The Senior Facilities Agreement also contains certain affirmative undertakings, subject to certain qualifications and including, but not limited to, undertakings related to (i) supplying financial statements, related documents and other information; (ii) notification of default; (iii) compliance with ''know your customer'' or similar regulations; (iv) receipt, compliance with and maintenance of necessary authorisations; (v) compliance with laws (including environmental laws); (vi) taxation; (vii) *pari passu* ranking of certain unsecured and unsubordinated claims; (viii) maintenance of insurance; (ix) access in the case of a default; (x) preservation of intellectual property rights necessary for the business of OKD and its subsidiaries; (xi) compliance with financial assistance requirements; (xii) ensuring that certain bank accounts required to be maintained pursuant to the cash management system are subject to security in favour of the security agent under the Senior Facilities Agreement; (xiii) provision of guarantees and security by certain subsidiaries; and (xiv) implementation of the agreed hedging strategy.

The Senior Facilities Agreement contains financial covenants (in each case as defined therein) requiring the Obligors (as defined therein) ensure that at the end of any calculation period: the ratio of consolidated total senior net debt to consolidated EBITDA (senior leverage) will not exceed 2.75:1 for the period ending 5 years after the signing date and in excess of 2.50:1 thereafter; the ratio of consolidated total net debt to consolidated EBITDA (leverage) will not exceed 3.25:1; and the ratio of consolidated EBITDA to consolidated total net interest payable (fixed cover) will not be less than 3.50:1. The Issuer aims to maintain a ratio of consolidated total net debt to consolidated EBITDA (leverage) of 2.0x average EBITDA over the economic cycle.

2. SENIOR NOTES

On 18 May 2007, the Issuer issued EUR 300 million in aggregate principal amount of its Senior Notes. Interest on the Senior Notes accrue at a rate of 7.375% per annum and will be payable semi-annually in arrears on 15 May and 15 November commencing on 15 November 2007. The Senior Notes are unsecured obligations of the Issuer.

The Senior Notes may be redeemed, in whole or in part, at any time prior to 15 May 2011, at the option of the Issuer at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed plus the applicable premium (as defined in the Indenture). After 15 May 2011, the Issuer may, at its option, redeem all or any portion of the Senior Notes. In addition, prior to 15 May 2010 the Issuer may redeem up to 35% of the original aggregate principal amount of the Senior Notes with the proceeds of one or more equity offers (as defined in the Indenture), at a redemption price equal to 107.375% of the principal amount thereof.

If there is a change of control (as defined in the Indenture), holders of Senior Notes shall have the right to require the Issuer to repurchase all or any part of the Senior Notes at a purchase price equal to 101% of the their principal amount.

The Indenture contains covenants that limit the Issuer's ability and the Restricted Subsidiaries' ability to, among other things: incur additional indebtedness; make restricted payments (including dividends); create liens; transfer, convey, sell, lease or otherwise dispose of voting stock of any Restricted Subsidiary; sell assets; engage in transactions with affiliates; guarantee any debt of the Issuer or any of its Restricted Subsidiaries; consolidate, merge or sell all or substantially all of its assets.

3. INTERCREDITOR AGREEMENT

To establish the relative rights of certain of the Issuer's creditors under the Issuer's financing arrangements, the Issuer (in its capacity as a guarantor and Obligor under the Senior Facilities Agreement) entered into an intercreditor agreement (''Intercreditor Agreement'') with, among others, borrower, the other Obligors, the lenders and agents under the Senior Facilities Agreement, certain hedging counterparties and the security agent for such facilities.

The Intercreditor Agreement sets out:

- the relative ranking of certain debt of the Issuer, OKD and certain of their affiliates;
- the relevant ranking of security granted by the Issuer, OKD and certain of their affiliates;
- when payments can be made in respect of that debt;
- when enforcement action can be taken in respect of that debt;
- the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when security and guarantees will be released to permit an enforcement sale.

4. OKD FACILITIES

On 4 December 2006 OKD entered into an Agreement on Credit Products with Česká spořitelna (the ''Agreement on Credit Products''). The Agreement on Credit Products, as amended, enables the borrower to draw a revolving facility, overdraft facility, bank guarantees and letters of credit up to the aggregate amount of CZK 1.138 billion.

The interest rate on the revolving facility and on the overdraft facility is the rate per annum consisting of the applicable PRIBOR, EURIBOR, LIBOR rate (as the case may be) and a margin equalling to 0.60% and 0.65%, respectively. The fee for issuing a bank guarantee or a letter of credit equals to 0.60% of the nominal amount per annum (a minimum of CZK 2,000) plus fees according to the bank scale of fees.

The Agreement on Credit Products is secured by a pledge over business receivables and by a blank promissory note.

The Agreement on Credit Products imposes certain restrictive obligations on the borrower such as: pari passu provision; to route certain amounts of cash through the accounts maintained by the financing bank; to inform the bank of any corporate changes, such as a change in the shareholding structure or company bodies or restructuring or an increase or decrease in registered capital; corporate changes are subject to prior approval of the bank; to maintain certain financial indicators; not to make any asset disposals unless expressly permitted in the agreement; not to provide any loan or guarantee unless expressly permitted in the agreement; and not to acquire assets over 5% of borrower's assets unless expressly permitted in the agreement or consented to by the bank.

The final maturity date with respect to all credit products is 31 December 2009.

OKD may, subject to certain conditions set out in the Agreement on Credit Products, cancel and prepay the facility. OKD may voluntarily prepay the revolving facility on the last day of each interest period. No break costs shall be charged.

5. HEDGING ARRANGEMENTS

The Group is party to the following hedging agreements:

- the 2002 ISDA Master Agreement and Schedule thereto dated 24 March 2006, together with all Transactions (as defined therein) thereunder, including three Transactions with Effective Dates (as defined therein) of 14 February 2007 evidenced by Confirmations (as defined therein) amended and signed by Citibank, N.A. on 31 July 2006 and signed by OKD on 7 August 2006, in each case between OKD and Citibank, N.A., as further amended from time to time;
- the 2002 ISDA Master Agreement and Schedule thereto dated 23 March 2006, together with all Transactions (as defined therein) thereunder, including three Transactions with Effective Dates (as defined therein) of 14 February 2007 evidenced by Confirmations (as defined therein) amended as of 7 July 2006 and signed by Calyon on 10 July 2006 and by OKD on 21 August 2006, in each case between OKD and Calyon, as further amended from time to time.
- A framework treasury agreement with ING Bank N.V. dated 30 April 2007, together with all Transactions (in Czech ''*Transakce*'' as defined therein) thereunder evidenced by Confirmations (in Czech ''*Potvrzení*'') as defined therein).

OKD entered into several confirmations with Barclays Bank PLC regarding both interest and currency risk. In addition, the Group is negotiating a 2002 ISDA Master Agreement and Schedule thereto with Barclays Bank PLC.

The Group may from time to time enter into additional hedging arrangements.

PART XII

DETAILS OF THE OFFER

1. THE OFFER

The Issuer intends to raise gross proceeds of EUR 202,500,000 (equivalent to £162,000,000 at an exchange rate of EUR 1.25/£1) through the Offer based on an Offer Price at the mid-point of the Price Range. The Issuer expects to receive up to EUR 155,206,551 (equivalent to £124,165,241, at an exchange rate of EUR 1.25/£1) from the subscription of New Shares based on an Offer Price at the mid-point of the Price Range and net of underwriting commissions and other fees and estimated expenses of EUR 47,293,449 (equivalent to £37,834,759 at an exchange rate of EUR 1.25/£1) payable by the Issuer. The Existing Shares are being offered by RPGI, the controlling shareholder of the Issuer, whose address is set out in PART III of this document entitled ''DIRECTORS, SECRETARY AND ADVISERS''.

The terms ''subscription'' and ''purchase'' and ''subscription order'' and ''purchase order'' and similar expressions are used interchangeably and always mean subscription with respect to the New Shares and purchase with respect to the Existing Shares.

The Offer comprises up to 13,500,000 New Shares and up to 69,513,344 Existing Shares of the Issuer. The Offer is being made to certain institutional and professional investors in the UK, Czech Republic, Poland and elsewhere, in reliance on Regulation S under the Securities Act, and to QIBs in the U.S. in reliance on Rule 144A or another exemption from, or transaction not subject to, the registration requirements of the Securities Act. The Offer Shares are also being offered to retail investors in the Czech Republic and Poland. Immediately after completion of the Offer and the Conversion Date, the Issuer will have 263,739,999 A Shares (assuming subscription for all Offer Shares and no exercise of the Over-Allotment option), which corresponds with a dilution of 31.5%, 10,000 B Shares and one C Share issued and outstanding.

1.1 The Employee Shares are reserved for subscription or purchase in the Czech Republic and Poland to employees of the Group, who at the time of placing a subscription order, will provide to the relevant Czech Retail Managers or Polish Retail Manager a confirmation, which will, among other things, contain a representation that such employee is purchasing Employee Shares for their own account, in the form agreed between the Issuer and the Czech Retail Managers or the Polish Retail Managers, as the case may be, to effect their eligibility to participate in the Employee Offer (''Employee Investors''). The Issuer shall have discretion to accept or reject any proposed sale of Employee Shares to any specific employee of the Group. All Employee Shares are A Shares to be subscribed for or purchased at the Offer Price. Unless expressly specified otherwise, the Employee Offer is made on the same terms as the Czech Retail Offer or the Polish Retail Offer, as the case may be. The Issuer and the Selling Shareholder in consultation with the Lead Managers intend to grant the Employee Investors a preferential allocation compared to other investors. Such preferential allocation may reduce the number of Offer Shares being sold to other investors.

1.2 In addition to the Employee Offer, under the Issuer's Directed Share Program, it may make available up to 5% of the Offer Shares for purchase by the Directors, suppliers, business contractors, business counterparties and friends qualifying under that program. The number of Offer Shares otherwise available in the Offer will be reduced to the extent these persons purchase any such reserved shares. Any shares not so purchased will be offered by the underwriters on the same basis as other shares offered in the Offer.

1.3 Certain restrictions that apply to the distribution of this document and A Shares are described in PART XII of this document entitled ''DETAILS OF THE OFFER—Selling and Transfer Restrictions'' (''Selling and Transfer Restrictions'').

1.4 The Offer Shares will be subscribed or sold in accordance with the terms of the Underwriting Agreement (certain details of which are set out in PART XII of this document entitled ''DETAILS OF THE OFFER—Underwriting Arrangements). On Admission, the New Shares and the Existing Shares will carry the right to receive all dividends and distributions declared, made or paid on, or in respect of, the issued A Shares after Admission and otherwise will be identical to, and will rank pari passu in all respects with, any outstanding A Shares.

1.5 Application has been made (or will be made) for all of the ordinary A Shares in the share capital of the Issuer issued and to be issued to be admitted to the Official List, the LSE, the PSE and the WSE. Admission is expected to take place and unconditional dealing in the A Shares is expected to commence on the LSE on 13 May 2008 and on the WSE on or about 14 May 2008. On the PSE, admission is expected to become effective on or about 13 May 2008 and unconditional dealings are expected to commence on 14 May 2008. Prior to that time, it is expected that dealings in the A Shares will commence on the LSE on a conditional basis on or about 8 May 2008 and on the PSE on or about 9 May 2008 and that the earliest date for settlement of such dealings will be on or about 13 May 2008. There will be no conditional trading on the WSE.

1.6 When admitted to trading, the A Shares will be registered with international security identification number (''ISIN'') NL0006282204 and Stock Exchange Daily Official List (''SEDOL'') numbers OPOL : XLON–B2QWCJ6; OPOL : XPRA–B2QWG50; and OPOL : XWAR–B2QWG38.

1.7 In respect of the admission to trading on the PSE and the WSE, it is expected that the appropriate stock accounts of Shareholders will be credited with the Offer Shares through the facilities of UNIVYC and NDS on or about 13 May 2008. For admission to trading on the LSE, it is expected that the appropriate stock accounts of Shareholders will be credited with DIs representing the Offer Shares through the facilities of CREST on or about 13 May 2008. The A Shares are only available in the form of an entry in the shareholders' register without the issuance of a share certificate. Share certificates shall not be issued except for a global certificate. It is expected that the entry into the shareholders' register will take place on 13 May 2008.

1.8 Following Admission, the Directors will have direct and indirect interests in A Shares as set out in paragraph 10 of PART IX—A of this Prospectus entitled ''MANAGEMENT AND THE DIVISIONS—DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE''. Certain other Shareholders, as referred to in PART XVI of this document entitled ''ADDITIONAL INFORMATION—Principal Shareholders'', will each hold more than 5% of the enlarged issued share capital of the Issuer.

1.9 The Issuer's sole Shareholder, RPGI does not intend to subscribe for, or purchase, A Shares in the Offer. Certain of the Directors and executive officers may purchase A Shares in the Offer, at the Offer Price. To the extent known to the Issuer, no person intends to subscribe for more than 5% of the Offer.

In connection with the Offer, the Managers and any of their respective affiliates acting as an investor for their own accounts may subscribe for and/or acquire Offer Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in the Offer Shares, any other securities of the Issuer or other related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Offer Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, the Managers and any of their respective affiliates acting as an investor for their own accounts. The Managers do not intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.

2. COMPLETION OF THE OFFER

2.1 The Offer Price and the number of New Shares to be issued and the number of Existing Shares to be sold in the Offer will be determined in consultation with the Managers and the Issuer and the Selling Shareholder.

2.2 Completion of the Offer is subject to the satisfaction of conditions contained in the Underwriting Agreement, including: execution of a Pricing Agreement, admission on the LSE occurring and becoming effective by 8:00 a.m. (London time) on or about 13 May 2008 or such later time or date as may be determined in accordance with the Underwriting Agreement (not being later than 31 May 2008); the representations and warranties on the part of the Issuer and the Selling Shareholder contained or referred to in the Underwriting Agreement being true and accurate and not misleading and not being breached on and as of the date of the Underwriting Agreement and each Closing Date; there having been no material adverse change in, or any development which may involve a prospective material adverse change in or affecting, the condition, financial or otherwise, or in the assets, liabilities, obligations, earnings, management, business affairs or prospects of any member of the Group, or the Issuer's ability to perform any of its obligations under the Underwriting Agreement or any of the material contracts contained in PART XVI of this document entitled ''ADDITIONAL INFORMATION—Material Contracts''; and the Underwriting Agreement not having been terminated. Certain conditions contained in the Underwriting Agreement are not capable of waiver. Further details of the terms of the Underwriting Agreement are set out in PART XII of this document entitled ''DETAILS OF THE OFFER—Underwriting Arrangements.''

3. ALLOCATION AND PRICING

All Offer Shares will be issued or transferred at the Offer Price. The allocation of Offer Shares under the Offer will be determined based upon the consultations among the Issuer, the Manager and the Selling Shareholders after indications of interest have been received from prospective institutional investors. Prospective institutional investors will be required to specify the number of Offer Shares which they would be prepared to acquire. There is no minimum or maximum number of Offer Shares which can be applied for by the institutional investors. This process, known as bookbuilding, is expected to cease on or about 7 May 2008 but the deadline for receipt of indications of interest from the institutional investors under the Offer may be extended or shortened at the discretion of the Managers. Subscriptions from the Czech Retail Investors and the Polish Retail Investors will not be part of the bookbuilding. The Issuer, together with the Managers, plans to begin marketing the Offer Shares by contacting selected institutional investors outside the Czech Republic and Poland in the context of the private placement prior to the start of the Czech Retail Offer and Polish Public Offer. Both the private placement and the Czech Retail Offer and the Polish Public Offer shall end on the same date.

3.1 A number of factors will be considered in determining the Offer Price and the allocation of Offer Shares, including the objective of establishing an orderly aftermarket in the A Shares, prevailing market conditions, the level and nature of demand of the A Shares and the price bid to acquire the A Shares. The Pricing Statement is expected to be published and deposited with the AFM on or about 8 May 2008. Notification of individual allocations will be communicated directly to institutional investors. The information on the exact number of the Offer Shares offered to investors in the Offer and the Offer Price will be published in the Pricing Statement in the same manner as this Prospectus and in accordance with Art. 36(h) of the Capital Markets Act and Art. 56 part. 1 of the Polish Act on Public Offer, the Conditions of Introducing Financial Instruments of Organised Trading System and on Public Companies. Information on the exact number of the Offer Shares allocated to Czech Retail Investors and on the Offer Price, will be provided in accordance with the standard procedures of the respective Czech Retail Managers (as defined below) or financial intermediary with which they placed their orders. The upper end of the Price Range constitutes the maximum price within the meaning of Sec. 36d(1)(a) of the Capital Markets Act for the purposes of the Czech public offer (''Maximum Price''). If the Offer Price exceeds such Maximum Price the terms and procedures set out in Part XII of this Document entitled ''DETAILS OF THE OFFER—Change of Terms of the Offer'' will apply.

Details of the timetable of events are set out in PART IV of this document entitled ''OFFER STATISTICS AND EXPECTED TIMETABLE OF PRINCIPAL EVENTS''.

3.2 Payment for allocations must be received by no later than noon (London time) on the date of Admission.

3.3 The Offer will be underwritten by the Managers as described in PART XII of this document entitled ''DETAILS OF THE OFFER—Underwriting Arrangements.''

Save in respect of the Employee Offer, no separate tranches of the Offer Shares have been created in connection with the Offer for the various categories of investors (such as retail and institutional investors or Czech, Polish and investors from other jurisdictions). Consequently, the Issuer and the Joint Bookrunners reserve the right to allocate the Offer Shares between such groups of investors at their absolute discretion.

All investors that intend to subscribe for or acquire any of the Offer Shares should acquaint themselves with the relevant laws of their countries of residence prior to making a decision to subscribe for or purchase the Offer Shares.

Although there are no restrictions that would prevent prospective investors from making multiple subscriptions, the Managers in consultation with the Selling Shareholder and the Issuer, retain full discretion in allocating the Offer Shares in the Offer.

4. SUBSCRIPTION

4.1 Subscription and Payment of the Offer Price by Institutional Investors

Institutional investors included in the allotment list will be required to pay amounts in UK Sterling (unless otherwise agreed with the Managers) corresponding to the product of the number of the Offer Shares that was allocated to them and the Offer Price. Entities managing securities portfolios on behalf of their clients should liaise with the Managers in order to discuss actions required to place subscription orders and to pay for the allocated Offer Shares. The terms of subscription by the Polish Institutional Investors (as defined herein) are described in section 4.3 of this PART XII.

4.2 Subscription, Allocation and Payment of the Offer Price by Czech Retail Investors (including the Czech Employee Investors)

Czech Retail Investors are required to follow the information which will be provided by Patria Finance and by Česká spořitelna (the ''Czech Retail Managers''). The Czech Retail Managers will determine whether an investor is a Czech Retail Investor in accordance with applicable market practice.

The Subscription Period for Czech Retail Investors will end on or about 6 May 2008 at 3 p.m. Central European Time.

There is no minimum or maximum number of Offer Shares which can be subscribed for by the Czech Retail Investors.

The Czech Retail Managers will administer the Czech Retail Offer and the Employee Offer in the Czech Republic and the placing of the Offer Shares in the Czech Republic. Czech Retail Investors will be required to pay a deposit equal at least to the product of the highest price accepted by such retail investor and the number of the Offer Shares it is willing to subscribe as specified in the subscription order. If no price is specified in the subscription order then the Czech Retail Manager will consider such an order placed at the Maximum Price. The deposit must be paid in immediately available funds into an internal account of the respective Czech Retail Investor held with the Czech Retail Manager. Until the end of the Subscription Period, the relevant Czech Retail Investor must not dispose of the cash balance in such internal account.

By placing a subscription order, each prospective Czech Retail Investor will be deemed to have read this Prospectus, accepted the terms of the Offer, including the possibility of being allotted a lower number of the Offer Shares than the number specified in such investor's subscription (including, as a result of a shortfall in funds paid due to exchange rate differences) and consented to not being allocated any Offer Shares at all, in accordance with the terms of the Offer.

If the Offer Price is within the Price Range but higher than the highest price accepted by the respective Czech Retail Investor, no Offer Shares will be delivered to such an investor. The cash balance at the internal account of the respective Czech Retail Investor with the relevant Czech Retail Manager after the Closing Date will be released in accordance with the instructions of such Czech Retail Investor.

Czech Retail Investors who have not been allotted any Offer Shares or whose orders have been reduced shall receive reimbursements in accordance with instructions provided by them, without any interest or any other compensation.

Subscription orders from the Czech Retail Investors can be submitted through the Czech Retail Managers.

Subscription orders can be submitted in UK Sterling only. However, Czech Retail Investors placing their orders with the Czech Retail Managers may pay for the Offer Shares allocated to them in UK Sterling or Czech Koruna. If paid in Czech Koruna, Czech Retail Investors will be asked to deposit their total subscription amounts in Czech Koruna applying the exchange rate determined by the relevant Czech Retail Manager. For purposes of payment of the Offer Price in Czech Koruna, the Offer Price in UK Sterling shall be recalculated into Czech Koruna at the exchange rate determined by the Joint Global Coordinators on or around the date of the Pricing Statement and announced in the same way as the Offer Price. Subscribers' accounts will be debited or credited with the difference resulting from the eventual difference of the exchange rate applied to the deposits and to the payments for allotments. Czech Retail Investors placing their orders through selling agent or other financial intermediaries must make their own arrangements and follow instructions and procedures of their respective selling agent or financial intermediary.

The closing of the Offer outside the Czech Republic and in the Czech Republic will be inter-conditional.

In case of an oversubscription by the Czech Retail Investors compared with the final number of the Offer Shares allotted to them, allocations to orders placed with the Czech Retail Managers will be reduced pro rata. Subscription and purchase orders placed at a price below the Offer Price will be disregarded and fractional allocations will be rounded down. For the purposes of allocation and reduction of orders, the Employee Offer will be treated separately and a similar pro rata reduction mechanism will be used in connection with the Employee Offer.

4.3 Additional information relating to the Polish Public Offer (including the Offer to Polish Employee Investors)

The Offer will include an offer of Offer Shares in Poland (the ''Polish Public Offer'') to: (i) qualified Polish investors, as defined in Art. 8 of the Polish Act on Public Offer, the Conditions of Introducing Financial Instruments to Organized Trading Systems and on Public Companies (the ''Polish Institutional Investors''); and (ii) other entities and natural persons domiciled or having their registered seat in Poland (including Polish Employee Investors) (the ''Polish Retail Investors'').

Subscriptions for the Offer Shares by Polish Institutional Investors, who have been invited to place orders during the book-building process, will be accepted in accordance with the instructions provided by the Polish Lead Manager. Prospective Polish Institutional Investors seeking to take part in the book-building process and to subscribe for or purchase Offer Shares in the Polish Public Offer are advised to contact UniCredit CAIB Poland S.A. for further details regarding the subscription process. There will be no maximum or minimum number of Offer Shares that may be subscribed for by prospective Polish Institutional Investors, whether expressed as a number of Offer Shares or an amount in GBP or PLN. The book-building process is expected to cease on or about 7 May 2008.

Subscriptions for the Offer Shares by Polish Retail Investors will be accepted at the Customer Offices of Centralny Dom Maklerski Pekao S.A. and Dom Maklerski Pekao, as well as via Internet and telephone facilities in accordance with the terms of the agreements relating to the maintenance of the customers' securities accounts by Centralny Dom Maklerski Pekao S.A. and Dom Maklerski Pekao. Prospective Polish Retail Investors seeking to subscribe for or purchase the Offer Shares in the Polish Public Offer are advised to contact one of the Customer Offices of Centralny Dom Maklerski Pekao S.A. and Dom Maklerski Pekao for further details regarding the subscription process. Subscriptions and payments for the Offer Shares by the Polish Retail Investors may be made from 29 April 2008 until 6 May 2008 during the regular business hours of the Customer Office of Centralny Dom Maklerski Pekao S.A. and Dom Maklerski Pekao. Subscriptions for the Offer Shares by the Polish Retail Investors must be made at the Maximum Price. Payments for the Offer Shares by the Polish Retail Investors must be made at the PLN equivalent of the Maximum Price based upon the GBP/PLN exchange rate agreed by the Managers and disclosed by the Managers to Polish Retail Investors. This PLN conversion is solely for the convenience of the Polish Retail Investors and the Price Range and the Offer Price will be in UK Sterling. Polish Retail Investors will bear the responsibility and risk of loss associated with any fluctuations of GBP/PLN exchange rate. Full payments by Polish Retail Investors must be made not later than at the time of placing the subscription or purchase order for the Offer Shares. Orders not fully paid for or with improperly completed subscription forms will be invalid. Prospective Polish Retail Investors may withdraw any applications placed until the end of normal business hours of a particular Customer Office of Centralny Dom Maklerski Pekao S.A. and Dom Maklerski Pekao on the last day of the subscription period for Polish Retail Investors. If the final Offer Price converted, for convenience purposes only, to PLN at the market GBP/PLN exchange rate agreed among the Managers on day of publication of the Pricing Supplement is lower than the PLN equivalent of the Maximum Price used for making payments during the subscription period, duly placed subscription or purchase orders will remain valid and binding obligations of the Polish Retail Investors. In such case, the Offer Shares will be allotted to Polish Retail Investors at the final Offer Price and the relevant investors will receive a refund of any surplus resulting from the Offer Price converted, for convenience purposes only, to PLN at the market GBP/PLN exchange rate agreed among the Managers on day of publication of the Pricing Supplement, being lower than the PLN equivalent of the Maximum Price used for making payments during the subscription period. If the final Offer Price does not exceed the Maximum Price, but due to currency exchange rate fluctuations the subscription payments made in PLN by the Polish Retail Investors are not sufficient to cover the payments that are due based on the Offer Price converted, for convenience purposes only, to PLN at the market GBP/PLN exchange rate agreed among Managers on day of publication of the Pricing Supplement, the number of Offer Shares covered by each subscription or purchase order will be automatically reduced to such lower number of Offer Shares as results from the division of the aggregate amount paid in PLN by each Polish Retail Investor at the time of making the initial subscription or purchase order by the final Offer Price converted to PLN at the market GBP/PLN exchange rate agreed among the Managers on the day of publication of the Pricing Supplement (rounded down to the full number of Offer Shares). If the final Offer Price is higher than the Maximum Price, the Polish Retail

Investors will be able to withdraw their initial subscription or purchase orders within two business days from publication of the final Offer Price, by submitting a written notification to the Customer Office of Centralny Dom Maklerski Pekao S.A. or Dom Maklerski Pekao. Following the second business day from the date of publication of the final Offer Price that exceeds the Maximum Price, all subscription and purchase orders placed by the Polish Retail Investors at the Maximum Price and not withdrawn after the publication of the final Offer Price, will be deemed to have been made at the Offer Price converted to PLN (exclusively for the purpose of calculating the payments by the Polish Retail Investors) at the market GBP/PLN exchange rate agreed among the Managers on day of publication of the Pricing Supplement for such lower number of Offer Shares as results from the division of the aggregate amount paid by each Polish Retail Investor at the time of making the initial subscription or purchase order by the final Offer Price converted to PLN at the market GBP/PLN exchange rate agreed among the Managers on day of publication of the Pricing Supplement (rounded down to the full number of Offer Shares). There will be no maximum number of Offer Shares that may be subscribed for by Polish Retail Investors, whether expressed as a number of Offer Shares or an amount in GBP or PLN.

Prospective Polish investors subscribing for the Offer Shares must submit instructions to deliver the shares allotted to them to their securities accounts, together with the subscription orders. Prospective investors who do not have a securities account will be required to open such account prior to placing their subscription for the Offer Shares. Investors taking part in the Polish Public Offer must make their payments in PLN. The final Offer Price converted to PLN (exclusively for the purpose of making payments by the investors in the Polish Public Offer) based the market GBP/PLN exchange rate agreed among the Managers on day of publication of the Pricing Supplement will be announced in the Pricing Supplement and in the form of a current report in Poland. Multiple subscriptions and offers to purchase will be accepted, subject to allocation as described below. With respect to information on procedures related to the refund of monies paid under invalid subscriptions or made in excess of that required for the Offer Shares allocated to a particular investor, prospective investors are advised to contact Centralny Dom Maklerski Pekao S.A. or Dom Maklerski Pekao, respectively.

The number of Offer Shares allocated to an investor in the Polish Public Offer will be determined in the absolute discretion of the Issuer and the Managers, and may be zero. To the extent that the Offer Shares are allocated to investors in the Polish Public Offer: (i) the Polish Retail Investors are expected to be allocated Offer Shares on a pro rata basis, with no minimum allotment; and (ii) the allocation to Polish Institutional Investors will be determined in the absolute discretion of the Issuer and the Managers, and may not be on a pro rata basis. For the purpose of allocation and reduction of orders, the Employee Offer will be treated separately and similar pro rata reduction mechanism will be used in connection with the Employee Offer. Prospective investors in the Polish Public Offer are therefore advised to contact, respectively, UniCredit CAIB Poland S.A., Centralny Dom Maklerski Pekao S.A. and Dom Maklerski Pekao for details regarding the actual allocation of the Offer Shares. Although the Issuer does not accept any responsibility in this regard, the Issuer expects that information regarding allocations will be made available by UniCredit CAIB Poland S.A., Centralny Dom Maklerski Pekao S.A. and Dom Maklerski Pekao on or around 13 May 2008.

5. CHANGE OF TERMS OF THE OFFER

If the Offer Price is set outside of the Price Range or the Issuer, in agreement with the Managers, decides to modify in a material way any other term of the Offer, such change will be announced in a supplement to this Prospectus to be approved by the AFM, notified to the CNB and the Polish Securities Commission and to the PSE and WSE and published in accordance with all applicable laws and regulations and the respective market practices.

In any such case the subscriptions by the Czech Retail Investors accepted before publication of the supplement will not be invalid. Such Czech Retail Investors will be entitled to withdraw or modify their subscription orders and/or increase their deposit within two business days after publication of the supplement. If the Offer Price is outside of the Price Range and Czech Retail Investors do not withdraw or modify their subscription orders within two business days after publication of the supplement containing the Offer Price, their subscription orders will be adjusted by the respective Czech Retail Manager so that the number of shares ordered by such Czech Retail Investor will be equal to the amount of deposit paid by such Czech Retail Investor divided by the Offer Price (rounded downwards). This adjustment shall apply only to such Czech Retail Investors, whose subscription orders were at the Maximum Price.

Changing the terms of the Offer applicable to Polish Retail Investors will not invalidate purchase orders that have already been submitted. Polish Retail Investors will be entitled to withdraw their subscription or modify their purchase orders within two business days after the publication of any supplement to this Prospectus.

6. STABILISATION AND OVER-ALLOTMENT

6.1 In connection with the Offer, RPGI has granted to the Stabilising Manager, on behalf of the Managers, an Over-Allotment Option which is exercisable in whole or in part, upon notice by the Stabilising Manager for the period commencing on the date of publication of the Offer Price and will end no later than 30 days thereafter. Pursuant to the Over-Allotment Option, the Stabilising Manager may require the Selling Shareholder to sell additional Existing Shares, representing up to 15% of the Offer Shares, at the Offer Price to cover over-allotments, if any, made in connection with the Offer and to cover any short positions resulting from stabilisation transactions. In connection with the Offer, GSI, as Stabilising Manager, or any of its agents may, to the extent permitted by applicable laws, over-allot or effect transactions with a view to supporting the market price of the A Shares at a level higher than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions, and such transactions may be effected on any stock market, over-the-counter market or otherwise. Such stabilising measures, if commenced, may be discontinued at any time and may only be taken during the period from the date of publication of the Offer Price and will end no later than 30 days thereafter. Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intend to disclose the extent of any overallotments and/or stabilisation transactions under the Offer.

6.2 The Stabilising Manager will also enter into stock lending arrangements with RPGI to enable it to borrow A Shares to settle any, or a portion of any, over-allotments at Admission. Any Offer Shares sold by RPGI following exercise of the Over-Allotment Option will be sold on substantially the same terms and conditions as the New Shares being issued under the Offer and will form a single class for all purposes with the Offer Shares.

7. DEALING ARRANGEMENTS

7.1 The Offer is subject to the satisfaction of conditions contained in the Underwriting Agreement, including execution of a Pricing Agreement, and Admission on the LSE occurring and becoming effective by 8.00 a.m. (London time) on or about 13 May 2008 or such later time or date as may be determined in accordance with the Underwriting Agreement (not being later than 31 May 2008). Certain conditions contained in the Underwriting Agreement are not capable of waiver. Further details of the terms of the Underwriting Agreement are set out in PART XII of this document entitled ''DETAILS OF THE OFFER—Underwriting Arrangements.''

Admission is expected to take place and unconditional dealings in the Offer Shares are expected to commence on the LSE on or about 13 May 2008 and WSE on or about 14 May 2008. On the PSE, admission is expected to become effective on or about 13 May 2008 and unconditional dealings are expected to commence on 14 May 2008. Prior to that time, it is expected that dealings in the Offer Shares will commence on the LSE on a conditional basis on or about 8 May 2008 and PSE on a conditional basis on or about 9 May 2008 (and in the Czech Republic may continue for a maximum of 10 exchange days) and that the earliest date for settlement of such dealings will be on or about 13 May 2008. There will be no conditional trading on the WSE. All dealings between the commencement of conditional dealings and the commencement of unconditional dealings will be on a ''when issued'' basis. If the Offer does not become unconditional all such dealings will be of no effect and will be at the sole risk of the parties concerned. Dealings in the Offer Shares in advance of the crediting of the relevant Clearstream, CREST, UNIVYC or NDS stock account shall be at the risk of the person concerned.

8. REGISTRATION AND SETTLEMENT OF THE A SHARES

8.1 Shareholders' register for the A Shares

The A Shares are in registered form. They are only available in the form of an entry in the shareholders' register of the Issuer (although the Board may decide to issue one or more share certificates for one or more shares). The Issuer shall maintain the principal shareholders' register, or Principal Register, in the Netherlands and shall maintain a sub-register thereof for A Shares only, the Jersey Register, in Jersey. The Jersey Register forms part of the Principal Register.

A Shares which are registered and settled on the PSE or the WSE shall be registered in the Jersey Register in the name of The Bank of New York (Depository) Nominees Limited, or BONY, as common depository for Clearstream and Euroclear. A global share certificate will be issued for these A Shares.

A Shares trading on the London Stock Exchange will be represented by DIs and the A Shares underlying the DIs shall be registered in the Jersey Register in the name of the custodian nominated by the Depository (as defined below), for the time being, Computershare Company Nominees Limited.

8.2 Registration and settlement of the A Shares on the PSE

The persons shown in the records of Clearstream or UNIVYC, as the case may be, as the holders of the A Shares will, in principle, not have the A Shares registered in their names, will not receive or be entitled to receive physical delivery of definitive certificates evidencing interests in the A Shares and will not be considered registered owners or holders thereof.

Those who hold interests in the A Shares through either of Clearstream or UNIVYC, as the case may be, will only be able to transfer their interests in accordance with the rules and procedures of such clearing systems.

Settlement (delivery and payment) of transactions on the PSE will only be effected through UNIVYC. UNIVYC is an accountholder with Clearstream and interests in the A Shares held by UNIVYC will be recorded on its account. As a result, UNIVYC will hold all the interests in the A Shares to be settled for transactions on the PSE. UNIVYC will hold interests in the A Shares for the benefit of UNIVYC accountholders and will record interests of UNIVYC accountholders in the A Shares in book-entry form.

Each shareholder in the Czech Republic must designate its local custodian (brokerage house or a depository bank) who must be a member of UNIVYC, to perform all steps necessary for settlement of the interests in the A Shares. In particular, the local custodian must be instructed to enter an instruction into the UNIVYC system to receive the allocated A Shares from the respective shareholder in accordance with UNIVYC rules and operating procedures. The manner in which the Shareholder intends to hold the allocated A Shares (for instance whether on the applicant's own account opened with UNIVYC or through a custodial account) and the manner of funding the purchase of the allocated A Shares shall be agreed between the applicant and its local custodian.

Delivery of the interests in the A Shares will be made in accordance with settlement instructions placed by investors in a manner and time as instructed by the Managers upon subscription, through the facilities of Clearstream and onwards through the facilities of UNIVYC (for investors who will elect to deposit their shares with UNIVYC). No assurance can be given that the A Shares will be properly delivered unless the applicants comply with all relevant instructions of the Managers.

Payment for the A Shares will be effected in UK Sterling, if not otherwise agreed to between the respective Manager and the applicant.

Delivery of interests in the Offer Shares in the Czech Republic is expected to take place on or about 13 May 2008, subject to unforeseen circumstances. The exact delivery date will depend on the actual timing of a share transfer from Clearstream to the UNIVYC system. The relevant UNIVYC accounts are expected to be credited with interests in the Offer Shares on or about 13 May 2008.

8.3 Registration and Settlement of A Shares on the WSE

In accordance with Polish law, securities which are offered in a public offering or admitted to trading on a regulated market in Poland must be in registered form as of the date of their registration under the relevant depository agreement. Settlements for the WSE are conducted through the system operated by NDS (Krajowy Depozyt Papierow Wartosciowych S.A., with its registered seat in Warsaw, Książęca 4).

As a result, all interests in the A Shares to be settled for transactions on the WSE will be registered with NDS. The interests in the A Shares will be registered in the accounts of the NDS accountholders and will be recorded in book-entry form.

Payment for interests in the A Shares at the WSE will be effected through NDS on a delivery-versus-payment basis.

8.4 Secondary Settlement on the PSE and WSE

Transfers of the interests in the A Shares between Clearstream account-holders will be effected in the customary way in accordance with the rules and operating procedures of Clearstream.

Transfers of the interests in the A Shares between UNIVYC accountholders will be effected in accordance with UNIVYC rules and operating procedures.

Trading in interests in the A Shares on the PSE will be settled only through UNIVYC and will be recorded in book-entry form on accounts of UNIVYC account-holders. Trades in interests in the A Shares concluded on the PSE may not be settled directly through Clearstream. Trades in interests in the A Shares concluded on the PSE will be reflected in the records of UNIVYC account holders only, and there will be no change to accounts opened with Clearstream.

Transfers of the interests in the A Shares between NDS account holders will be effected in accordance with NDS rules and operating procedures. Trading in interests in the A Shares on the WSE will be settled only through NDS and will be recorded in book-entry form on accounts of NDS account holders.

8.5 Transfer of A Shares between the PSE and the WSE

8.5.1 *General information*

As a matter of principle, effecting a transaction on the PSE requires that the shares or interests in shares are recorded in a securities account kept with a participant in UNIVYC. In turn, effecting a transaction involving shares listed on the WSE requires, as a matter of principle, that the shares or interests in shares subject to trade are recorded in a securities account kept by a participant in the NDS system.

There exists no direct settlement link between the PSE and the WSE and therefore the transfer of the A Shares between the PSE and the WSE must be executed via an intermediary. Both UNIVYC and NDS have accounts with Clearstream, Luxembourg, which will serve as a link between the NDS system and the UNIVYC system.

8.5.2 *Transfers of A Shares from UNIVYC to the NDS system and vice versa*

In order to transfer the interests in the A Shares from the UNIVYC system to the NDS system, investors should issue appropriate instructions to the entity keeping such investor's securities account in the UNIVYC system in which the interests in the A Shares are recorded, and an appropriate instruction to the entity keeping their securities account in the NDS system in which the interests in the A Shares are to be recorded. Additionally investors will be required to provide the date when transfer should be executed (a settlement date).

Transferring the interests in the A Shares will be contingent on the unequivocal identification of the participant of the UNIVYC system in whose account the interests in the A Shares are to be recorded. In the event of the absence of a possibility of identifying the system participant or shareholder in whose securities account the interests in the A Shares are to be recorded, the transfer of the interests in the A Shares may be ineffective or delayed. Upon the receipt of the matching instructions from UNIVYC and NDS, Clearstream will debit the account of UNIVYC and credit the account of NDS with the number of securities to be transferred. Subsequently, UNIVYC and NDS record in their respective systems, changes to the participants' accounts.

A transfer of interest in the A Shares from the NDS system to the UNIVYC system is effected in a similar way as a transfer from the UNIVYC system to the NDS system.

As far as the Issuer is aware, whilst Clearstream, NDS and UNIVYC have agreed (or are expected to agree) on the abovementioned practices allowing transfers of the interests in the A Shares between NDS and UNIVYC participants, they are not obliged to carry out these procedures and may interrupt these at any time. Neither the Issuer, nor its advisers in Poland or the Czech Republic, nor any of their respective representatives, assume any responsibility for any of the trade settlement obligations of Clearstream, UNIVYC and NDS or any of their participants. Furthermore, none of these persons or Clearstream, UNIVYC or NDS accepts liability for damages that may occur in connection with the abovementioned practices allowing transfers of interests in the A Shares between the UNIVYC system and the NDS system.

8.6 Dividend Payment and Voting Procedures for Shareholders holding the A Shares with NDS and UNIVYC Members

8.6.1 *Dividend Payments*

Dividend payments, payments out of the dividend reserve A of the Issuer and other payments made by the Issuer, through Bank of New York acting as principal paying agent, and relating to the A Shares held with UNIVYC and/or NDS shall be in the amount transferred by the Issuer to the accounts of the respective participants or sub participants in the Clearstream system, for the purpose of their further payment to the owners of accounts with UNIVYC and/or NDS on which the A Shares will be held, in accordance with the rules and practices of UNIVYC and/or NDS, respectively.

8.6.2 *Proposed voting procedures for shareholders that will own the A Shares through securities accounts maintained by participants in the UNIVYC and NDS systems*

In addition to the normal practices related to the notification of, and the procedures with respect to, general meetings, the Issuer will notify holders of the A Shares through members of UNIVYC and NDS of any planned general meeting of Shareholders at least fifteen days prior to such meeting in the form of press announcements published in nationwide daily newspapers in the Czech Republic and Poland. The Issuer intends that the brokerage houses and depository banks of Czech and Polish shareholders receive information on general meetings of Shareholders through the UNIVYC and NDS depository system connected through Clearstream. Furthermore, information on convening and the date of the general meeting of Shareholders will be placed on the Issuer's website at www.nwrgroup.eu.

The Shareholders will be given the opportunity to participate in and vote at the meeting in person, by electronic means of communication, by postal ballot or by appointing a proxy to act for them. So far as technically possible, the Issuer may organise facilities allowing for remote participation in the meetings through the internet.

To be able to vote at a meeting, a Czech or Polish shareholder should request the brokerage house or the depository bank maintaining its investment account in which its interests in the A Shares are recorded, to issue a proxy statement and a voting ballot (which simultaneously serves as an authorisation for proxies to vote at the general meeting of Shareholders) and provide them with any other relevant information in this regard. The proxy statements and voting ballots will normally be in English. Voting instructions will be placed on the voting ballots. A shareholder who intends to vote will have to fill out the voting ballot and pass it to the brokerage house or the depository bank that maintains its investment account in which its A Shares are recorded.

Subsequently, such information will be forwarded to UNIVYC or to NDS, as the case may be, to be distributed through Clearstream to BONY, who shall vote or issue a power of attorney, as the case may be, in accordance with the instructions on the voting ballot. A shareholder may also participate in and vote at a meeting in person, in which case BONY shall issue a power of attorney to this person. Should the Issuer decide to introduce a different voting procedure for the Czech or Polish shareholders in the future, it will publicise such details in the form of a press release and in a manner consistent with applicable laws.

8.7 Registration and Settlement of A Shares on the London Stock Exchange

New Shares trading on the London Stock Exchange will be represented by DIs. Such DIs will be delivered in uncertificated form and settlement will take place electronically upon Admission through CREST.

CREST is a paperless settlement procedure enabling securities to be transferred otherwise than by written instrument. However, Euroclear is unable to take responsibility for the electronic settlement of shares issued by non-UK companies incorporated in certain jurisdictions, including the Netherlands. Accordingly, the Issuer has entered into DIs arrangements to enable investors to settle and pay for interests in A Shares through the CREST system.

DIs allow registered shares such as the A Shares to be dematerialised and settled electronically. The registered A Shares are transferred to Computershare Investor Services PLC (''Depository'') which then issues DIs to the CREST accounts of individual holders of the A Shares and provides the necessary custodial service. DIs can then be settled within the CREST system in the same way as any other participating security in CREST. Investors who elect to hold the A Shares through the DI facility will be issued with one DI for each Share. Each DI will be treated as one Share for the purposes of determining, for example, eligibility for any dividends declared.

The rights and obligations attaching to the DIs will be contained in a Deed Poll (the ''Deed Poll''), executed by the Depository in favour of the holders of the DIs from time to time, the terms of which are summarised in paragraph 9 below. The Deed Poll will be governed by English law. The holders of DIs (''DI Holders'') will have no rights in respect of the underlying A Shares or the DIs against Euroclear UK & Ireland Limited, the operating company of the CREST system (''Euroclear''), or its subsidiaries, but will have rights against the Depository.

The Issuer's Jersey Register will show the Depository's nominated custodian (the ''Custodian''), for the time being Computershare Company Nominees Limited, as the holder of the A Shares, but the beneficial interests will be held by the DI Holders. Pursuant to the Deed Poll, the Depository has agreed to pass on to the DI Holders and exercise on behalf of the DI Holders all rights and entitlements received or to which they are entitled in respect of the underlying securities which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at meetings shall be passed on in the form in which they are received together with any amendments and additional documentation necessary to effect such passing-on or, as the case may be, exercised.

The Depository has agreed, upon request, to have the custodian grant written letters of representation to the DI Holders enabling them to attend and address a general meeting and to vote on the A Shares of which the DI Holder holds the corresponding DIs. DI Holders can request via the Depository that the Custodian transfer to them a certain number of the A Shares in exchange for the DIs. Such a transfer shall, pursuant to Section 86c of Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*) (''DCC''), be made through a written instrument and acknowledgement by the Issuer of the transfer.

Stamp duty or stamp duty reserve tax considerations in relation to DIs are set out in PART XIII of this document entitled ''TAXATION''.

Application has been made for the DIs in respect of the Issuer to be admitted as participating securities within CREST with effect from the date of Admission.

DIs will have the same ISIN as the underlying A Shares and will not require a separate application for admission to the Official List. The DIs will exist only in uncertificated form and cannot be traded other than through CREST.

For more information concerning CREST, Shareholders should contact their brokers or Euroclear at 33 Cannon Street, London EC4M 5SB, United Kingdom.

8.8 Transfer of A Shares between CREST, UNIVYC and NDS

8.8.1 *Procedures*

In order to transfer A Shares held in the form of DIs within CREST to UNIVYC or NDS, investors should, through their broker or CREST participant, issue appropriate instructions to the Depository to effect a transfer of the underlying A Shares, represented by the DIs held in CREST, to BONY. On completion of the transfer, BONY will credit the shares within Clearstream, for onward delivery to the UNIVYC or NDS Clearstream Accounts (including details of the participant account within UNIVYC or NDS where the A Shares are to be deposited). On receipt of these details UNIVYC or NDS shall record the A Shares in the account of the UNIVYC or NDS participant as advised.

In order to transfer A Shares held in UNIVYC or NDS to CREST in the form of DIs, UNIVYC or NDS participants holding such shares should issue appropriate instructions to UNIVYC or NDS requesting that the A Shares be delivered to a specified CREST participant. These instructions will cause the relevant A Shares to be withdrawn from Clearstream and transferred from BONY to the Depository. On completion of the transfer, the Depository will create DIs within CREST and credit them as instructed to the CREST participant.

For both types of transfers, instructions should be received by the Depository (in the case of transfers from CREST to UNIVYC or NDS) or Clearstream (in the case of transfers from UNIVYC or NDS to CREST), as the case may be, before noon London time in order to achieve a transfer on the next business day. If instructions are received after that time, best efforts will be applied to complete the transfer on the next business day but there is a possibility that transfer will only be achieved the business day thereafter.

Transferring the A Shares will be contingent on the unequivocal identification of the participant of the relevant system in whose account the A Shares or the DIs are to be recorded. In the event that sufficient information regarding the receiving participant account is not provided the transfer of the A Shares may be delayed.

As far as the Issuer is aware, whilst CREST, BONY, Clearstream, NDS and UNIVYC have agreed (or are expected to agree) on the abovementioned practices allowing transfers of A Shares between CREST, UNIVYC or NDS, they are not obliged to carry out these procedures and may interrupt these at any time. Neither the Issuer, nor its advisers in the UK, Poland or the Czech Republic, nor any of their respective representatives assume any responsibility for any of the trade settlement obligations of CREST, BONY, Clearstream, UNIVYC and NDS or any of their participants. Furthermore, none of these persons or CREST, BONY, Clearstream, UNIVYC and NDS accepts liability for damages that may occur in connection with the above-mentioned practices allowing transfers of A Shares between CREST and UNIVYC or NDS.

There may be specific charges involved with transfers from CREST to UNIVYC or NDS or vice versa, but these may vary depending on the broker or entity keeping such investor's securities account in UNIVYC or NDS, through which the A Shares are held.

9. CREST AND DEPOSITORY INTERESTS

In summary, the Deed Poll contains, among other things, provisions to the following effect which are binding on holders of DIs:

9.1 The Depository will hold (itself or through its Custodian), as bare trustee, the underlying securities issued by the Issuer and all and any rights and other securities, property and cash attributable to the underlying securities pertaining to the DIs for the benefit of the holders of the relevant DIs.

9.2 DI Holders warrant, among other things, that the securities in the Issuer transferred or issued to the Custodian on behalf of the Depository are free and clear from all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Articles of Association nor any contractual obligation, law or regulation.

9.3 The Depository and any Custodian must pass on to DI Holders and exercise on behalf of DI Holders all rights and entitlements received or to which they are entitled in respect of the underlying securities which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form which they are received together with any amendments and additional documentation necessary to effect such passing-on or, as the case may be, exercise in accordance with the Deed Poll. The Depository and the Custodian are not entitled to vote on any A Shares without the prior explicit instruction to the Custodian via the Depository of the DI Holder. Any dividends declared after Admission and paid by the Issuer will be paid to DI Holders through CREST and members of the CREST system. The DIs do not qualify as depository receipts for shares issued with the cooperation of the Issuer (*met medewerking van de vennootschap uitgegeven certificaten van aandelen*) under Dutch law and accordingly the holders of DIs will not be entitled to the rights which pursuant to Dutch law are conferred upon the holders of such depository receipts.

9.4 The Deed Poll contains provisions excluding and limiting the Depository's liability. For example, the Depository shall not be liable to any DI Holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence, wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depository shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of the same group of companies as the Depository unless the Depository has failed to exercise reasonable care in the appointment and continued use of such Custodian or agent. Furthermore, the Depository's liability to a DI Holder will be limited to the lesser of (a) the value of the A Shares and other deposited property properly attributable to the DIs to which the liability relates and (b) that proportion of £5,000,000 which corresponds to the portion which the amount the Depository would otherwise be liable to pay to the DI Holder bears to the aggregate of the amounts the Depository would otherwise be liable to pay to all such holders in respect of the same act, omission or event or, if there are no such amounts, £5,000,000.

9.5 The Depository is entitled to charge DI Holders fees and expenses for the provision of its services under the Deed Poll. The Depository shall not be liable for taxes, duties, charges, costs or expenses which may become payable in respect of the A Shares or other deposited property or the DIs.

9.6 Each DI Holder is liable to indemnify the Depository and any Custodian (and their respective officers and employees) against all liabilities arising from or incurred in connection or arising from any act related to, the Deed Poll so far as they relate to the deposited property held for the account of, or DIs held by that holder, other than those resulting from the wilful default, negligence or fraud of the Depository, or the Custodian or any agent if such Custodian or agent is a member of the same group as the Depository or if, not in the same group, the Depository shall have failed to exercise reasonable care in the appointment and continued use of such Custodian or agent.

9.7 The Depository may terminate the Deed Poll by giving 30 days' notice. During such period, holders may cancel their DIs and withdraw their deposited property through a delivery of the deposited property from the Custodian to the relevant DI Holder and, if any DIs remain outstanding after termination, the Depository or the Custodian must, among other things, deliver the deposited property in respect of the DIs to the relevant DI Holders or, at its discretion, sell all or part of such deposited property and request for removal of the DIs from the CREST system. It shall, as such soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depository, together with any other cash held by it under the Deed Poll pro rata to holders of DIs in respect of their DIs.

9.8 The Depository or the Custodian may require from any holder information as to the capacity in which DIs are owned or held and the identity of any other person with any interest of any kind in such DIs or the underlying A Shares and the holders are bound to provide such information requested. Furthermore, to the extent that, among other things, the Articles of Association require disclosure to the Issuer of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever, in the Issuer's securities, the DI Holders are to comply with such provisions and with the Issuer's instructions with respect thereto.

9.9 The terms of the Depository agreement between the Issuer and the Depository under which the Issuer appoints the Depository to maintain the register of the DIs in the United Kingdom and provide certain other services are summarised below.

The Depository will perform various services in its capacity as Depository, including maintenance of the register of DIs in the United Kingdom; maintenance of a securities account in respect of holders of DIs showing the cash (if any) attributable to the holder, registering transfers of DIs, making mailing addresses of holders of DI's available for the despatch of the Issuer's annual report and accounts, dealing with routine correspondence with holders of DI's and receiving and registering dividend payment instructions issued by holders of DIs.

For the provision of its services, the Issuer will pay the Depository an initial fee and an annual fee, plus out-of-pocket expenses, in addition to other related expenses. The agreement can be terminated by either party on the giving of six months' written notice (to expire not before the end of an initial period) or at any time if either party commits a material breach of its obligations.

9.10 The terms of the Jersey Register registrar agreement (the ''Jersey Registrar Agreement'') between the Issuer and Computershare Investor Services (Channel Islands) Limited) (the ''Jersey Registrar'') under which the Issuer appoints the Jersey Registrar to maintain the Issuer's Jersey Register in Jersey and provide certain other services are summarised below.

The Jersey Registrar will perform various services in its capacity as registrar, including maintenance of the Issuer's Jersey Register in Jersey, certification and registration of share transfers, despatch of the Issuer's annual report and accounts and any other reports, notices and documents as required, supplying to the Issuer, as soon as reasonably practicable, all necessary information so that the register open for inspection at the registered office of the Issuer may be kept up to date, arranging if necessary for the provision of facilities for the holding of general meetings, including the distribution of the agenda and other materials relating to the convening and voting during any meeting and acting as scrutineers of any vote if so required and generally performing all such functions as are usually performed by registrars for a Jersey Register and doing all such acts and things as may be incidental to the services described above.

Under the agreement, the Issuer gives certain warranties to the Jersey Registrar.

The Jersey Registrar shall not be liable for any loss, liability, claim, cost, expense or damage suffered by the Issuer as a result of the discharge by the Jersey Registrar of its duties under the Jersey Registrar Agreement save where such loss, liability, claim, cost, expense or damage results from the fraud, wilful default or gross negligence of the Branch Registrar.

Either the Issuer or the Jersey Registrar may terminate the Jersey Registrar Agreement on six months' notice or on 30 days' notice in the event of a material breach of the terms of the agreement by the other party.

The fees payable by the Issuer to the Jersey Registrar are an initial fee and an annual fee.

10. UNDERWRITING ARRANGEMENTS

On the Publication Date, the Issuer, RPGI, the Directors and the Managers entered into the Underwriting Agreement pursuant to which the Managers (other than JPMSL) have agreed, subject to execution of a pricing agreement and certain other conditions, severally to procure subscribers for, or purchasers of, as the case may be, the Offer Shares and each of the Managers has agreed, subject to certain conditions, severally, to the extent that the Managers (other than JPMSL) fail to procure subscribers or purchasers, itself to subscribe for or purchase (or to procure subscription or purchase by one or more nominated subscribers or purchasers) A Shares in the proportions as will be set forth in the Pricing Statement. All such subscriptions and/or purchases will be at the Offer Price.

The Managers have severally agreed, subject to execution of a pricing agreement and certain other conditions, to underwrite the Shares to be made available by the Issuer and the Selling Shareholder in the Offer in the following proportions:

Underwriter	Percentage
Morgan Stanley & Co. International plc	25.0%
Goldman Sachs International	25.0%
J.P. Morgan Securities Ltd.	25.0%
Citigroup Global Markets Limited	8.5%
Barclays Bank PLC	3.3%
Erste Bank	3.3%
Patria Finance, a.s.	3.3%
Wood & Company Financial Services, a.s.	3.3%
Bank Austria Creditanstalt AG	3.3%

The Issuer has appointed Morgan Stanley, GSI and JPMC as joint sponsors in connection with the Offer and the application for admission of the A Shares to the Official List and to trading on the London Stock Exchange. The Issuer has also appointed Patria Finance as the Czech Listing Agent in connection with the application for admission of the A Shares to trading on the PSE and UniCredit as the Polish Listing Agent in connection with the application for admission of the A Shares to trading on the WSE.

10.1 Commissions and expenses

Pursuant to the Underwriting Agreement, the Issuer and RPGI have agreed to pay the Joint Global Coordinators (for themselves and on behalf of the other Managers) a commission of 3 per cent of an amount equal to the Offer Price multiplied by the aggregate number of A Shares issued and sold under the Underwriting Agreement, including upon any exercise of the Over-Allotment Option.

The Issuer may also, in its absolute discretion, pay to the Joint Global Coordinators (for themselves and on behalf of the other Managers) further commissions of up to 0.25 per cent of an amount equal to the Offer Price multiplied by the aggregate number of A Shares issued and sold pursuant to the Underwriting Agreement, including pursuant to any exercise of the Over-Allotment Option.

The Issuer and RPGI have agreed to pay certain costs, charges, fees and expenses arising in connection with the Offer.

10.2 Conditions precedent and termination events

The obligations of the Issuer to issue A Shares under the Underwriting Agreement, and the obligations of the Managers (other than JPMSL) to procure subscribers or, failing which, they themselves to acquire A Shares, are subject to execution of a pricing agreement (which will include the

Offer Price and number of New Shares and Existing Shares to be sold pursuant to the Underwriting Agreement) and to certain other conditions which are typical for an agreement of this nature. These conditions include, amongst others, delivery of certain documents, the continued accuracy of warranties, and Admission on the LSE and PSE occurring on or before 13 May 2008 and on the WSE on or about 14 May 2008 (or such later time and/or date as the Issuer and the Joint Global Coordinators may agree).

In addition, the Joint Global Coordinators have the right to terminate the Underwriting Agreement before Admission in certain specified circumstances that are typical for an agreement of this nature. If this right is exercised, the Offer and these arrangements will lapse and any monies received in respect of the Offer will be returned to applicants without interest.

10.3 Warranties and undertakings

Pursuant to the Underwriting Agreement, the Issuer, RPGI and the Directors have given certain warranties, undertakings and indemnities to the Managers subject to customary limitations.

11. LOCK-UP ARRANGEMENTS

The Issuer has undertaken that (other than as contemplated by the Underwriting Agreement) subject to certain conditions the Issuer will not, during a period of 180 days from the date of the First Closing Date, without the prior written consent of the Joint Global Coordinators (i) issue, offer, lend, mortgage, assign, charge, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any A Shares or any securities convertible into or exercisable or exchangeable for, or substantially similar to, Shares or file any registration statement under the Securities Act with respect to any of the foregoing; or (ii) enter into any swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the A Shares, whether any such swap or transaction described in (i) or (ii) above is to be settled by delivery of the A Shares or such other securities, in cash or otherwise subject to the Issuer's obligations under the Stock Option Plan, non-executive director share plans and service agreements with Mr Beck and Mr Salamon, and to customary exceptions.

The Selling Shareholder has undertaken that it will not, during a period of 180 days from the date of the First Closing Date, dispose of its interests in all or any of the A Shares which are legally or beneficially owned by it or which it will otherwise control on or after Admission.

Each of the Directors has undertaken that he will not, during a period of 365 days from the date of the First Closing Date, dispose of its, his or her interest in all or any of the A Shares which are legally or beneficially owned by it, him or her, or which it, he or she will otherwise control, on or after Admission (including any A Shares held or received by such Director arising from the exercise of options, the grant of awards under a company equity plan or as part of the equity component of his remuneration).

The undertakings given by the Directors and RPGI described in the paragraph above are subject to certain customary exceptions.

12. CONDITIONALITY OF THE OFFER

Subject to their respective obligations under the Underwriting Agreement, each of the Issuer, RPGI, and the Managers expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Offer will be returned to applicants without interest or any other compensation.

13. SELLING AND TRANSFER RESTRICTIONS

The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those that follow. Failure to comply with these restrictions may constitute a violation of securities laws.

13.1 Selling Restrictions

13.1.1 *European Economic Area (EEA)*

In relation to each member state of the EEA which has implemented the Prospectus Directive (2003/71/EC) (each, a ''Relevant Member State''), each Manager has represented and agreed that it has not made and will not make an offer of the Offer Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer 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 it may make an offer of Offer Shares to the public in that Relevant Member State at any time:

(a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;

(c) by the Managers to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Managers for any such Offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Offer Shares shall result in a requirement for the publication by the Issuer or the Managers of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an ''offer to the public'' in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any securities to be offered so as to enable an investor to decide to purchase or subscribe for any Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression ''Prospectus Directive'' means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

13.1.2 *United Kingdom*

Each Manager has represented and agreed that it has:

- it has not offered or sold and will not offer or sell any Offer Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in cirumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Prospectus Rules or FSMA;
- only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

13.1.3 *United States*

The Offer Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act and in compliance with any applicable state securities laws. The Underwriting Agreement provides that the Managers may through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the A Shares within the United States only to QIBs in reliance on Rule 144A or another exemption from, or transaction not subject to, registration under the Securities Act.

In addition, until 40 days after the commencement of the Offer, an offer or sale of the A Shares within the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

13.1.4 *New Hampshire*

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

13.1.5 *Japan*

The A Shares have not been and will not be registered under the Securities and Exchange Law of Japan (Law No. 25 of 1948, as amended), and are not being offered or sold and may not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (which term as used herein includes any corporation or other entity organised under the laws of Japan), or to others for offer or sale, directly or indirectly, in Japan or to, or for the account of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (ii) in compliance with any other applicable requirements of the laws of Japan.

13.1.6 *Canada*

This communication does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for the Offer Shares and is not for distribution into Canada. The A Shares have not been and will not be qualified by a prospectus for sale to the public under applicable Canadian securities laws and, subject to certain exceptions, may not be, directly or indirectly offered or sold within Canada or to, or on behalf of, any national, resident or citizen, including any corporation or other entity, of Canada. Any failure to comply with these restrictions may constitute a violation of the Canadian securities laws.

13.2 Offer and Transfer Restrictions

None of the A Shares represented thereby has been or will be registered under the Securities Act and the Offer Shares may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Offer Shares are being offered and sold only:

(a) to QIBs in compliance with Rule 144A under the Securities Act or another exemption from, or transfer not subject to, the registration requirement of the Securities Act; and

(b) in offshore transactions in compliance with Regulation S under the Securities Act. As used in this document, the term ''offshore transaction'' has the meaning given to it in Regulation S.

Each purchaser of Offer Shares in the United States, by its acceptance thereof, will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

1. The purchaser (i) is a QIB, (ii) is aware, and each beneficial owner of such Offer Shares has been advised, that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB.

2. The purchaser is aware that the A Shares represented thereby have not been and will not be registered under the Securities Act and are being offered in the United States in reliance on only in a transaction not involving any public offer in the United States within the meaning of the Securities Act and that the A Shares are subject to significant restrictions on transfer.

3. If in the future the purchaser decides to offer, resell, pledge or otherwise transfer such A Shares represented thereby, such A Shares may be offered, sold, pledged or otherwise transferred only (a)(1) to a person whom the seller reasonably believes is a QIB within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A, (2) in an offshore transaction in accordance with rule 903 or Rule 904 of regulation s under the Securities Act, or (3) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available), and (b) in each case in accordance with all applicable securities laws of the states of the United States. Notwithstanding anything to the contrary in the foregoing, the A Shares may not be deposited into any unrestricted depository receipt facility, unless and until such time as the A Shares are no longer restricted securities under the Securities Act. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of the A Shares.

4. The purchaser acknowledges that the Managers will not be required to accept for registration of transfer any A Shares acquired by such purchaser, except upon presentation of evidence satisfactory to the Issuer and the Managers that the restrictions set forth herein have been complied with.

Each purchaser of the Offer Shares in the United States will be deemed to have acknowledged that the Issuer, the Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements and agrees that if any of the representations or agreements deemed to have been made by its purchase of the Offer Shares are no longer accurate, it shall promptly notify the Issuer and the Managers. If it is acquiring the Offer Shares as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations and agreements on behalf of each account.

Prospective purchasers are hereby notified that sellers of the Rule 144A shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

14. SECURITIES MARKETS IN THE CZECH REPUBLIC

In the Czech Republic, there are two regulated markets for trading shares: the PSE and the RM System (see below). Shares are also traded in two free markets. One free market is organised by the RM System and has operated since August 2005, and the other one has been established by the PSE in 2006; none of them meeting the standards of a regulated market. In addition to the regulated and free markets, trading in securities is also conducted over-the-counter.

The operations of the PSE, securities brokers, clearing entities and other securities market professionals in the Czech Republic are primarily regulated by the Act No. 256/2004 Sb., on Conducting Business in Capital Markets, as amended (the ''Capital Markets Act''). The CNB is the regulatory authority for the Czech capital market. The majority of regulatory standards generally comply with the applicable directives and regulations of the European Union, although the Directive 2004/39/EC, on Markets in Financial Instruments, and the Directive 2004/109/EC (the ''Transparency Directive'') are yet to be implemented.

14.1 Prague Stock Exchange

The PSE is the principal market in the Czech Republic for trading in shares, bonds, investment certificates, warrants and futures. Securities may be traded in two segments of the PSE regulated official market, namely the main market and the official free market. The PSE also operates a special regulated market for trading in investments certificates, warrants and futures.

The PSE is a private entity having currently 21 members. Only corporate entities holding a securities dealer's license issued by the CNB and foreign entities incorporated in another EU member state and licensed to provide investment services by their home state regulatory authority may, upon meeting other conditions set forth by the PSE rules, become members of the PSE. Under Czech law, only members of the PSE and other specified entities, including the CNB and the Czech Republic acting through the Ministry of Finance, are allowed to trade directly on the PSE, either on their own account or on the account of their clients. Non-members can only trade indirectly through a PSE member.

As of 1 May 2004, the PSE became a member of the Federation of the European Securities Exchanges. In May 2004, the U.S. Securities and Exchange and Commissions officially granted ‘‘designated offshore securities market’’ status to the PSE and included it on the list of reliable offshore exchanges.

14.1.1 *Admission of Securities to Trading on Official Market*

In order for a company to have its equity securities admitted to an official market (including the PSE main market or official free market), the following principal criteria set out in the Capital Markets Act must ordinarily, among other, be satisfied: (i) the securities to be admitted must be fully paid and must be tradable without any restrictions; (ii) the minimum issue value must be at least EUR 1 million; (iii) the minimum free float must be at least 25%; and (iv) the issuer shall have published its financial statements for at least three preceding years or, if shorter, the period of its existence; and (v) a prospectus describing the business activities and financial standing of the issuer and approved by the CNB or the respective EU member state regulator must be published.

The Prague Stock Exchange Listing Committee decides whether to admit a security to trading and has certain discretion to deviate from the admission requirements described above. Application for the admission of a security to trading on PSE authorised by the issuer can be filed by an issuer or by a member of the PSE. The application must provide certain basic data with regard to the issuer and the issue, and the prospectus must be approved by the CNB or another EU member state regulator.

14.1.2 *Trading*

The PSE is an electronic exchange and trades are effected via its automated trading system. The exchange trading and information system automatically processes the buy and sell orders entered into the system by members of the PSE. The PSE currently enables the following types of prompt trades:

- trades with the participation of market makers in the ‘‘SPAD System’’ *(Systém pro Podporu Akcií a Dluhopisů),* or the ‘‘System Supporting the Trading of Shares and Bonds’’);
- automatic trades; or
- block trades (negotiated trades where at least one party is a member of the PSE, which are registered and settled in the PSE automated trading system).

14.1.3 *Conditional Trading on the PSE*

Before the admission to trading on the main market but in any case after the fixing of the Offer Price and the final number of the offered securities, the PSE may enable conditional trading of the securities, subject to approval of an application for conditional trading by the PSE general director and satisfaction of other conditions; in any case, conditional trading may not begin earlier than ten exchange days before the commencement of the official trading.

14.1.4 *Settlement*

14.1.5 UNIVYC, a wholly-owned subsidiary of the PSE, is licensed by the CNB to primarily settle trades on the PSE.

14.1.6 Settlement of trades on the PSE is generally effected on the third business day following the trading day. UNIVYC maintains PSE member accounts and a number of non-member accounts and records the securities traded.

14.1.7 PSE members created the Guaranteed Fund of the PSE, administered by UNIVYC, to guarantee the fulfilment of the obligations of members of the PSE arising from automatic trades and trades in the SPAD System.

14.2 The RM System

The RM System is a privately owned entity in which securities trading takes place through a computerised bid and offering matching system that operates every business day. Trades through the RM System may be placed either by a securities broker or directly by an investor. The auction price varies during the course of the day according to the actual bids and offers. Settlement takes place on the same trading day. Book-entry securities traded on the RM System are settled through the Securities Centre. The RM System operates an official (regulated) and a free (non-regulated) market.

14.3 Czech Capital Market Regulator

The main regulatory authority of the Czech securities market is the CNB, which in April 2006 took over the role of the former Czech Securities Commission. Since then the CNB is an integrated financial markets regulator, regulating and supervising capital markets participants, insurance companies and pension funds.

14.4 Selected Czech Regulatory Considerations

Although the Issuer is incorporated under the laws of the Netherlands, its A Shares will be listed on a regulated market in the Czech Republic and, as a result, certain Czech legal considerations may also be relevant, especially with regard to the rights and obligations arising in connection with the admission to trading of the A Shares on the main market of the PSE, trading in the A Shares on the PSE and the rights and obligations of its shareholders.

In particular, the Issuer will become subject to the regulations and acts which constitute the legal framework of the Czech capital markets and the PSE and contain provisions relating to the securities listed in the Czech Republic and their issuers, mainly: (i) the Capital Markets Act; and (ii) the PSE rules and regulations.

14.4.1 *Reporting Obligations*

After the admission of the A Shares to trading on the main market of the PSE, the Issuer will be required to comply with certain reporting obligations under the Capital Markets Act and the PSE rules and regulations. Such obligations include: (i) disclosure and publication of inside information (any information which is not publicly known and which, after publication, could have a significant influence on the price of or proceeds from the A Shares); (ii) disclosure and publication of any information significant for protection of the investors or proper functioning of the market; and (iii) disclosure and publication of current information (information relating to general meetings, such as invitations to and resolutions of such meetings) and periodic information (e.g., annual, semi-annual and quarterly reports, annual list of published information about the Issuer).

Under the PSE rules and regulations, the Issuer will be required to report immediately any changes to the structure of the shareholders holding at least 10% of the voting rights in the Issuer or more, or holding 5% if they are known to the Issuer but always after obtaining a report from the register of shareholders with an indication of parties acting in concert. The Issuer will be further obliged to ensure simultaneous publication of all information on the LSE, the PSE and WSE and any other regulated market where the A Shares may be listed.

14.4.2 *Insider Dealing*

The Capital Markets Act prohibits insider dealing and market manipulation with respect to securities admitted to trading on a regulated market in the EU. Generally, Czech law defines inside information as any precise information relating to investment or other instrument traded or applied to be traded on a regulated market in an EU member state, which is not publicly known and which (after its publication) could significantly affect the price of or proceeds from such instrument. The Capital Markets Act defines an insider as any person which has acquired such inside information in connection with: (i) its employment, profession or position; (ii) its share in the registered capital or voting rights of the issuer, (iii) fulfilment of its obligations; or (iv) a criminal offence; as well as (v) any other person who acquires inside information in any other manner and knows or may know that the information is inside information. An insider:

- must not use the inside information, directly or indirectly, for purchase or sale (even attempted), for its own or a third person's account, of the respective instrument to which the inside information relates;
- must not give any direct or indirect investment recommendations to third parties for the purchase or sale of the respective financial instrument to which the inside information relates; and
- must keep the inside information confidential and prevent access to it by other persons, unless communication of the respective information to other persons constitutes the insider's normal course of activities.

Breach of the obligations relating to inside information may constitute an administrative or even a criminal offence, and can result in an administrative fine of up to CZK 10,000,000.

14.4.3 *Market Manipulation*

Czech law also prohibits market manipulation, meaning any action that may: (i) distort a market participant's perception as to the value of, supply of, or demand for a financial instrument; or (ii) distort the price of a financial instrument in any other manner. The Capital Markets Act provides certain exemptions from what could otherwise constitute market manipulation. Most importantly, a person distributing untrue or misleading information would not be deemed to engage in market manipulation if such person could not have known that the information was untrue or misleading. Breach of the prohibition on market manipulation is an administrative offence and can result in an administrative fine of up to CZK 20,000,000 and, when intentional, can lead to a potential criminal liability.

Any institutional investors, securities dealers (brokers) and banks have the obligation to report to the CNB any trades which they suspect could be executed on the basis of an inside information or constitute market manipulation.

15. SECURITIES MARKETS IN POLAND

The WSE operates one of the two regulated markets in Poland within the meaning of the Prospectus Directive and is the sole exchange where shares may be traded. The other regulated market (MTS-CeTO) concentrates on bond trading and over the counter (''OTC'') transactions. The WSE is a private joint stock company and is 98.8 per cent controlled by the Polish State. Members of the WSE include banks and Polish and international brokers.

15.1 Warsaw Stock Exchange

Shares listed on the WSE may be traded in a continuous price setting system or in the single-price auction system, depending on capitalisation and intensity of trading. In addition, there are two markets for shares: Basic and Parallel, the latter being for smaller, less liquid issuers. To be traded in a specific market and segment, certain non-statutory criteria must be met by the securities in addition to the statutory listing criteria. The Basic Market includes a Plus segment, and the Parallel Market includes a Prim segment. The Plus segment of the Basic Market represents the highest ranking market segment of the Warsaw Stock Exchange and is comprised of stocks of companies that agree to fulfil more stringent reporting, quality and disclosure requirements. Settlement of all transactions executed on the WSE is handled by the NDS, a joint stock company in which the WSE has a 33.3% stake (with the remaining shares held by the National Bank of Poland and the State Treasury of the Republic of Poland).

As of 2 April 2008, shares of 356 companies were listed on the WSE.

Prices for shares on the WSE are set in PLN.

15.2 Regulation of the Polish Securities Market

The Issuer intends to list the A Shares on the WSE and will therefore be subject to certain Polish laws and regulations, such as the Polish Public Offers Act, the Trading in Financial Investments Act and secondary regulations. Violation of obligations summarised below may be subject to civil, criminal and/or administrative sanctions.

15.3 Shareholders' disclosure obligations

The Polish Public Offerings Act provides for disclosure obligations when acquiring or selling shares in a public company. In accordance with Article 69 of the Polish Public Offerings Act an investor must, within four days from the date the appropriate entry was made on its securities account, notify the KNF and the company concerned (and the company concerned should reveal that information to the public through an information agency and the stock exchange) about:

(a) reaching or exceeding 5, 10, 20, 25, 33, 50 or 75 per cent of the total number of voting rights at the general shareholders' meeting of the company;

(b) selling shares owned by the investor so that they constitute less than 5, 10, 20, 25, 33, 50 or 75 per cent of the total number of voting rights at the general shareholders' meeting;

(c) a change in the number of shares currently owned by the investor by at least two per cent if it currently holds more than 10 per cent (but less than 33 per cent) of the voting rights at the general shareholders' meeting;

(d) a change in the number of shares currently owned by the investor by at least one per cent if it currently holds more than 33 per cent of the voting rights at the general shareholders' meeting.

The notification shall include information on the date and type of transaction resulting in the change in the number of shares held, the number of shares held prior to the transaction, the number of shares held after the transaction as well as information concerning further acquisitions or disposals of shares during the next 12 months, if the notification is made in connection with reaching or exceeding the 10% threshold.

15.4 Issuer's disclosure obligations

Once the A Shares are admitted to trading on the WSE, the Issuer will be required to comply with disclosure obligations regarding the publication of information under Polish law, including:

(a) the disclosure of inside information (e.g. any events that may substantially affect the price or the value of the A Shares); and

(b) publication of current and periodic information.

In respect of an issuer listed on the WSE, both inside information and current and periodic information should be disclosed to the KNF, the WSE and, after 20 minutes, to the public via the electronic reporting system in Poland (the ''ESPI system''). With regard to the information and data which the Issuer is obliged to publish in the form or current reports in accordance to Polish regulations, the Issuer provides such information simultaneously in Czech Republic and Poland.

The regulations set a number of other information duties on the Issuer, including, without limitation, a duty to draw up and maintain a list of persons with access to inside information, and a duty to disclose information on certain transactions effected by the Board. Additionally, under Article 10 of the Polish Public Offers Act, the Issuer is obliged to provide the KNF with information concerning the closing of the subscription of securities being subject to a public offer within 14 days following such closing.

In relation to companies whose securities are admitted to trading on the Basic Market (as defined above) of the WSE, the current periodic reports are published within the scope and at the same time as published in the other EU Member State where these securities are traded on a regulated market. Current reports must be published in English with a brief summary in Polish and periodic reports must be published in English together with a Polish translation of the basic numerical information detailing the Issuer's financial situation, set out in tabular form, namely the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity (excluding the notes attached thereto). As soon as possible, but not later than five days in the case of the current report and three weeks in the case of the periodic report, after the publication of the full English-language version, Polish investors should be provided with a full Polish-language version of the report.

15.5 Polish provisions on insider dealing and market manipulation.

15.5.1 *Insider trading*

The Trading in Financial Instruments Act defines ''insider information'' as specific information relating to, directly or indirectly, the issuer, financial instruments (including securities) or acquisition or disposal of such financial instruments, if such information has not been disclosed to the public and, if so disclosed, it could materially influence the price of such financial instruments (or the price of derivative rights arising from such financial instruments).

Subject to certain exceptions, the issuer is obliged to disclose the insider information promptly upon the occurrence of events or circumstances which require the disclosure, or upon becoming aware of such events or circumstances, but not later than within 24 hours. The issuer is also obliged to disclose such information on its website, except for personal data of any persons to whom such information refers.

Subject to certain exceptions, any individual who acquires insider information as a result of his position in a company's governing bodies or as the owner of a company's shares, or as a result of his employment in such company, or any other similar legal relationship, is prohibited by law from using or disclosing such information to third parties. The above also applies to individuals who illegally obtain insider information or obtain such information in another manner, but should have known that such information was insider information.

15.5.2 *Market manipulation*

The Trading in Financial Instruments Act forbids share price manipulation, defined by reference to a number of activities, including, without limitation, taking actions whose effect could be misleading as to the actual demand, supply or price of the shares in question or actions involving placing orders or executing transactions that cause an artificial fixing of the share price, unless the grounds on which such actions were effected are legitimate and such actions have not infringed the established market trading rules. Manipulation may also include disseminating false or inaccurate information that may mislead investors, as well as placing orders or executing transactions in order to profit from investors having been misled as to the price or value of the shares in question.

PART XIII

TAXATION

The following summary of material U.S. federal income, United Kingdom, Dutch, Czech Republic and Polish tax consequences of ownership of the A Shares is based upon laws, regulations decrees, rulings, tax treaties, administrative practice and judicial decisions in effect at the Publication Date. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the A Shares. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the A Shares. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of the A Shares, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the Publication Date, and of any actual changes in applicable tax laws after such date.

1. UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a general summary based on current law of the material U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the A Shares. The discussion is not a complete description of all tax considerations that may be relevant to investors and does not consider an investor's particular circumstances. It applies to U.S. holders (defined below) that purchase the Offer Shares, hold the A Shares as capital assets and use the U.S. dollar as functional currency. It does not address the tax treatment of investors subject to special rules, including but not limited to banks, other financial institutions, tax-exempt entities, insurance companies, dealers, traders in securities that elect to mark to market, real estate investment trusts, investors liable for alternative minimum tax, U.S. expatriates, investors that directly, indirectly or constructively own 10% or more of the A Shares, investors that have a permanent establishment in the Netherlands or Czech Republic or investors that hold the A Shares as part of a straddle, hedging, conversion or other integrated transaction or persons that received A Shares as compensation for the services. Additionally, this discussion does not address the U.S. federal estate and gift tax consequences of the acquisition, ownership and disposition of the A Shares.

The Issuer does not believe that it will be a passive foreign investment company (''PFIC'') for U.S. federal income tax purposes for the current taxable year or for any subsequent taxable years. Furthermore, the Issuer will use commercially reasonable efforts to conduct its operations so that it will not become a PFIC in its current taxable year or any subsequent tax years. The Issuer's status as a PFIC must be determined annually and therefore may be subject to change depending upon, among other things, changes in the activities or assets of the Issuer. If the Issuer were to become a PFIC for any taxable year, materially adverse consequences would result to U.S. holders (whether or not the Issuer continued to be a PFIC).

PURSUANT TO CIRCULAR 230, THE STATEMENTS ABOUT U.S. FEDERAL TAX CONSIDERATIONS ARE MADE TO SUPPORT THE MARKETING OF THE OFFER. ANY U.S. FEDERAL INCOME TAX ADVICE CONTAINED IN THIS PROSPECTUS AND THE STATEMENTS ABOUT U.S. FEDERAL TAX IN THIS PROSPECTUS ARE NOT INTENDED OR WRITTEN BY US TO BE USED, AND CANNOT BE USED BY ANY U.S. HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISER ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE OFFER UNDER THE LAWS OF UNITED STATES, CZECH REPUBLIC, THE NETHERLANDS, AND POLAND AND THEIR CONSTITUENT JURISDICTIONS, AND ANY OTHER JURISDICTIONS WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

This discussion is based on the Internal Revenue Code of 1986, as amended, United States Treasury Regulations, and judicial and administrative thereof, in each case as in effect and available on the date hereof. All the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

As used here, a ''U.S. holder'' means a beneficial owner of the A Shares that is for U.S. federal income tax purposes (i) an individual citizen or resident of the United States, (ii) a corporation or other business entity taxable as a corporation that is created or organised under the laws of the United States or its political subdivisions, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust subject to the primary supervision of a U.S. court and the control of one or more U.S. persons or that has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) that holds the A Shares will depend on the status of the partner and the activities of the partnership. Partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of the A Shares.

1.1 Taxation of Distributions

Distributions made to a U.S. holder on the A Shares will be treated as taxable dividends to the extent such distributions are paid out of the Issuer's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such dividends will be includable in a U.S. holder's gross income as ordinary income from foreign sources when the U.S. holder actually or constructively receives the dividend. The dividends will not be eligible for the dividends received deduction generally allowed to U.S. corporations or the preferential tax rate applicable to qualified dividend income received by individuals and certain other non-corporate persons. Thus U.S holders will therefore generally be subject to tax at ordinary income rates of up to 35% on such dividend. The amount includible in income will be the U.S. dollar value of the payment based on the exchange rate for the currency received (if the dividend is paid in a currency other than U.S. dollars) on the date the U.S. holder receives the dividend, regardless of whether the U.S. holder converts the payment into U.S. dollars at that time or at all. Any gain or loss recognised by a U.S. holder on a subsequent conversion of the currency received for U.S. dollars or other disposition generally will be treated as ordinary income or loss from U.S. sources.

To the extent that a distribution made to a U.S. holder exceeds the Issuer's current or accumulated earnings and profits, such distribution will be treated first as a tax free return of capital up to such U.S. holder's adjusted tax basis in the A Shares with respect to which the distribution is made, and then as a gain from the sale, exchange or other disposition of the A Shares, with the tax consequences described below. However, the Issuer does not intend to determine its earnings and profits under U.S. federal income tax principles, in which event a U.S. holder will be unable to establish that a distribution is not out of earnings and profits and will generally be required to treat the full amount of the distribution as a dividend.

Dividends received by a U.S. holder with respect to Shares will be treated as foreign source income, which may be relevant in calculating such holder's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, for taxable years beginning after 31 December 2006, the dividends should generally constitute ''passive category income'', or in the case of certain U.S. holders, ''general category income''.

Except as discussed herein and subject to certain conditions and limitations, generally income tax withheld by the Netherlands on dividends paid by the Issuer to a U.S. holder may be deducted from taxable income or credited against a U.S. holder's U.S. federal income tax liability. However, it is not clear under current law whether a U.S. holder will be allowed to claim a foreign tax credit with respect to the full amount of the withholding taxes imposed by the Netherlands on dividends paid by the Issuer. In general, upon making a distribution to shareholders, the Issuer is required to remit all amounts withheld as dividend withholding tax to the Dutch tax authorities and, in such circumstances, the full amount of the taxes so withheld would generally (subject to certain limitations and conditions) be eligible for the U.S. holder's foreign tax deduction or credit. Currently, the Issuer may, under certain conditions, with respect to dividends received from qualifying non-Dutch subsidiaries, credit taxes withheld from those dividends against the Netherlands' withholding tax imposed on a dividend paid by the Issuer up to a certain maximum amount. This credit reduces the amount of dividend withholding tax that the Issuer is required to pay to the Dutch taxing authorities but does not reduce the amount of tax the Issuer is required to withhold from dividends paid to U.S. holders. In these circumstances, it is possible that under U.S. federal income tax law the portion of taxes that the Issuer is not required to pay to the Netherlands' tax authorities with respect to dividends paid to U.S. holders would not qualify as a creditable tax for U.S. foreign tax credit purposes.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISERS REGARDING THE GENERAL CREDITABILITY OR DEDUCTIBILITY OF THE NETHERLANDS' WITHHOLDING TAXES IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

1.2 Taxation of Dispositions

When U.S. holders dispose of the A Shares, they will recognise gain or loss in an amount equal to the difference between the amount realised and their adjusted tax basis in the A Shares. Adjusted tax basis in a Share will generally be its U.S. dollar cost. The U.S. dollar cost of a Share purchased with foreign currency will generally be the U.S. dollar value of the purchase price paid in the Offer. The capital gain or loss generally will be from sources within the United States. The capital gain or loss will be long-term capital gain or loss if the U.S. holder has held the A Shares for at least one year. Deductions for capital losses are subject to limitations. Long-term capital gains recognised by certain non-corporate holders generally in tax years beginning before 31 December 2010 may qualify for a reduced rate of taxation of 15% or lower.

If a U.S. holder receives a currency other than U.S. dollars upon disposition of the A Shares, the U.S. holder will realise an amount equal to the U.S. dollar value of the currency received on the date of disposition or, if the A Shares are traded on an established securities market and the U.S. holder is a cash-basis or electing accrual basis taxpayer, the settlement date. The U.S. holder will have a tax basis in the currency received equal to the U.S. dollar amount realised. Gain or loss on a subsequent conversion or disposition of the currency received generally will be U.S. source ordinary income or loss.

1.3 Backup Withholding and Information Reporting

Dividends on the A Shares and proceeds from the sale or other disposition of the A Shares may be reported to the U.S. Internal Revenue Service (''IRS'') unless the U.S. holder is a corporation or otherwise establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the U.S. holder fails to provide an accurate taxpayer identification number or otherwise establish a basis for exemption. U.S. holders can claim a credit against their U.S. federal income tax liability for amounts withheld under the backup withholding rules, and amounts in excess of their liability are refundable if the required information is provided to the IRS.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

2. UNITED KINGDOM TAX CONSIDERATIONS

The comments below are of a general nature and are based on current UK law published H.M. Revenue & Customs practice and the current UK-Netherlands tax treaty, all of which are subject to change, possibly with retrospective effect. The summary only covers the principal UK tax consequences for the absolute beneficial owners of A Shares and any dividends paid in respect of them, in circumstances where the dividends paid are regarded for UK tax purposes as that person's own income (and not the income of some other person), who are resident (and, in the case of individuals only, ordinarily resident and domiciled) in the UK for tax purposes who are not resident in the Netherlands and who do not have a permanent established or fixed base in the Netherlands with which the holding of A Shares is effectively connected (''UK holders''). In addition, the summary (a) only addresses the tax consequences for UK holders who hold the A Shares as capital assets and does not address the tax consequences which may be relevant to certain other categories of UK holders, for example, dealers; (b) does not address the tax consequences for holders that are banks, financial institutions, insurance companies, collective investment schemes or persons connected with the Issuer; (c) assumes that the UK holder does not control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, 10% or more of the shares and/or voting power of the Issuer; (d) assumes that there will be no register in the UK in respect of the A Shares; (e) assumes that the A Shares will not be paired with shares issued by a company incorporated in the UK; and (f) assumes that the UK holder has not (and is not deemed to have) acquired the A Shares by virtue of an office or employment.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder. Potential investors should satisfy themselves as to the overall tax consequences, including, specifically, the consequences under UK law and H.M. Revenue & Customs practice, of the acquisition, ownership and disposition of A Shares in their own particular circumstances, by consulting their own professional tax advisers.

2.1 Taxation of Dividends

2.1.1 *Income Tax and Corporation Tax*

UK holders will, in general, be subject to income tax or corporation tax on the gross amount of any dividend paid, being the total of the dividends received on their A Shares plus any withholding tax deducted in the Netherlands.

2.1.2 *Withholding Tax and Tax Credits*

When the Issuer pays dividends it is generally required for Dutch tax purposes to withhold 15% of the gross amount of the dividend paid to UK holders and to account for that amount to the Dutch tax authorities. See PART XIII of this document entitled ''TAXATION—Netherlands Tax Considerations'' for further information. UK holders may be entitled to a credit against their UK tax liability on such amounts but any excess of such Dutch withholding tax over the UK tax payable on the aggregate amount of the dividend and the Dutch withholding tax is generally not refundable.

The Issuer is not required to make any deduction from payments of dividends for or on account of UK tax.

2.1.3 *Tax Liability for Individual UK Holders*

For an individual UK holder who is liable to UK tax on the dividend at the dividend ordinary rate (currently 10%), the credits for Dutch tax deducted at source will exceed their UK income tax liability in respect of the dividend and he or she will have no further UK tax to pay. For an individual UK holder who is liable to UK tax on the dividend at the dividend upper rate (currently 32.5%), the UK tax will be chargeable on the gross dividend with credit for Dutch tax deducted at source as described above.

The UK Budget 2007 (as confirmed by the UK Budget 2008) proposed that, subject to the enactment of legislation in the Finance Act 2008, with effect from 6 April 2008, the non-payable tax credit of one-ninth which applies to UK dividends paid to individuals will be extended to dividends from non-UK resident companies, subject to certain conditions. A person will qualify for the tax credit if they own less than a 10 per cent. shareholding in the non-UK resident company. Such a tax credit will discharge the liability to income tax in respect of dividends of an individual who is subject to income tax at the starting or basic rate only. After setting off the tax credit, a higher rate tax payer will be liable to additional income tax equal to 25 per cent. of the net dividend. The UK Budget 2008 proposed that, subject to the enactment of legislation in the Finance Act 2009, with effect from 6 April 2009, the non-payable tax credit of one-ninth will be extended to dividends from non-UK resident companies even where the individual owns a 10 per cent. or greater shareholding in the non-UK resident company provided certain conditions are satisfied. UK holders should note that these provisions may not be enacted or may be enacted in a different form to that set out above.

2.1.4 *Tax Liability for Corporate Shareholders*

A UK holder within the charge to UK corporation tax will be liable for UK corporation tax on the receipt of the gross dividend with credit for the Dutch tax deducted at source as described above.

2.1.5 *Provision of Information*

Persons in the United Kingdom paying ''foreign dividends'' to, or receiving ''foreign dividends'' on behalf of, an individual may be required to provide certain information to H.M. Revenue & Customs regarding the identity of the payee or the person entitled to the ''foreign dividend'' and, in certain circumstances, such information may be exchanged with tax authorities in other countries. Certain payments on or under the A Shares may constitute ''foreign dividends'' for this purpose.

2.2 Taxation of Capital Gains

The disposal or deemed disposal of the A Shares by a UK holder may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains, depending on the UK holder's circumstances and subject to any available exemption or relief.

For a UK holder within the charge to UK corporation tax, an indexation allowance on the acquisition cost of the A Shares may be available to reduce the amount of chargeable gain realised on a subsequent disposal.

For UK holders who are individuals it should be noted that under proposals announced in the 2007 Pre-Budget Report (and confirmed by the UK Budget 2008), subject to the enactment of legislation in the Finance Act 2008, taper relief is to be abolished in respect of gains arising on the disposal of shares or other assets after 5 April 2008. It is proposed that from 6 April 2008, taper relief will cease to apply and capital gains tax will apply to all gains on disposal at the flat rate of 18 per cent. subject to an effective 10 per cent. rate on certain qualifying gains up to a lifetime limit of £1m per individual. UK holders should note that these proposals may not be enacted or may be enacted in a different form to that set out above.

In addition, UK holders who are individuals and who dispose of their A Shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident or ordinarily resident in the UK.

2.3 Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty will be payable on the issue of the A Shares. The written transfer on sale of the A Shares could give rise to a liability to UK stamp duty at the rate of 0.5% of the amount or value of the consideration given for the sale. However, assuming that no document effecting a transfer of A Shares is either (i) executed in the UK or (ii) relates to any property situate, or to any matter or thing done or to be done, in the UK (the term ''matter or thing'' is very wide and may include the involvement of UK bank accounts in payment mechanics), then no UK ad valorem stamp duty should be payable on such a document.

No UK stamp duty reserve tax will be payable on the issue of, or any agreement to, transfer the A Shares.

No UK stamp duty will be payable on the issue of DIs. Provided no consideration is given in connection with the deposit of A Shares to the Depository, UK stamp duty at the fixed rate of £5 per transfer should apply with respect to each deposit (regardless of number of shares) on the deposit of A Shares with the Depository in order that DIs are issued. It is proposed that, subject to the enactment of legislation in the Finance Act 2008, this fixed rate duty of £5 will be abolished for transfers executed after 12 March 2008. No UK stamp duty shall be payable on a transfer of DIs, whilst they remain in uncertificated form and are transferred electronically within CREST.

An agreement to sell or transfer a DI should not be liable to UK stamp duty reserve tax provided the A Shares remain listed on a recognised stock exchange for UK tax purposes (which includes the London Stock Exchange), no register of the A Shares is kept in the UK and the Issuer is not centrally managed and controlled in the UK.

3. NETHERLANDS TAX CONSIDERATIONS

The following is intended as general information only and it does not purport to present any comprehensive or complete description of all aspects of Dutch tax laws which could be of relevance to a holder of the A Shares. Prospective holders of the A Shares should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of the A Shares.

The following summary is based on the Dutch tax laws as applied and interpreted by Dutch tax courts and as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands, includes the Tax Regulation for the Kingdom of the Netherlands (Belastingregeling voor het Koninkrijk).

3.1 Withholding Tax

A holder of the A Shares is generally subject to Dutch dividend withholding tax at a rate of 15 percent on dividends distributed by the Issuer. Generally, the Issuer is responsible for the withholding of such dividend withholding tax at source; the dividend withholding tax is for the account of the holder of the A Shares.

Dividends distributed by the Issuer include, but are not limited to:

(i) distributions of profits in cash or in kind, whatever they be named or in whatever form;

(ii) proceeds from the liquidation of the Issuer, or proceeds from the repurchase of the A Shares by the Issuer, in excess of the average paid-in capital recognised for Dutch dividend withholding tax purposes;

(iii) the par value of shares issued to a holder of the A Shares or an increase in the par value of the A Shares, to the extent that no contribution, recognised for Dutch dividend withholding tax purposes, has been made or will be made; and

(iv) partial repayment of paid-in capital, that is

- not recognised for Dutch dividend withholding tax purposes, or
- recognised for Dutch dividend withholding tax purposes, to the extent that the Issuer has net profits (*zuivere winst*), unless

  (a) the general meeting of holders of the A Shares has resolved in advance to make such repayment, and

  (b) the par value of the A Shares concerned has been reduced with an equal amount by way of an amendment to the Articles of Association.

Notwithstanding the above, no withholding is required in the event of a repurchase of the A Shares, if certain conditions are fulfilled.

Furthermore, subject to certain exceptions under Dutch domestic law, the Issuer may not be required to transfer to the Dutch tax authorities the full amount of Dutch dividend withholding tax withheld in respect of dividends distributed by the Issuer, if the Issuer has received a profit distribution from a qualifying foreign subsidiary, which distribution is exempt from Dutch corporate income tax and has been subject to a foreign withholding tax of at least 5 percent. The amount that does not have to be transferred to the Dutch tax authorities can generally not exceed the lesser of (i) 3 percent of the dividends distributed by the Issuer and (ii) 3 percent of the profit distributions the Issuer received from qualifying foreign subsidiaries in the calendar year in which the Issuer distributes the dividends (up to the moment of such dividend distribution) and the two previous calendar years; further limitations and conditions apply.

If a holder of the A Shares is subject to Dutch corporate income tax and is entitled to the participation exemption in relation to the benefits derived from it's A Shares and such A Shares are attributable to an enterprise carried out in the Netherlands, such holder of A Shares will generally be entitled to an exemption from or a full refund of Dutch dividend withholding tax on dividends distributed by the Issuer.

If a holder of A Shares:

(i) takes one of the forms listed in Directive 90/435/EEC (''Parent-Subsidiary Directive''); and

(ii) owns, or a related entity (*verbonden lichaam*) owns, shares representing 5 percent or more of the total issued and outstanding capital of the Issuer, or under certain conditions has 5 percent of the voting power in the Issuer; and

(iii) is resident in another member state of the European Union according to the tax laws of that member state and, under the terms of a double taxation agreement concluded by that member state with a third state, is not considered to be resident for tax purposes outside the European Union; and

(iv) is subject, without the possibility of an option or of being exempt, to a tax listed in article 2 of the Parent-Subsidiary Directive;

such holder of A Shares will generally be eligible for an exemption from or full refund of Dutch dividend withholding tax on dividends distributed by the Issuer. If a holder of A Shares does not meet the requirement under (ii) above, the holder of A Shares may nevertheless be entitled to the exemption or refund described above, if such holder of A Shares meets all the other requirements and:

(i) has owned 5 percent or more of the total issued and outstanding capital of the Issuer for an uninterrupted period of one year; and

(ii) the dividend is distributed by the Issuer within three years after the end of this period.

If a holder of the A Shares is resident or deemed to be resident in the Netherlands or, in case of an individual, has opted to be treated as if resident in Netherlands, such holder of the A Shares is generally entitled to a full credit for any Dutch dividend withholding tax against his Dutch (corporate) income tax liability and to a refund of any residual Dutch dividend withholding tax.

If a holder of the A Shares is resident in country other than the Netherlands, such holder of the A Shares may, pursuant to the provisions of an applicable treaty for the avoidance of double taxation between the Netherlands and such country or pursuant to Dutch domestic law, be entitled to an exemption from, reduction in or refund of, Dutch dividend withholding tax on dividends distributed by the Issuer.

According to Dutch domestic anti-dividend stripping rules, no credit against Dutch (corporate) income tax, exemption from, reduction in or refund of, Dutch dividend withholding tax will be granted if the recipient of the dividend paid by the Issuer is not considered to be the beneficial owner (*uiteindelijk gerechtigde*) of such dividends as meant in these rules.

3.2 Taxes on income and capital gains

This section does not purport to describe the possible Dutch tax considerations or consequences that may be relevant to a holder of the A Shares:

(i) who receives A Shares or has received A Shares or benefits from the A Shares as income from employment or deemed employment or otherwise as compensation;

(ii) that is an entity that is not subject to Dutch corporate income tax or is in full or in part exempt from Dutch corporate income tax (such as pension funds);

(iii) that is an investment institution (*beleggingsinstelling*) as defined in the Dutch 1969 Corporate Income Tax Act (''CITA''); or

(iv) which is entitled to the participation exemption (*deelnemingsvrijstelling*) with respect to the A Shares as defined in article 13, CITA.

3.3 Residents in the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following holders of the A Shares:

(i) individuals who are resident or deemed to be resident in the Netherlands for purposes of Dutch income tax;

(ii) individuals who opt to be treated as if resident in the Netherlands for purposes of Dutch income tax ((i) and (ii) jointly ''Dutch Individuals''); and

(iii) entities that are resident or deemed to be resident in the Netherlands for the purposes of the CITA (''Dutch Corporate Entities'').

3.4 Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Dutch Individuals are generally subject to income tax at statutory progressive rates with a maximum of 52 percent with respect to any benefits derived or deemed to be derived from Dutch Enterprise Shares (as defined below), including any capital gains realised on the disposal thereof.

Dutch Enterprise Shares are shares or any right to derive benefits from shares:

(a) which are attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder); or

(b) of which the benefits are taxable in the hands of a Dutch Individual as benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) including, without limitation, activities which are beyond the scope of active portfolio investment activities.

3.5 Dutch Individuals having a (fictitious) substantial interest

Dutch Individuals are generally subject to income tax at statutory rates of 25 percent with respect to any benefits derived or deemed to be derived from the A Shares, excluding Dutch Enterprise Shares, (including any capital gains realised on the disposal thereof) that are attributable to a (fictitious) substantial interest (such shares being ''Substantial Interest Shares'').

Generally, a holder of the A Shares has a substantial interest (*aanmerkelijk belang*) in the Issuer if such holder of the A Shares, alone or together with his partner, directly or indirectly:

(i) owns, or holds certain rights on, the shares in the Issuer representing five percent or more of the total issued and outstanding capital of the Issuer, or of the issued and outstanding capital of any class of the shares of the Issuer;

(ii) holds rights to acquire the shares in the Issuer, whether or not already issued, representing five percent or more of the total issued and outstanding capital of the Issuer, or of the issued and outstanding capital of any class of shares of the Issuer; or

(iii) owns, or holds certain rights on, profit participating certificates that relate to five percent or more of the annual profit of the Issuer or to five percent or more of the liquidation proceeds of the Issuer.

A holder of the A Shares will also have a substantial interest if his partner or one of certain relatives of the holder of the A Shares or of his partner has a (fictitious) substantial interest.

Generally, a holder of the A Shares has a fictitious substantial interest (*fictief aanmerkelijk belang*) in the Issuer if, without having an actual substantial interest in the Issuer:

(i) an enterprise has been contributed to the Issuer in exchange for the A Shares on an elective non-recognition basis;

(ii) the A Shares have been obtained under inheritance law or matrimonial law, on a non-recognition basis, while the disposing holder of the A Shares had a substantial interest in the Issuer;

(iii) the A Shares have been acquired pursuant to a share merger, legal merger or legal demerger, on an elective non-recognition basis, while the holder of the A Shares prior to this transaction had a substantial interest in the Issuer that was party thereto; or

(iv) the A Shares held by the holder of the A Shares, prior to dilution, qualified as a substantial interest and, by election, no gain was recognised upon dequalification of these A Shares.

3.6 Dutch Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities or having a (fictitious) substantial interest

Generally, a Dutch Individual who owns the A Shares, excluding Dutch Enterprise Shares and Substantial Interest Shares, will be subject annually to an income tax imposed on a fictitious yield on such A Shares under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realised, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under this regime, including the A Shares, is set at a fixed amount. The fixed amount equals 4 percent of the average fair market value of the assets reduced by the liabilities measured, in general, at the beginning and end of every calendar year. The tax rate under the regime for savings and investments is a flat rate of 30 percent.

3.7 Dutch Corporate Entities

Dutch Corporate Entities are generally subject to corporate income tax at statutory rates up to 25.5 percent with respect to any benefits derived or deemed to be derived (including any capital gains realised on the disposal) of the A Shares.

3.8 Non-residents in the Netherlands

A holder of the A Shares that is not resident or deemed to be resident in the Netherlands or, in case of an individual, has not opted to be treated as if resident in the Netherlands, will not be subject to any

Dutch taxes on income or capital gains with respect to the ownership and disposal of the A Shares, other than dividend withholding tax as described above, except if:

(i) the holder of the A Shares derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a holder of the A Shares, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the A Shares are attributable;

(ii) the holder of the A Shares is an individual and derives benefits from miscellaneous activities (resultaat uit overige werkzaamheden) carried out in the Netherlands in respect of the A Shares, including, without limitation, activities which are beyond the scope of active portfolio investment activities;

(iii) the holder of the A Shares is entitled other than by way of the holding of securities to a share in the profits of an enterprise effectively managed in the Netherlands to which the A Shares are attributable; or

(iv) the holder of the A Shares has a (fictitious) substantial interest in the Issuer and the Substantial Interest Shares are not attributable to the assets of an enterprise.

3.9 Gift Tax and Inheritance Tax

No Dutch gift tax or inheritance tax is due in respect of any gift of the A Shares by, or inheritance of the A Shares on the death of, a holder of the A Shares, except if:

(i) the holder of the A Shares is a resident or is deemed to be a resident of the Netherlands;

(ii) at the time of the gift or the death of the holder of the A Shares, his shares are attributable to an enterprise (or an interest in an enterprise) which is, in whole or in part, carried on through a permanent establishment or permanent representative in the Netherlands;

(iii) the A Shares are acquired by way of a gift from a holder of A Shares who passes away within 180 days after the date of the gift and who is not and is not deemed to be at the time of the gift, but is, or is deemed to be at the time of his death, a resident of the Netherlands; or

(iv) the holder of A Shares is entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise the A Shares are attributable.

For purposes of Dutch gift or inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of the Netherlands if he has been a resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, an individual, irrespective of his nationality, will be deemed to be a resident of the Netherlands if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

3.10 Other Taxes and Duties

No other Dutch taxes and duties (including capital tax and stamp duty) are due by or on behalf of a holder of the A Shares in respect of or in connection with the purchase, ownership and disposal of the A Shares.

4. CZECH REPUBLIC TAX CONSIDERATIONS

4.1 General

The summary below is general, based on the current laws of the Czech Republic and practice of the Czech authorities at the Publication Date and does not purport to be a complete summary of applicable Czech law. It is intended only as a general informative guide and is not, nor should it be considered to be, legal or tax advice to any particular Czech Holder (as defined below).

Accordingly, potential investors should satisfy themselves as to the overall tax consequences, including, specifically, the consequences under Czech law and practice of the Czech authorities of the acquisition, ownership and disposal of the shares in their own particular circumstances, by consulting their own tax advisers.

Except as otherwise stated, the following summary only discusses certain Czech tax consequences of holding the shares for the beneficial owners of the shares who satisfy all of the following conditions: (i) are resident in the Czech Republic for tax purposes; (ii) are not resident in the Netherlands for tax purposes; and (iii) do not have a permanent establishment or fixed base outside of the Czech Republic with which the holding of the shares is connected (''Czech Holders'').

In addition, the summary assumes that a Czech Holder does not either directly or indirectly control 10% or more of all votes or registered capital of the Issuer and is not deemed to have a substantial or significant influence over the Issuer due to other reasons. Also, it is assumed that a Czech Holder is not a pension fund.

4.2 Withholding Tax on Dividends

As discussed in PART XIII of this document entitled ''TAXATION—Netherlands Tax Considerations—Withholding Tax'', under current Dutch law, dividends distributed by the Issuer to holders of A Shares are subject to 15% Dutch withholding tax. Based on the 1974 Income and Capital Tax Convention between the Netherlands and the Czech Republic, as amended (the ''Convention''), Dutch withholding tax on the dividends distributed to Czech Holders should generally be reduced to 10%.

Corporate Czech Holders will have to include the gross amount of dividends in a separate tax base for income tax purposes which is subject to a 15% tax rate.

Since the 2008 taxable period, individual Czech Holders will have to include any dividends in the common income tax base which will be subject to 15% in 2008 and 12.5% tax rate in 2009.

The tax withheld in the Netherlands may generally be credited by the Czech Holder against this Czech tax liability, subject to the conditions stipulated by the Convention and the Czech tax law.

4.3 Taxes On Income And Capital Gains

Capital gains realised by corporate Czech Holders upon the sale of shares will be subject to Czech corporate income tax.

Potential losses realised by corporate Czech Holders upon the sale of shares which were revalued to fair value for accounting purposes should generally be considered as tax deductible, assuming the general deductibility conditions are met.

Most Czech Holders who are subject to Czech accounting standards for entrepreneurs (i.e., most companies other than financial institutions and certain individuals engaged in active business) are obliged to revalue the shares to market value for accounting purposes with certain exceptions (such as shares representing a majority shareholding). The revaluation is a balance sheet operation only, except for shares held for trading where the revaluation differences are accounted for as income or expense. The tax base should not be generally adjusted for revaluation differences booked for accounting purposes.

Irrespective of whether a Czech Holder is required to keep the accounting books according to International Financial Reporting Standards or not, the above-mentioned tax consequences should remain the same as the current Czech tax law requires that the impact of IFRS on the tax base of the taxpayers is eliminated.

A new amendment to Czech tax law sets further conditions on the exemption of the sale of shares acquired as of 1 January 2008. Besides exceeding the holding period of six months, the individual Czech Holder must not have more than 5% of registered capital and of voting rights for an uninterrupted period of at least 24 months preceding the sale of shares and the shares are traded on capital market. However, if these conditions are not met, the income from the sale of shares is tax-exempt after exceeding a holding period of five years.

In the case of individuals holding shares in connection with their business activities who are subject to Czech accounting standards for entrepreneurs, a loss is generally considered as tax deductible under the same conditions as would apply to a company.

4.4 Securing Tax

Czech law requires Czech tax residents and Czech tax non-residents having a permanent establishment in the Czech Republic to which the shares are attributable to withhold a 1% securing tax from the purchase price when purchasing investment instruments, such as the shares, from a Czech tax non-resident who is tax resident outside the European Union and the EEA. A double taxation treaty concluded by the Czech Republic could eliminate such securing tax if such treaty is applicable.

4.5 Other Taxes and Duties

No Czech capital tax and/or stamp duty are due by or on behalf of a holder of shares in respect of or in connection with the purchase, ownership and disposal of the shares.

5. POLISH TAX CONSIDERATIONS

5.1 General

This summary does not constitute an in-depth discussion of all tax issues in Poland that could be material when deciding to acquire, hold or sell the A Shares. Potential investors should consult a professional tax advisor regarding the tax implications of acquiring, holding or selling the A Shares in the country and/or state in which it is a citizen, in which it has its registered office or in which it is resident.

This information has been drawn up on the basis of tax law, treaties on the avoidance of double taxation, rules, regulations and similar documents applicable as at the date of this document. This does not reduce the significance of any amendments introduced at a later date, including those with retroactive effect.

5.2 Taxation in Poland of individuals that are Polish tax residents

Individuals that have their place of residence on the territory of Poland are generally liable to personal income tax on their worldwide income regardless of where the revenue sources are located (with double tax relief if available under a tax treaty for certain foreign-source income). Individuals that do not have their place of residence on the territory of Poland only pay personal income tax on income earned in Poland.

Residency in Poland arises if a natural person has his/her centre of vital interests in Poland (being such person's close personal and economic relations) or if such person is physically present in Poland for a period longer than 183 days within a fiscal year.

5.3 Taxation of capital gains earned by Polish tax residents

According to article 30b.1 of the Polish Personal Income Tax Act, income tax on income from selling shares in Poland is 19% of the income earned. Income earned from selling shares is generally calculated as the difference between the sale price and the acquisition costs. Under the Polish-Netherlands double tax treaty provisions, income earned by a Polish individual from the sale of shares in a Dutch company, in general, should only be taxable in Poland. This does not affect the right of the Netherlands to tax income from the sale of shares in a Dutch company, derived by a Polish-resident individual who has been a Dutch resident within the last ten years preceding the sale of shares (for assessment of additional liabilities on alienation of shares after migration out of the Netherlands, the above is applicable on outstanding tax liabilities).

If the sale price of shares differs materially from market value without good reason, the Polish tax authorities have the right to adjust the income declared to market level. At the end of the calendar year taxpayers who earned income from selling shares are obliged to disclose this income in a separate annual tax return and calculate the tax due. These rules do not, however, apply if the shares were sold as part of the business activity carried out by the taxpayer: in this case income earned is taxed as income from business activity.

5.4 Taxation of dividends earned by Polish individual shareholders

According to article 30a.1.4 of the Polish Personal Income Tax Act, income tax is payable on dividends received and other revenue from a share in profits of a Dutch company in the case of persons having unlimited tax liability. Such income (revenue) is taxed at the 19% flat rate. Dividends distributed by a Dutch company to a Polish individual shareholder are subject to withholding tax in the Netherlands at a rate of 15% (this is equal to the Polish-Netherlands tax treaty rate). Tax on such income paid in the Netherlands can be credited against personal income tax due in Poland. Income from dividends and the amount of foreign tax that can be credited should be disclosed in an annual tax return filed by 30 April of the following year.

5.5 Taxation in Poland of legal entities that are Polish tax residents

Legal entities, companies under formation and other organisational units without legal personality (with the exception of certain types of company without legal personality, e.g. partnerships) which have their registered office or place of management in Poland are subject to corporate income tax on their worldwide income regardless of where it is earned (however double tax treaties apply). Entities (including foreign companies without legal personality if, according to tax law provisions in their home state, they are treated as legal entities and pay tax in these states on their worldwide income regardless of where it is earned) whose registered offices are not in Poland are only subject to Polish corporate income tax on profit earned within the territory of Poland (Polish-source income).

5.6 Taxation of capital gains by legal entities that are Polish tax residents for corporate income tax purposes

Income earned by Polish legal entities from selling shares is subject to corporate income tax in Poland on general rules. Income from selling shares is generally calculated as the difference between the sale price and the acquisition cost. Acquisition costs become tax-deductible as late as at the moment of sale. If the sale price differs materially from market value without good reason, the tax authorities may adjust the income declared to market level. Income from the sale of shares increases the tax base to which, in accordance with the Polish Corporate Income Tax Act, the regular income tax at the rate of 19% is applicable. Under the Polish-Netherlands double tax treaty provisions, income earned by Polish tax residents, who have not been tax resident in the Netherlands in the ten years preceding the sale, from the sale of shares in a Dutch company, in general, should only be taxable in Poland.

5.7 Taxation of dividends earned by Polish company

According to the general principle provided for by the article 20.1 of the Polish Corporate Income Tax Act, income from foreign sources, including dividends and other similar revenue from a share in profits of a Dutch company derived by entities which are resident in Poland are taxed at the 19% corporate income tax rate. Pursuant to the Polish-Netherlands double tax treaty, dividends paid by a Dutch company to a Polish company (other than a partnership), which holds directly at least 10% share in the Dutch company's capital, could be subject to withholding tax in the Netherlands at the maximum rate of 5%, provided that the Polish company is the beneficial owner of the dividend. Otherwise, the payout might be subject to 15% withholding tax. Under the treaty for the avoidance of double taxation concluded by the Netherlands and Poland tax paid on such income in the Netherlands can be credited against tax payable in Poland. The amount of foreign tax credited cannot, however, exceed the proportional part of the tax on such income that would be payable under Polish provisions.

However, according to article 20.3 of the Polish Corporate Income Tax Act, if a Polish company holds at least 15%, and from 2009—10% of shares or stock in a Dutch company subject to tax on its worldwide income in an EU Member State other than Poland and the shares are held for an uninterrupted period of at least 2 years, the dividend income would be tax exempt in Poland (no tax credit available in such a case for withholding tax paid in the Netherlands—if any).

5.8 Civil transactions tax

Civil transactions tax is not payable on the sale of financial instruments to investment firms and the sale of securities through investment firms, as well as on sale of financial instruments within organized trade within the meaning defined in the Polish Act on Trading in Financial Instruments. Sale of shares in a Dutch company, otherwise than described in the preceding sentence, will be subject to civil transactions tax in Poland if the following conditions are met: (i) the purchasing party has its registered office in Poland or is a Polish resident, and (ii) the transaction is executed within the territory of Poland.

The tax rate to be applied in case of a sale of shares is 1%. The tax liability arises on the date of the conclusion of the transaction. The tax shall be borne by the purchasing party and is payable to the relevant tax office within 14 days from the date of the conclusion of the transaction. In the case of transactions performed in the form of a notarial deed, the tax is collected by a notary (who acts as remitter). The taxable base shall be determined at the level of the fair market value of shares.

5.9 Inheritance and donation tax

Only natural persons may be taxpayers of inheritance and donation tax in Poland, which means that legal entities, which receive assets free of charge, are subject to general rules stipulated in Polish corporate Income Tax Act. Both residents and non-residents (individuals) in Poland are subject to inheritance and donation tax, however non-residents are subject to this tax only on assets located in Poland.

Inheritance and donation tax is generally payable on acquisitions of, *inter alia*, property rights executed in Poland (e.g. shares in a Polish company). Acquisition of assets located outside Poland and property rights performed outside Poland (e.g. shares in a Dutch company) is subject to inheritance and donation tax only when the beneficiary has Polish Citizenship, or has in Poland a permanent abode.

The tax basis shall be the fair market value of the shares (as on the day, when tax liability has arisen). if the declared value differs significantly from market value without good reason, the Polisy tax authorities have the right to adjust the value declared to market level.

The leval of tax rate depends on relations between deceased or donor and the beneficiary. There are 3 groups of relations defined in Polish inheritance and donation tax act—first group includes close relatives, second group—indirect relatives, third group includes other persons (the highest rates of tax). Tax rates start from 3% (in case of donations or inheritances within close family) up to 20%. In case of close family (first group) it is possible to apply tax relief and avoid paying tax—however some formal requirements have to be fulfilled.

Tax point arises when the heritage is accepted by the beneficiary or, in case of donations, when the donor makes his statement (if the statement is performed in a form of notarial deed) or when the promise of a donor is fulfilled (when the statement is in another form).

In case of transactions not performed in the form of noterial deed, taxpayers are obliged to submit tax returns within 1 month from the date of the tax point, upon which the tax authorities state the amount of tax to be paid. If the transaction is performed as a notarial deed, the notary acts as remitter and collects the tax.

PART XIV

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements Related to the Restructuring

In connection with the Restructuring, the Issuer entered into a conversion agreement and certain of its subsidiaries entered into dominance agreements. In contemplation of the Offer and as part of amending contractual arrangements between the Issuer and RPGI to provide for the independence of the Issuer, in accordance with the practice of other public companies, the Issuer, RPGI and certain affiliates have taken the steps described below under the headings ''Conversion Agreement'' and ''Dominance Agreements and Sale of RPGICZ.''

Cross-Guarantee

In connection with the Restructuring, and pursuant to Czech law, OKD, Doprava, DPB, RPG Trading, RPG RE Land, RPG Commercial and RPG Byty a.s. the successor entities of Former OKD are subject to a statutory cross-guarantee. The statutory cross-guarantee was given by each successor entity in relation to the liabilities of the demerged entity (Former OKD) that were assumed by each successor entity on the date of the demerger. The cross-guarantee of each successor entity is limited to the value of the net assets of the guarantor as at the effective date of the demerger. See PART XV of this document entitled ''THE RESTRUCTURING AND THE RECAPITALISATION—The Recapitalisation'' for further details.

Similar statutory cross-guarantees have arisen as a result of the spin-off of OKK into a new subsidiary of NWR Coking, a.s., a wholly-owned subsidiary of the Issuer.

Conversion Agreement

On 21 November 2006, the Issuer, OKD, RPGI and RPGICZ entered into a Conversion Agreement (the ''Conversion Agreement'') relating to the Senior Facilities Agreement. Under the Conversion Agreement, the Issuer, RPGI and RPGICZ provided certain assurances to OKD with respect to ensuring that the guarantors under the Senior Facilities Agreement comply with their obligations. The Issuer, RPGI and RPGICZ also provided certain assurances to OKD that, to the extent any of the guarantors under the Senior Facilities Agreement seek recourse against OKD in respect of any payment made by such guarantor to the lenders in relation to the Senior Facilities Agreement, such recourse claim would be capitalised into the equity of OKD in exchange for shares of OKD. With effect from 31 December 2007, the Issuer, OKD, RPGI and RPGICZ amended the Conversion Agreement to remove RPGI and RPGICZ as parties to the Conversion Agreement.

In June 2007, the Issuer, in its capacity as a guarantor under the Senior Facilities Agreement, applied EUR 150 million from the proceeds of the offering of Senior Notes to prepay Facility 1 under the Senior Secured Facilities. The resulting claim against OKD for EUR 150 million was capitalised into the equity of OKD in exchange for shares of OKD in September 2007.

Whilst RPG Trading, an affiliate of RPGI, was a guarantor under the Senior Facilities Agreement it sold all of its shares in its wholly owned subsidiary Metalimex. Part of the sales proceeds and certain distributions from Metalimex (approximately CZK 103 million (approximately EUR 3.7 million) were used to prepay outstanding amounts owed by both OKD and the Issuer under Facility 3 of the Senior Facilities Agreement.

Upon making the last of the pre-payments, RPG Trading ceased to be a guarantor under the Senior Facilities Agreement.

On 3 December 2007, the Issuer, RPG Trading, RPGI and OKD entered into a crystallisation agreement (the ''Crystallisation Agreement'') pursuant to which RPG Trading exchanged its recourse claims against OKD and the Issuer that had arisen as a consequence of the pre-payments for demand notes with an aggregate face value equal to the amount owed by the Issuer and OKD from OKD and the Issuer (the ''Demand Notes''). RPG Trading then sold the Demand Notes to RPGI in exchange for a demand note. RPGI subsequently contributed the Demand Notes to the Issuer in exchange for shares of the Issuer. In turn, the Issuer capitalised the Demand Note from OKD into the equity of OKD in exchange for shares of OKD pursuant to the Conversion Agreement.

Dominance Agreements and Sale of RPGICZ

There were four dominance agreements (each, a ''Dominance Agreement'' and together, the ''Dominance Agreements'') in effect within Former OKD Group, three of which are between RPGICZ (as controlling party) and each of DPB and Doprava (each as a controlled party) and one of which is between OKD (as controlling party) and OKK (as controlled party). The powers provided under the Dominance Agreements for RPGICZ were actively exercised during the Restructuring transactions.

To maintain consistent strategic management during the times when Former OKD Group structure was in transition, the Dominance Agreements were established so that RPGICZ could control certain members of Former OKD Group. 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 is required to compensate the controlled party for any loss arising in the annual financial results of the controlled party.

The Dominance Agreement between RPGICZ and OKD was terminated with effect from 31 December 2007. In addition, on 22 November 2007 RPGI purchased RPGICZ (along with a loan made by the Issuer to RPGICZ amounting in aggregate to CZK 136 million (approximately EUR 5.1 million) for EUR 1. (See PART XV of this document entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Agreements Relating to the Restructuring—Loan Agreements'').

Loan Agreements

In connection with the Restructuring, pursuant to certain loan agreements, the Issuer provided two loans to RPGICZ whilst it was its subsidiary in an aggregate amount of CZK 136 million for general corporate purposes. In compliance with the laws of the Czech Republic, the interest rate on the principal amount of each of the loans was determined by a court-appointed appraiser at a rate of 12-months PRIBOR + 1.5% per annum. The loans were drawn down in two tranches on 20 September 2006 and 18 October 2006. The interest accrued on the loans is payable at the time of the repayment of the principal amounts of such loans. The loans were repayable upon the Issuer's request. These loans were sold to RPGI for the amount of EUR 1 at the same time the Issuer sold RPGICZ to RPGI.

For a more detailed discussion of the Restructuring, see PART XV of this document entitled ''THE RESTRUCTURING AND THE RECAPITALISATION—The Restructuring.''

Arrangements Related to the Share Structure of the Issuer

Divisional Policy Statements

Upon the establishment of the Divisions, which resolution has been approved by the Issuer's general meeting of shareholders, the Board adopted various policies governing the relationship between the Divisions, as set out in the Divisional Policy Statements. The Divisional Policy Statements provide a standard for the duties and responsibilities of the board of the Issuer and the various other layers of management within the Group in relation to the management of the Assets of the Real Estate Division and the interaction between the Divisions, including, amongst other matters, the establishment of the Real Estate Committee, the allocation of corporate opportunities and corporate overheads and the sharing of tax payments and benefits between the Divisions.

For a more detailed description of the policies set out in the Divisional Policy Statements, see PART IX-B of this document entitled ''THE RELATIONSHIP BETWEEN THE MINING DIVISION AND THE REAL ESTATE DIVISION.''

Agreements with Indirect Shareholders and Certain of Their Affiliates

Master Advisory and Services Agreement

On 28 March 2007, the Issuer entered into a Master Advisory and Services Agreement, as amended on 27 July 2007 (the ''Master Advisory and Services Agreement'') with RPGA, a Czech-based direct subsidiary of RPGP, in respect of the provision of certain advisory services by RPGA to the Issuer effective as of 1 September 2006. Under the Master Advisory and Services Agreement, RPGA (or any subcontractors engaged by RPGA in its sole discretion) shall provide the Issuer with certain non-exclusive advisory services, including services in connection with the acquisition and divestiture of assets, the entry into joint venture arrangements, corporate finance matters and market research initiatives within Central Europe, including the Czech Republic. The advisory fees to be paid by the

Issuer to RPGA, as well as the types of services to be provided by RPGA or its subcontractors, shall be set out in supplemental agreements entered into by the Issuer and RPGA for each project or transaction. The Issuer has to reimburse RPGA for all expenses incurred by RPGA in connection with the provision of advisory services. The Issuer indemnifies RPGA (and its members, employees or shareholders) for any loss suffered in connection with the provision of services under the Master Advisory and Services Agreement. The Master Advisory and Services Agreement may be terminated, with or without cause, by either party giving prior written notice to the other party; provided, that if the Master Advisory and Services Agreement is terminated for any reason other than a material breach, the notice period is one month. The Master Advisory and Services Agreement includes a one-year post-termination confidentiality clause.

Technical Consulting Agreement

On 15 August 2006, the Issuer entered into a Technical Consulting Agreement with AMCI (the ''Technical Consulting Agreement'') in respect of the provision of certain advisory services by AMCI to the Issuer effective as of 1 January 2006. Under the Technical Consulting Agreement, the Issuer agreed to pay AMCI an annual advisory fee of USD 200,000 in semi-annual payments (commencing for the period July—December 2006) in exchange for certain non-exclusive consulting, advisory and management services relating to the Issuer's coal mining and coke production activities. In addition, upon execution of the Technical Consulting Agreement, the Issuer paid AMCI a signing fee of USD 100,000. The Technical Consulting Agreement provides that AMCI will advise the Issuer in connection with (i) the identification and evaluation of coal and energy acquisition projects outside of the Czech Republic; (ii) the marketing and sale of coke and coal outside of the Czech Republic; (iii) budgeting and business planning, including coal price forecasting, cost assessment and benchmarking; and (iv) technical and production matters. In addition, the Issuer shall reimburse AMCI for all of its reasonable out-of-pocket expenses payable annually. The Technical Consulting Agreement may be terminated, with or without cause, by either party giving prior written notice to the other party; provided, that in the event the Technical Consulting Agreement is terminated for any reason other than a material breach, the notice period is three months. The Technical Consulting Agreement includes a one-year post-termination confidentiality clause.

RPGA Advisory and Service Agreement

On 29 September 2006, OKD entered into the ''RPGA Advisory Agreement'' with RPGA for the provision of certain advisory services by RPGA to OKD with effect from 1 October 2006. Under the RPGA Advisory Agreement, RPGA (or any subcontractors engaged by RPGA with the consent of OKD) is to provide OKD with certain non-exclusive advisory services, including in connection with the realization of strategic projects, any initial public offering, financing and refinancing, services in connection with the Restructuring, acquisition and divestiture of OKD assets and corporate finance and business matters. The advisory fees being paid by OKD to RPGA covers costs and expenses incurred by RPGA together with an amount equal to a 9% margin. The costs and expenses of RPGA include remuneration for the subcontractors and wages and bonuses paid by RPGA to its employees (including directors) participating in the provision of advisory services calculated on a pro rata basis according to the time spent. The RPGA Advisory Agreement may be terminated, with or without cause, by either party upon one month's prior written notice to the other party. The RPGA Advisory Agreement includes a one-year post-termination confidentiality clause.

RPG RE Management—Advisory and Service Agreement

On 20 December 2006, OKD entered into an Advisory and Services Agreement (the ''RPGREM Advisory Agreement'') with RPG RE Management, s.r.o. (''RPGREM''), a Czech-based indirect subsidiary of RPGP, for the provision of certain advisory services by RPGREM to OKD with effect from 1 December 2006. Under the RPGREM Advisory Agreement, RPGREM (or any subcontractors engaged by RPGREM with the consent of OKD) is to provide OKD with certain non-exclusive advisory services, including services in connection with the acquisition and divestiture of fixtures, the initiation of development projects at OKD's current mining sites and the identification and preparation of possible development projects. The advisory fees being paid by OKD to RPGREM shall cover costs and expenditures incurred by RPGREM together with an amount equal to a 9% margin. The RPGREM Advisory Agreement may be terminated, with or without cause, by either party upon six months' prior written notice to the other party. The RPGREM Advisory Agreement includes a one-year post-termination confidentiality clause.

Agreements on Transport

OKD entered into certain agreements on transport (the ''Transport Agreements'' or individually a ''Transport Agreement'') with Doprava relating to the transport of coal and other materials from the Issuer to its largest customers. The Transport Agreements are ''umbrella'' agreements covering periods of one to five years. Under the Transport Agreements, Doprava shall provide OKD with non-exclusive transport services. The transport fees to be paid by OKD to Doprava shall be set out in accordance with each respective Transport Agreement or in a price agreement for each calendar year amending the Transport Agreements based on weight of transported goods. The Transport Agreements may be terminated, with or without cause, by either party giving prior written notice to the other party, whereby the notice period varies from one to six months.

OKD concluded a Transport Agreement regarding transport to OKD's customer ČEZ, a.s. on 23 February 1999 for a period of five years from 1 January 1999 until 31 December 2003, whereby the agreement was extended by numerous amendments until 31 December 2007. Another Transport Agreement was concluded in 1999 with respect to the customer Dalkia for a period of 5 years ending 31 December 2003. Under another Transport Agreement, Doprava serves OKD's customers in other EU countries. This agreement was concluded on 7 February 2006 for an indefinite period starting on 1 January 2006.

Agreements on Use of Factory Railway and Assurance of Railway Transport on Factory Railway

OKD entered into certain agreements with Doprava (the ''Factory Railway Agreements'' or individually a ''Factory Railway Agreement'') to provide factory railway transport at OKD mines for an indefinite period of time. The fees to be paid by OKD to Doprava are set out in accordance with each respective Factory Railway Agreement or in a separate pricing agreement for each calendar year amending the Factory Railway Agreements. The Factory Railway Agreements may be terminated, with or without cause, by either party giving prior written notice to the other party, whereby the notice period is 18 months.

Agreements on Manipulation of Substrates

OKD entered into certain agreements on manipulation of substrates (the ''Manipulation Agreements'' or individually a ''Manipulation Agreement'') with Doprava in respect of the extraction and manipulation of certain materials and substrates at its mines. The fees to be paid by OKD to Doprava are as set out in accordance with each respective Manipulation Agreement or in a special price agreement for each calendar year amending the Manipulation Agreements based on the weight of manipulated substrates. The Manipulation Agreements may be terminated, with or without cause, by either party giving three months' prior written notice to the other party.

Agreements on Sale of Methane

On 20 December 2006, OKD entered into a master agreement on the sale of methane (the ''Master Agreement on the Sale of Methane'') with DPB and in connection therewith into individual purchase agreements with respect to particular OKD mines (the ''Agreements on the Sale of Methane'') relating to purchase of methane by DPB from OKD. There are five Agreements on the Sale of Methane for 2007 concluded between OKD and DPB and relating to OKD mines, in particular to ČSA, ČSM, Paskov, Lazy and Darkov.

The Master Agreement on the Sale of Methane was concluded for a period of nine years ending 31 December 2015. The price has been set at a fixed amount for 2007 and then will be calculated for each calendar year using the formula in the agreement. DPB shall purchase all available methane production not used by OKD.

Either party may rescind the agreement if the production of methane stops due to a decrease in coal mining activities or if such circumstances of technical nature appear that disallow performance of this agreement whereby either party was not aware of such circumstances when entering into this agreement.

The Issuer has amended the Master Agreement on the Sale of Methane to (i) extend the effectiveness of the agreement for the life of the relevant mines and (ii) grant DPB an exclusive right to purchase methane from the Issuer (excluding methane for the Issuer's own use) while the price formula will remain substantially the same.

Agreements on Gaseous and Liquid Nitrogen Delivery and Tubing Operation

OKD entered into four agreements on gaseous and liquid nitrogen delivery and tubing operations (the ''Agreements on Central Nitrogen Economy'' and individually an ''Agreement on Central Nitrogen Economy'') with DPB in relation to the delivery of gaseous and liquid nitrogen to OKD mines, namely Darkov, ČSA, ČSM and Lazy, and operation of the central nitrogen economy (the ''CNE''). The price to be paid by OKD to DPB shall be set out in accordance with each respective Agreement on Central Nitrogen Economy or its amendment. In addition OKD shall pay a fixed monthly fee for the lease, maintenance and control of the gas tubing and surface equipment of the CNE. The agreements were concluded for a definite period of time ending on 30 June 2008 (Lazy) or 31 December 2008 (Darkov, ČSA and ČSM) with the possibility of extension.

Master Services Agreement Related to Mines' Safety

On 13 March 2007, OKD and DPB entered into a master services agreement on provision of specialised services (in geophysics, seismology, etc.) related to mines' safety by DPB (the ''Master Services Agreement Related to Mines' Safety''). The Master Services Agreement Related to Mines' Safety was concluded for a definite period of time ending on 31 December 2015. The fee to be paid by OKD for 2007 was set at CZK 1,670,000 per month. Individual agreements shall be concluded with respect to each particular OKD mine.

Lease Agreements

OKD is a party to several real estate leases, including OKD's headquarters building in Ostrava, which is leased from RPG RE Commercial, a Czech-based subsidiary of RPGI. The total size of the leased offices is 4,265 sq. metres and the rent (including utilities) is approximately CZK 10.1 million per year. The lease agreement has an indefinite term and may be terminated, with or without cause, by either party upon three months' prior written notice to the other party.

Agreement on Conduct of Work and Services of Automatic Data Processing

On 21 January 2002, OKD entered into an Agreement on Conduct of Work and Services of Automatic Data Processing (the ''Data Processing Agreement'') with Doprava in respect of providing certain services of automatic data processing for an undefined period of time with effect as of 1 January 2002. The fees to be paid by OKD to Doprava are set out monthly in accordance with the Data Processing Agreement based on hours of services provided. The Data Processing Agreement may be terminated, with or without cause, by either party giving six months' prior written notice to the other party. The Data Processing Agreement includes a confidentiality clause.

NWRT Service Agreement

On 9 November 2007, the Issuer entered into a Service Agreement (the ''NWRT Service Agreement'') with NWRT for the provision of certain services by the Issuer to NWRT with effect from July 2007. Under the NWRT Service Agreement, the Issuer is to provide NWRT with certain non-exclusive corporate maintenance services, including co-ordination of tax and audit compliance, preparation of financial statements, corporate governance and HR management. For the services provided in 2007 NWRT will pay the Issuer the flat fee of EUR 45,000. Starting from 1 January 2007, the service fees being paid by NWRT to the Issuer covers expenses incurred by the Issuer together with a monthly flat fee of EUR 7,500. The costs and expenses of the Issuer include remuneration for the subcontractors. The NWRT Service Agreement may be terminated, with or without cause, by either party upon one month's prior written notice to the other party. The NWRT Service Agreement includes a four-year post-termination confidentiality clause.

GGI Service Agreement

On 10 December 2007, the Issuer entered into a Service Agreement (the ''GGI Service Agreement'') with GGI for the provision of certain services by the Issuer to GGI with effect from 1 May 2007. Under the

GGI Service Agreement, the Issuer is to provide GGI with certain non-exclusive services, including the arrangement of audit and tax compliance, assitance in preparation of financial statements, advice on financing, financing structure and reporting, arranging insurance cover for directors and officers, and services related to corporate governance. For the services provided in 2007 GGI will pay the Issuer the flat fee of EUR 32,000. Starting from 1 January 2007, the service fees being paid by GGI to the Issuer covers expenses incurred by the Issuer together with a monthly flat fee of EUR 4,000. The costs and expenses of the Issuer include remuneration for the subcontractors. The GGI Service Agreement may be terminated, with or without cause, by either party upon one month's prior written notice to the other party. The GGI Service Agreement includes a four-year post-termination confidentiality clause.

Agreements with Certain Managers

Senior Facilities Agreement

OKD (formerly OKD Mining) is party to the Senior Facilities Agreement pursuant to which Senior Secured Facilities of up to EUR 1,070 million are available to OKD from Citibank N.A. and Citibank, a.s., affiliates of Citigroup Global Markets Limited. In October 2007 Česká spořitelna agreed to provide EUR 25 million of funds to the Issuer under the terms of the Additional Loan Option.

OKD Facilities Agreement

OKD is party to the Agreement on Credit Products with Česká spořitelna. The Agreement on Credit Products enables the borrower to draw a revolving facility, overdraft facility, bank guarantees and letters of credit up to the aggregate amount of CZK 1.138 billion.

Overdraft Facilities

OKK is a party to an overdraft facility, letter of credit and bank guarantee pursuant to which up to CZK 300 million is available to OKK from Československá obchodní banka, a.s., an affiliate of Patria Finance.

OKD, Bastro, a.s. is party to an overdraft facility, letter of credit and bank guarantee pursuant to which up to CZK 170 million is available to OKD, Bastro, a.s. from Citibank a.s., affiliates of Citigroup Global Markets Limited.

Czech Karbon is party to an overdraft facility, letter of credit and bank guarantee pursuant to which up to CZK 150 million is available to Doprava from Česká spořitelna.

Hedging Arrangement

OKD concluded a Framework Treasury Agreement with Česká spořitelna. OKD is also party to several confirmations with Česká spořitelna.

OKD is party to the 2002 ISDA Master Agreement and Schedule thereto dated 24 March 2006, with Citibank, N.A., an affiliate of Citigroup Global Markets Limited.

Agreements with Directors

Agreement for Services

Milan Jelinek, a member of the Board, provides certain advisory services to the Issuer (the ''Services Agreement''), including providing advice in respect of new projects of the Issuer and cost and quality improvement for the Issuer. As of 1 November 2006 the Services Agreement may be terminated by either party with thirty days' notice to the other party. Mr. Jelinek received a one-time payment of CHF 1,200,000 for work performed in 2006 and continues to receive, a fixed monthly advisory fee of CHF 100,000. He is also reimbursed by the Issuer for reasonable expenses in connection with his advisory work.

Compensation Agreement

On 5 June 2007, the RPGI and Klaus-Dieter Beck entered into a compensation agreement (the ''Compensation Agreement''). Under the terms of the Compensation Agreement, RPGI agreed to make a one-time payment to Mr. Beck in the amount of USD 4.2 million to compensate him for forfeiture of stock option rights under his previous employment arrangements. In the event that Mr. Beck's engagement terminates prior to the agreed upon term of his employment, Mr. Beck would be required to repay a proportion of the one-time payment.

For the performance of services for RPGP and its affiliated companies, in 2006, Mr. Marek Jelínek received a total bonus payment of approx CZK 33.8 million (approx. EUR 1.35 million). RPGA contributed approx. CZK 28.3 million (approx. EUR 1.13 million) to this amount. Mr. Jelínek received another CZK 4.9 million (approx. EUR 195,000) from RPGP under its stock option plan. Mr. Jelínek also received CZK 500,000 (approx. EUR 20,000) from OKK.

Agreement for Coke Sales

Milan Jelinek, a member of the Board, founded and is President of ICS. Since 1994, ICS has been party to a contract with OKD pursuant to which OKD provides coke to ICS, which ICS then resells to a third party that is also a customer of OKD.

Consultancy Agreement

In October 2006, the Issuer entered into a Consultancy Agreement (the ''Consultancy Agreement'') with BXL Consulting Ltd (''BXL'') in respect of certain consultancy services provided by BXL to the Issuer commencing on 1 October 2006. Pavel Telička, a Non-Executive Director, is the co-founder and Director in charge of the Brussels office of BXL. Under the Consultancy Agreement, the Issuer agreed to pay BXL a monthly consultancy fee of EUR 25,000 in exchange for consultancy services in the field of policies and legislation of the European Union and European Communities. In addition, the Issuer shall reimburse BXL for all of its reasonable out-of-pocket expenses. The Consultancy Agreement also provides for the payment, from time to time as agreed between the Issuer and BXL, of a ''success fee'' for the successful completion of certain tasks. The Consultancy Agreement may be terminated, with or without cause, by either party upon one month's prior written notice to the other party. The Consultancy Agreement includes a confidentiality clause that survives the termination of the Consultancy Agreement.

Relationship Agreement

The Issuer, CCII and Zdeněk Bakala entered the Relationship Agreement with RPGI which will, conditional upon Admission, regulate (in part) the degree of control that RPGI and its affiliates may exercise over the management of the Issuer. The principal purposes of the Relationship Agreement are to ensure that the Issuer is capable at all times of carrying on its business independently of RPGI and its affiliates; and all of the Issuer's transactions and relationships with RPGI and its affiliates are on arm's length terms.

The Relationship Agreement will continue until the earlier of (i) the Shares ceasing to be admitted to the Official List and to trading on the LSE or (ii) RPGI (together with any of its subsidiaries) or CCII, Zdeněk Bakala or any entities that they individually or jointly control (directly or indirectly) ceasing to be a controlling shareholder of the Issuer. For these purposes, a controlling shareholder is any person (or persons acting jointly by agreement, whether formal or otherwise) who is entitled to exercise, or to control the exercise of, 30% or more of the rights to vote at the General Meetings or able to control the appointment of directors who are able to exercise a majority of votes at the Issuer's board meetings.

Under the Relationship Agreement, except in relation to the exercise of the rights of the holders of the B Shares in the Divisional Policy Statements or the Articles of Association, other than (6) below, to which this exception shall not apply, RPGI undertakes, amongst other things, that:

(1) the Issuer shall be operated in the best interests of its stakeholders including the shareholders of the Issuer from time to time as a whole;

(2) it will allow the Issuer at all times to carry on its business independently of RPGI and its subsidiaries;

(3) neither RPGI nor its subsidiaries shall act in any way or omit to act in any way which shall prejudice the ability of the Issuer and its subsidiaries to carry on its business independently of RPGI or its subsidiaries;

(4) the Audit Committee shall be comprised entirely of independent directors;

(5) RPGI may not exercise voting rights attaching to its shares in the Issuer to procure any amendment to the Articles of Association which will be inconsistent with or breach any of the provisions of the Relationship Agreement;

(6) for so long as RPGI or its affiliates own, directly or indirectly, B Shares, RPGI may 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 adversely affect the rights of the holders of A Shares as against the holders of the B Shares;

(7) RPGI may 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 as at the date of Admission; and

(8) the Issuer is managed in accordance with the DCC and the Dutch Corporate Governance Code and complies with any further amendments or supplements to the code of best practice in the Dutch Corporate Governance Code insofar as is appropriate and practicable for a company of the Issuer's size and nature or to disclose any non compliance with the Dutch Corporate Governance Code.

Both RPGI and the Issuer undertake that they shall (and shall procure that the relevant subsidiaries shall) with effect from the date of the Relationship Agreement conduct any transactions and relationships (whether contractual or otherwise, including any subsequent amendment thereof or variation thereto, including the implementation or enforcement thereof) between RPGI or any of its subsidiaries, on the one hand, and the Issuer or any of its subsidiaries, on the other, on arm's length terms.

The Issuer undertakes that it shall treat all holders of the same class of Shares that are in the same position equally in respect of the rights attaching to such Shares.

Also, CCII and Zdeněk Bakala have undertaken in the Relationship Agreement to:

- provide the Issuer in writing with notice of all opportunities that they or the entities that they individually or jointly control (directly or indirectly) (''Relevant Entities'') should come across which might involve the potential acquisition of a controlling stake in a business whose primary focus is operating coal mines or coking facilities in the Czech Republic, Poland, Ukraine, Austria, Slovakia, Hungary or Russia not otherwise known to the Issuer or which, if known, is an opportunity that one or both of them would wish to pursue. For these purposes, an ''opportunity'' excludes any business whose primary focus is some business other than the operation of coal mines or coking facilities in the Czech Republic, Poland, Ukraine, Austria, Slovakia, Hungary or Russia, but which operates one or more coal mines or coking facilities in such countries as an ancillary part of that business. The Issuer has 30 days to indicate in writing that it wishes to pursue such opportunity and, if so, neither CCII, Zdeněk Bakala nor the Relevant Entities may pursue the opportunity unless the Issuer subsequently decides not to do so; and
- ensure that any transferee of shares in the Issuer which are referable to CCII or Zdeněk Bakala, where such transferee is CCII, Zdeněk Bakala or any of the Relevant Entities, shall enter into an agreement of adherence to the Relationship Agreement which provides agreements and undertakings severally by the transferee in all material respects in the same terms as the agreements and undertakings of RPGI in the Relationship Agreement.

The Board believes that the terms of the Relationship Agreement will enable the Issuer to carry on its business independently from RPGI and its subsidiaries, and ensure that (subject to all other existing contractual arrangements with RPGI as at the date of Admission) all transactions and relationships between the Issuer and RPGI and its subsidiaries are, and will be, at arm's length, such that RPGI is not able to abuse its position as a controlling shareholder of the Issuer.

PART XV

THE RESTRUCTURING AND THE RECAPITALISATION

Former OKD was a government controlled enterprise, and as a result it owned and operated a large range of businesses (including mining businesses, businesses ancillary to mining and unrelated businesses). The Restructuring was concerned primarily with disposing of certain such ancillary and unrelated businesses in order to allow the Group to focus upon its coal mining and coke production businesses. In addition, steps were taken to streamline the corporate structure of the Group (removing certain intermediary holding companies from the Group structure). These transactions are discussed more fully below.

1. THE RESTRUCTURING

Following the acquisition of Former OKD by RPG Industries Limited (by way of acquisition of former majority owner, Karbon Invest (through Charles Capital)), from 2005 to 2008, RPGI and the Issuer's predecessor undertook a Restructuring of the business held by the Issuer and the Issuer's predecessor.

The main Restructuring steps were implemented in approximately nine phases.

In the first phase, the shareholders consolidated the shareholding of Former OKD, ČMD and Metalimex by eliminating residual minority shareholders under squeeze-out legislation adopted in 2005. This phase was completed in the second half of 2005.

In the second phase, all mining businesses of Former OKD Group were consolidated into Former OKD by merging ČMD and its holding company K.O.P., a.s. into Former OKD. This process was completed by the end of 2005.

In the third phase, Former OKD was demerged into several successor entities, resulting in the separation of Businesses and non-core businesses. As a result, the coal mining and coke producing business of Former OKD was acquired by OKD, the coal and metals trading business (Metalimex) was acquired by RPG Trading, the coalbed methane extraction business was acquired by RPG Gas, s.r.o. (''RPG Gas''), the logistics business was acquired by RPG Transport, s.r.o. (''RPG Transport'') and some of the real estate owned by Former OKD was acquired by three real estate holding companies, RPG Byty, RPG RE Commercial and RPG RE Land.

In the fourth phase, which was largely executed in parallel to the third phase, RPG Industries Limited converted into RPG Industries Public Limited and the holding companies of Former OKD, namely Karbon Invest and Charles Capital, then merged into RPG Industries Public Limited in a European cross-border merger, resulting in the creation of RPGI. Upon completion of this phase, RPGI became the direct shareholder of all successor entities to Former OKD resulting from the demerger undertaken in the third phase and OKD assumed Former OKD's rights and obligations under the Ecological Agreement. See PART VII of this document entitled ''MINING AND ENVIRONMENTAL REGULATORY MATTERS—Czech Environmental Liabilities'' for further details.

In the fifth phase the Issuer was incorporated on 29 December 2005 by RPG Industries Limited and in September 2006 RPGI transferred OKD, RPG Transport and RPG Gas to the Issuer. RPG Transport and RPG Gas were then merged into their respective subsidiaries, Doprava and DPB, resulting in Doprava and DPB being direct wholly-owned subsidiaries of the Issuer. As described below, the Issuer's shares in Doprava have subsequently been contributed to NWR Transportation B.V. and the shares in DPB have been contributed to GGI.

In the sixth phase, between March 2007 and May 2007, the Issuer established GGI and then entered into a transaction with the shareholders of GGIL whereby they contributed their shares in GGIL to GGI in exchange for approximately 30% of GGI and the Issuer contributed to GGI all its shares in DPB and some cash in exchange for approximately 70% of GGI. The remaining shares in GGI are owned by its directors, including Christiaan Norval, a Director, and former investors in GGIL, comprising approximately 25 individuals and companies, including friends and family members of the directors and investors.

In the seventh phase, in June 2007, the Issuer distributed its shares in GGI to RPGI. Simultaneously to this distribution of shares, the Issuer contributed its shares in its logistics business, Doprava, to the Issuer's transportation subsidiary, NWRT, in return for shares in NWRT. Immediately following the Issuer's receipt of such shares in NWRT, the entire issued share capital of NWRT, including the shares already held by the Issuer, were distributed to RPGI. As a result of these distributions, GGI (and its subsidiary DPB) and NWRT (and its subsidiary Doprava) became approximately 70% and wholly-owned subsidiaries, respectively, of RPGI. In September 2007, RPGI acquired additional shares in GGI from a minority shareholder of GGI and as a result, RPGI's share in GGI increased to 75%.

In the eighth phase, in October 2007, OKD spun-off its coking business, OKK, and certain real estate to NWR Coking, a.s. The creation of NWR Coking a.s. as the direct subsidiary of the Issuer was to shorten reporting lines and separate from OKD the environmental assets and the potential environmental liability. NWR Coking, a.s. is expected to merge with OKK in 2008, with OKK remaining as the surviving entity, so to become the direct subsidiary of the Issuer. In connection with the proposed elimination of certain dominance agreements, the Issuer has transferred all of its shares in, and loans to, RPGICZ to RPGI.

The ninth phase, which is currently ongoing, started in January 2008 and is expected to be completed in the period after the Offer. As part of this phase, OKD is preparing a spin-off of certain non-mining real estate, its 100% interest in shares in Rekultivace, the IMGE internal business unit of OKD and its minority interest in Garáže (whose business is non-core to that of the Issuer) into four newly created subsidiaries of the Issuer. Shares in these entities will be subsequently distributed to the holders of the B Shares. Concurrently with this step, the Group is consolidating the assets used by its energy business, i.e., the assets used in the production, distribution or supply of electricity, heat, compressed air and natural gas, into two newly established subsidiaries of the Issuer, one in Czech Republic and one in Poland.

Throughout the Restructuring process, various non-core assets and entities were divested from RPG Group (including the aluminium processing company Al Invest Břidličná, a.s. (''AL Invest'') and the construction company VOKD, a.s.). Also, to consolidate the Business, the coal sales and marketing business of Metalimex was merged into OKD followed by a divestiture of the metals trading business and the merger into OKD of a small number of minor OKD subsidiaries.

The following table lists all dispositions effected as part of the Restructuring other than the disposition of certain subsidiaries holding non-core real estate.

	Company	Scope of business	Ownership interest	Month of disposition
2004	Sokolovská uhelná, a.s	Coal mining	36.32%	June
	Dom Polski, a.s.	Hotel owner and operator in Ostrava	5.5%	July
	Bohemiacoal s.r.o.	Coal contractor	34%	August
2005	KARBONIA KLADNO, a.s.	Coal contractor	45%	March
	Havířovská teplárenská společnost, a.s.	Heat utility in the city of Havířov	15%	July
	Projekce a výstavba dolů, a.s.	Underground and surface construction	35.3%	September
	ČM kapitálová, a.s.	Factoring	100%	October
	OKD, Tatranský Permon, akciová společnost	Hotel owner and operator in Slovakia	100%	October
	Hornický penzijní fond Ostrava, a.s.	Pension fund	97%	December
	Al Invest Břidličná, a.s.	Aluminium processing, aluminium foil and sheet production	100%	December

	Company	Scope of business	Ownership interest	Month of disposition
2006	METALIMEX	Metals and coal trading	100%	January
	Služby dolů, a.s.	Real estate	100%	February
	KOVONA KARVINÁ, a.s.	Manufacturing	97.1%	March
	SL-KD, s.r.o.,,v likvidácii''	Prospecting in Slovakia (inactive)	100%	May
	EOSA 2002, S.A.	Construction company in Spain	50%	August
	VOKD, a.s.	Underground and surface construction company	100%	October
	Agrobanka Praha, a.s. v likvidaci	Bank	0.37%	October
	SLOVENERGO, spol. s r.o.	Coal and electricity trading company in Slovakia	90%	December
2007	Doprava	Transportation	100%	June
	DBP	Coalbed and methane extraction	100%	June
	Green Gas International B.V.	Methane gas management and utilisation	70%	June
	RPGICZ	Special purpose service	100%	November

Source: The Issuer

2. THE RECAPITALISATION

Following the completion of the acquisition of Former OKD, the new shareholder commenced a project to optimise its capital structure.

Prior to the Recapitalisation, the Issuer paid a distribution out of cash available from its operations in the amount of EUR 301 million in September 2006.

The Recapitalisation was effected by way of an initial drawdown of EUR 720 million from the Senior Secured Facilities by OKD in late 2006 and a distribution from the share premium reserve of the Issuer of EUR 800 million to its shareholder in January 2007.

The second portion of the Recapitalisation consisted of a EUR 276 million distribution from the share premium reserve of the Issuer made following the offer of the Senior Notes. This dividend was funded by the EUR 275 million drawdown under the Additional Loan Option under the Senior Facilities Agreement (the difference arises from currency movements as the borrowings and dividends were in a mixture of Czech koruna and euros, although the dividend was declared in euros).

2.1 Results of the Restructuring

Through its more streamlined corporate structure, the Issuer has been able to refine the focus of its business on mining activities and coke production. The Issuer has also further narrowed its business focus by disposing of assets that may not be relevant to the Business in an effort to improve the efficiency of the Business.

2.2 Cross-Guarantee

Pursuant to Czech Act No. 513/1991 Sb., as amended (''Commercial Code''), a demerger must be effected pursuant to a document called a ''plan of demerger''. This document governs the allocation of assets, liabilities, rights and obligations of the demerged entity among the successor companies. To protect creditors, Czech law provides for a joint and several cross-guarantees by each successor entity for the liabilities assumed by other successor entities as a result of the demerger. The cross-guarantee by each successor entity arises by operation of law and covers only liabilities of the demerged entity that were assumed by the other successor entities. The guarantee of each successor entity is limited to the value of net assets assumed by such successor entity from the demerged entity as of the effective date of the demerger.

The following table shows the successor companies of the demerged Former OKD and their maximum limit under the cross-guarantee.

Successor Issuer	Scope of Business	Shareholder	Guarantee Limit[(2)]
			(CZK in millions)
OKD	Mining	Issuer	40,888
Doprava[(1)]	Logistics	RPGI	1,364
DPB[(1)]	Gas	GGI	240
RPG Trading	Commodities Trading	RPGI	3,059
RPG RE Land	Real Estate—Land	RPGI	608
RPG RE Commercial	Real Estate—Commercial Facilities	RPGI	1,192
RPG Byty	Real Estate—Residential	RPGI	4,989

Source: The Issuer

(1) Neither Doprava nor DPB were direct successor entities. The relevant successor entities were their immediate holding companies RPG Transport and RPG Gas respectively. During 2006, Doprava and DPB merged with these holding companies, with Doprava and DPB being the surviving entities. Thus Doprava and DPB replaced the original demerger successor companies with respect to the cross-guarantees.

(2) The guarantee of each successor company is limited to the value of the net assets assumed by such successor company from the demerged entity as of the effective date of the demerger.

Similar statutory cross guarantees have arisen as a result of the spin-off of the shares in OKK into a new subsidiary NWR Coking, a.s., a wholly-owned subsidiary of the Issuer. Each guarantee covers only liabilities existing at the time of the spin-off and is limited to the value of net assets of the guarantor as of the date of the spin-off.

PART XVI

ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The information appearing in this Prospectus concerning estimates of the Group's mineral resources and ore reserves and the report included in Annex I to this Prospectus were prepared by John T. Boyd Company. The business address of Boyd is 1500 Corporate Drive, Suite 100, Canonsburg, PA 15317, United States of America. Boyd is an independent firm providing specialist mining industry consultancy services and a suitably qualified and independent technical consultant. Boyd belongs to many leading organisations within its scope of practice and expertise, including: the American Coal Council, the American Institute of Mineral Appraisers, the Center for Energy & Economic Development and the Energy & Mineral Law Foundation. Boyd's employees belong to many additional organisations, both domestically and internationally, including the Society for Mining, Metallurgy and Exploration (a world-wide organisation regarded as a recognized overseas professional organization by JORC) and the Australasian Institute of Mining and Metallurgy (AusIMM). Boyd accepts responsibility for the information contained in the Annex to this document entitled ''MINING EXPERT'S REPORT'' that it is responsible for and has given, and not withdrawn its consent, to the inclusion of such information in the Prospectus in the form and the context in which it is included. To the best of the knowledge and belief of Boyd (which has taken all reasonable care to ensure that such is the case), the information contained in ANNEX I to this document entitled ''MINING EXPERT'S REPORT'' that it is responsible for is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.3 Boyd operates as an independent technical consultant providing resource evaluation, mining engineering and mine valuation services to the resources and financial services industry. Boyd has received, and will receive, professional fees for its preparation of the Reserve Report. However, none of Boyd or its directors, staff or subcontractors who contributed to the Reserve Report has any interest in the Issuer or the mining assets reviewed or the outcome of the offer of the A Shares. Boyd has given and not withdrawn its consent to the inclusion of its name and all references to Boyd in this Prospectus.

1.4 The McCloskey Group has given, and not withdrawn, its consent to the inclusion in this Prospectus of its name in the form and context in which it appears and to the inclusion of information derived from the report prepared by the McCloskey Group for the Issuer concerning global production of coal, regional and global trends and cost and pricing information as it relates to the coal mining industry in this Prospectus in the form and context in which they appear. The information sourced from the McCloskey Report and reproduced in this Prospectus has been accurately reproduced from the McCloskey Report and, as far as the Issuer is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading. The business address of the McCloskey Group is Unit 6, Rotherbrook Court, Bedford Road, Petersfield GU32 3QG, United Kingdom.

2. INCORPORATION AND ACTIVITY

2.1 The Issuer was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) on 29 December 2005 and will be converted into a public company with limited liability on or about the date of the completion of the Offer (the ''Conversion Date''). The Issuer's corporate seat is in Amsterdam, the Netherlands and its registered office is at Fred. Roeskestraat 123 - 3, 1076 EE, Amsterdam, the Netherlands tel: +31 (0) 20 570 2200. The Issuer is registered in the commercial register of the Chamber of Commerce for Amsterdam (*handelsregister van de Kamer van Koophandel voor Amsterdam*) under number 34239108.

3. SHARE CAPITAL

The principal legislation under which the shares have been created and under which the Issuer was formed and now operates is the Dutch Civil Code. The following table sets forth the Issuer's authorised share and issued ordinary share capital as at the Conversion Date:

A Shares(1)				B Shares(2)				C Share(3)			
Authorised (Number)	Authorised (Nominal Value)	Issued and fully paid up (Number)	Issued and fully paid up (Nominal value)	Authorised (Number)	Authorised (Nominal Value)	Issued and fully paid up (Number)	Issued and fully paid up (Nominal value)	Authorised (Number)	Authorised (Nominal Value)	Issued and fully paid up (Number)	Issued and fully paid up (Nominal value)
1,124,988,999	€449,995,599.60	250,239,999	€100,095,999.60	11,000	€4,400	10,000	€4,000	1	€0.40	1	€0.40

(1) Prior to the Conversion Date, the Issuer had 100,096,000 A Shares with a nominal value of EUR 1.00 issued and outstanding, which will be converted into 250,240,000 A Shares with a nominal value of EUR 0.40 as set out in the table on the Conversion Date.

(2) Prior to the Conversion Date, the Issuer had 4,000 B Shares with a nominal value of EUR 1.00 issued and outstanding, which will be converted into 10,000 B Shares with a nominal value of EUR 0.40 as set out in the table on the Conversion Date.

(3) The C Share will be created on the Conversion Date. The C Share will be created through the conversion of one A Share with a nominal value of EUR 0.40.

Source: The Issuer

The allocated amounts as discussed in paragraph 3.1 are based on the Issuer's unconsolidated statutory equity reserves which are higher than the consolidated shareholder's equity reserves as presented elsewhere in this Prospectus.

3.1 Classes of Shares

3.1.1 *A Shares*

The shares that are subject of the Offer are the A Shares.

3.1.2 *B Shares*

The Issuer has issued B Shares, which have EUR 90 million of share premium allocated to them and EUR 4,441,614 of the retained earnings. The B Shares give their holders rights to dividends and distributions (whether in cash or in specie) when declared by the Board, upon the approval of the meeting of the holders of the B Shares, and the right to make a binding nomination for one director to the Issuer's general meeting of shareholders as set out in the Articles of Association.

The Real Estate Division's financial performance and any dividends or other distributions in respect of, or attributable to, the performance or Assets of the Real Estate Division will be attributed solely to the holders of the B Shares. It is intended that all of the Assets of the Real Estate Division will be paid out in dividends and distributions to the holders of the B Shares until no assets remain in the Real Estate Division.

The B Shares are 100% owned by RPGI, the sole shareholder of the Issuer.

There will on Admission be 1,000 authorised but unissued B Shares which are capable of issue by the Issuer. Such authorised but unissued B Shares are expected to be issued to the extent it may be appropriate to do so as part of the implementation of a corporate, tax or other restructuring, subject to the terms of the Divisional Policy Statements. Any further issue of B Shares or material increase in the relative proportion of B Shares to A Shares will only be made after prior consultation with the UKLA if the A Shares remain admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. Should the UKLA not approve any proposed further issue of B Shares, this could impact the Issuer's ability to carry out a corporate, tax or other restructuring. In addition, should the Issuer fail to consult the UKLA or contravene its decision in relation to any proposed material increase in the relative number of B Shares to A Shares, the Issuer may become ineligible for continued admission to the Official List.

3.1.3 *C Share*

The Issuer will on the Conversion Date convert one of its A Shares into the C Share with a nominal value of EUR 0.40. The C Share gives a preferential right in respect of the results of the Issuer that upon adoption of the Annual Accounts and on an after tax basis, first, if possible, a distribution from the A Result shall be made on the C Share equal to ten per cent (10%) of its nominal value. The C Share is not entitled to the remaining results of the Issuer. The C Share also gives a preferential right in respect of liquidation proceeds of the Issuer equal to ten percent (10%) of its nominal value.

The sole C Share will be owned by RPGI. It is intended that a distribution on the C Share shall be made equal to the balance of the share premium reserve C to the holder of the C Share shortly following Admission and that subsequently the C Share shall be cancelled, with due observance of Dutch law, and the Articles of Association shall be amended to delete any reference to the C Share. The C Share was created as a way of allowing RPGI, the sole shareholder of the Issuer, to receive equity reserves in the Issuer accumulated prior to the Offer. Upon creation of the C Share, part of the share premium reserve equal to such accumulated equity reserves has been allocated to the share premium reserve C of the Issuer. The holder of the C Share is solely entitled to such share premium reserve C.

The resolution of the Board to make the distribution from the share premium reserve C to the holder of the C Share is expected to become effective shortly prior to the Admission (the exact date of the distribution will be determined by the chief financial officer of the Issuer). The board resolution shall only be adopted upon the proposal of the meeting of the holder of the C Share. The resolution of the general meeting of the shareholders of the Issuer to subsequently cancel the C Share and amend the Articles of Association has been adopted at the general meeting of shareholders of the Issuer on 17 April 2008. Such cancellation and amendment is subject to the condition precedent of effecting the distribution from the share premium reserve C to the holder of the C Share.

Based on the calculations determined by the Board, the accumulated equity reserves in the Issuer for the purpose of the distribution to the holder of the C Share, RPGI are equal to EUR 75 million and such amount shall be allocated to the share premium reserve C of the Issuer upon the creation of the C Share.

4. SUMMARY OF ARTICLES OF ASSOCIATION

4.1 General

The Issuer will be a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands on the Conversion Date. The Issuer was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) on 29 December 2005 and was converted into a public company with limited liability prior to the consummation of the Offer. The Issuer's corporate seat is in Amsterdam, the Netherlands and its registered office is at Fred. Roeskestraat 123 - 3, 1076 EE, Amsterdam, the Netherlands tel: +31 (0)20 570 2200. The Issuer is registered with the trade register of the Chamber of Commerce for Amsterdam (*handelsregister van de Kamer van Koophandel voor Amsterdam*) under number 34239108.

The following description of the Issuer's share capital and corporate structure is based on, and qualified in its entirety by reference to, the full text of the Articles of Association that are in force at the Publication Date.

4.2 Corporate Purpose

Pursuant to the Articles of Association, the Issuer's corporate objectives are, among other things, to incorporate, acquire, participate in, finance, manage and to have any other interest in other companies or enterprises of any nature, to raise funds by way of securities, bank loans, bond issues, notes and to borrow in any other way, to lend, to provide guarantees, including guarantees for debts of other persons and to assume commitments in the name of any enterprises with which it may be associated within a group of companies. In addition, the Issuer may do all activities which are incidental or may be conducive to any of the foregoing, including the divestment of the assets belonging to the Real Estate Division.

5. DESCRIPTION OF SHARE CAPITAL AND RIGHTS ATTACHING TO SHARES

5.1 Issue of Shares and Pre-emptive Rights

The Issuer may issue shares pursuant to a resolution adopted by the general meeting, pursuant to and in accordance with a proposal of the Board. If the Board has been designated this authority by the general meeting, shares may be issued pursuant to a resolution of the Board. As long as the Board is authorised to issue shares, the general meeting may not resolve to issue shares.

Each resolution to issue B Shares shall require the prior or simultaneous approval of the meeting of holders of class B Shares. A valid resolution of the general meeting to issue the A Shares or to designate the Board, as referred to above, shall require the prior or simultaneous approval of each group of holders of the A Shares of the same class whose rights are affected by the issue.

When resolving to issue shares, the general meeting shall, on the proposal of the Board and with due observance of the provisions in the Articles of Association, determine the price and further terms and conditions of issue. If the Board has been designated the authority to issue shares, it shall, with due observance of the provisions in the Articles of Association, determine the price and further terms and conditions of issue. If the Board is designated the authority to issue shares, the resolution must specify the number of shares that may be issued and the period during which the designation will be effective, which may not exceed five years. The designation may be extended for periods not exceeding five years. Unless specified otherwise, the designation is irrevocable. A resolution by the general meeting to issue shares or to designate the authority to do so to the Board, requires an absolute majority of the votes cast. Unless permitted by Dutch law, shares may not be issued below their nominal value.

The Board has been designated the authority to issue A Shares in connection with the Offer by resolution of the general meeting adopted at the general meeting of shareholders of the Issuer on 17 April 2008. For the issuance of any other future A and B Shares and the granting of rights to subscribe for A and B Shares after the Admission, the Board has been designated the authority effective as of the date of Admission to issue/grant such shares/rights by resolution of the general meeting of the Issuer (also constituting the approval by the meeting of holders of B Shares) on 17 April 2008, such authority being limited to a number of A Shares having a maximum aggregate nominal amount equal to the lesser of (i) one-third of the aggregate nominal value of the A Shares in issue immediately following Admission; and (ii) the amount of the authorised but unissued A share capital immediately following Admission and such authority to last for a period expiring on the date of the next Annual General Meeting of the Issuer or, if earlier, 17 October 2009, provided that the resolution to issue B Shares shall require the prior or simultaneous approval of the meeting of holders of B Shares.

Subject to Dutch law and the Articles of Association, upon issue of A Shares and B Shares, each holder of A Shares and B Shares shall have a pre-emption right in respect of the A Shares and B Shares to be issued, in proportion to the aggregate amount of his shares. The holder of the C Share shall have no pre-emption right in respect of shares to be issued, of any class. Holders of A Shares and B Shares have no pre-emption right in respect of the C Share to be issued. According to Dutch law and the Articles of Association, this pre-emptive right does not apply in respect of: (i) any issuance of shares to the employees of the Issuer or employees of a Group company (*groepsmaatschappij*) of the Issuer; and (ii) shares issued against payment in kind.

The Issuer must announce any issue of shares with pre-emptive rights for shareholders and the period during which these rights can be exercised in the Dutch Gazette (*Staatscourant*) and in one national daily newspaper distributed in the Netherlands. The period during which pre-emptive rights may be exercised must be at least two weeks starting from the date on which the issue is announced in the Dutch Gazette. Pre-emptive rights may be restricted or excluded by resolution of the general meeting or, if it has been authorised to do so, by resolution of the Board. The proposal for such a resolution must contain the reasons for taking this decision and the proposed issue price for the shares. Provided that the Board has been designated, or, is simultaneously designated the authority to issue shares, the general meeting may authorise the Board to restrict or exclude pre-emptive rights for a period of no more than five years. This period may be extended for successive periods not exceeding five years. Unless the authorisation provides otherwise, it cannot be revoked.

Resolutions of the general meeting to restrict or exclude pre-emptive rights and to designate the authority to do so to the Board require a majority vote of at least two-thirds of the votes cast, if less than fifty per cent of the issued share capital is represented at the meeting. If at least fifty per cent of the issued share capital is represented at the meeting, an absolute majority of the votes cast is required for the adoption of such a resolution. The provisions apply similarly to the exclusion or limitation of the pre-emptive rights with respect to the granting of rights to subscribe to shares in the Issuer's share capital. Each resolution to restrict or exclude pre-emptive rights with respect to an issuance of B Shares shall require the prior or simultaneous approval of the meeting of holders of class B Shares.

To the extent that pre-emptive rights are not restricted, U.S. holders of shares may not be able to exercise these rights for shares unless a related registration statement under the Securities Act is effective or an exemption from the registration requirements thereunder is available. The Issuer cannot assure you that any registration statement would be filed in such case.

The Board has been designated the authority to limit or exclude pre-emptive rights in respect of the issue of A Shares in connection with the Offer by resolution at the general meeting of shareholders of the Issuer on 17 April 2008. In addition, the Board has been designated the authority, effective as of the date of Admission to limit or exclude pre-emptive rights in respect of the issue of A and B Shares and the granting of rights to subscribe for A Shares after the Admission by resolution of the general meeting of the Issuer (also constituting the approval by the meeting of holders of B Shares) on 17 April 2008 save that such right in respect of the issue of A and B Shares for cash or granting of rights to subscribe for A Shares (other than in respect of the issue of A Shares pursuant to the exercise of options over A Shares or granting of rights to subscribe for A and B Shares pursuant to the Issuer's stock option plan) is limited to a number of A Shares having a maximum aggregate nominal value of 5% of the aggregate nominal value of the A Shares in issue immediately following Admission and such right shall last for a period expiring on the date of the next Annual General Meeting of the Issuer or, if earlier, 17 October 2009, provided that the resolution to limit or exclude the pre-emptive rights upon issuance of B Shares shall require the prior or simultaneous approval of the meeting of holders of B Shares.

5.2 Form and Transfer of the Shares

The shares are in registered form. They are only available in the form of an entry in the shareholders' register of the Issuer. The Board may decide to issue one or more share certificates for one or more shares.

The transfer of the shares shall require an instrument intended for such purpose to which the transferor and the transferee are a party. The foregoing is, *mutatis mutandis*, applicable in respect of the vesting and transfer of a right of usufruct, a right of pledge and the division of a community of property to which the shares, the right of usufruct or the right of pledge form part. After a legal act as referred to in the previous two sentences, the rights attached to the shares can only be effected after the written acknowledgement by the Issuer or the service of the deed upon the Issuer. The provisions of the previous sentence do not apply if, according to the deed, the Issuer itself was a party to the legal act.

5.3 Repurchase by the Issuer of its Shares

The Board may, subject to the authorisation of the general meeting of shareholders and subject to the provisions of Dutch law, cause the Issuer to acquire for consideration fully paid-up shares in its own share capital as well as of depository receipts thereof. However, such a repurchase is only permitted, with due observance of the rules for repurchase of shares as set forth in the DCC and if the consideration for the shares to be acquired shall not exceed the pro rata entitlement of such shares to the reserves of the Issuer recorded for shares of the same class. If more than 6 months have lapsed since the end of the financial year without the adoption and approval of the Issuer's annual accounts, then an acquisition of shares in the Issuer's own share capital is not permitted. The general meeting of shareholders must specify in the authorisation, the period for which such authorisation is granted, the number of shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set. The authorisation of the general meeting of shareholders is not required to the extent that the Issuer acquires shares in its own share capital that are intended to be transferred to employees of the Issuer or a Group company (*groepsmaatschappij*) by virtue of an arrangement applicable to such employees.

The Board has been authorised to acquire shares in the Issuer's own share capital at a general meeting of shareholders of the Issuer on 17 April 2008 for a period of 18 months effective as of the Conversion Date.

No votes may be cast at a general meeting of shareholders on shares in the Issuer's share capital held by the Issuer or its subsidiaries or on shares for which the Issuer or its subsidiaries holds depository receipts. Nonetheless, the holders of a right of usufruct and the holders of a right of pledge in respect of shares held by the Issuer or its subsidiaries in the Issuer's share capital are not excluded from the right to vote on such shares, if the right of usufruct or right of pledge was granted prior to the time such shares were acquired by the Issuer or a subsidiary of the Issuer. Neither the Issuer nor a subsidiary of the Issuer may cast votes in respect of a share on which it holds a right of usufruct or a right of pledge.

The Issuer shall not derive a right to any distribution from shares in its own share capital; nor shall it derive any right to such distribution from shares for which it holds depository receipts.

The transfer of shares acquired by the Issuer in its own share capital as well as of depository receipts thereof shall be decided upon by the Board. No pre-emption right shall exist in respect of such disposal.

The Issuer may accept a pledge of its own shares or depository receipts issued therefore, but only if the shares to be pledged are fully paid up, the nominal amount of its own shares and the depository receipts issued therefore to be pledged to it and those already held or pledged to it do not together amount to more than one-tenth of the issued share capital and the general meeting has approved the pledge agreement.

5.4 General Meetings of Shareholders and Voting Rights

General meetings are held in Amsterdam or Haarlemmermeer (Schiphol Airport). The Issuer must convene its annual general meeting within six months after the end of the financial year. The agenda for the annual general meeting must contain, amongst other items placed on the agenda in accordance with Dutch law and the Articles of Association, the discussion of the Board's annual report, the adoption of the annual accounts which will include the split of the results of the Mining Division (''A Result'') and the results of the Real Estate Division (''B Result'') and the discharge of the directors from liability for their duties over the last financial year.

The discussion on the Board's annual report and the adoption of the annual accounts need not be included in the agenda if the term to make the annual accounts and the report of the Board available has been extended under or pursuant to the law or if a proposal for such an extension is part of the agenda. The agenda contains the items selected by the person(s) convening the meeting. In addition, unless contrary to an important interest of the Issuer, the agenda must contain the items one or more shareholders or other persons entitled to attend general meetings alone or together representing at least one-hundredth of the issued share capital or representing the market value as set by or pursuant to the law, have lodged in writing to the Board on a date at least sixty days before the day of the meeting. Resolutions cannot be taken in respect of subjects that have not been mentioned in the agenda.

A general meeting shall be held whenever the Board and/or the chairman of the Board considers appropriate. In addition a general meeting shall be convened as soon as one or more persons, together entitled to cast at least one-tenth of the total number of votes that may be cast, so request the Board and/or the chairman of the Board, stating the items to be discussed.

Notice shall be given not later than on the fifteenth day prior to the date of the meeting. Without prejudice to the relevant provisions of law dealing with reduction of share capital and amendments to Articles of Association, the notice convening the meeting shall either mention the business on the agenda or state that the agenda is open to inspection by the shareholders and other persons entitled to attend the general meetings at the office of the Issuer. The notice convening a general meeting must be published by advertisement which shall at least be published in a national daily distributed newspaper and abroad in at least one daily distributed newspaper appearing in each of these countries, where, on the application of the Issuer, the shares have been admitted for official quotation.

All shareholders and other persons entitled to attend and vote at general meetings are entitled to attend the general meetings, to address the general meeting and to vote. Each other person entitled to attend general meetings but not entitled to vote shall also be entitled to attend the general meetings and to address such meetings but shall not be entitled to cast votes.

In order to exercise the right to attend the general meetings, address the general meeting and/or vote at the general meetings, shareholders and other persons entitled to attend and/or vote at general meetings must notify the Issuer in writing of their intention to do so no later than on the day and at the place mentioned in the notice convening the meeting.

Directors of the Issuer are authorised to attend general meetings. They have an advisory vote. The general meeting shall be presided over by the chairman of the Board. In the absence of the chairman of the Board, the vice chairman shall preside over the meeting. In case of absence of both vice chairmen, the Board shall nominate another person.

Each share confers the right to cast one vote at the general meeting. Subject to certain exceptions provided by the law of the Netherlands or the Articles of Association, resolutions are passed by an absolute majority of the votes cast. In a tie vote, the proposal shall have been rejected.

However, a meeting of holders of shares with a specific letter indication shall be held whenever a resolution by such meeting is required. Such meeting shall be held whenever considered appropriate by either the Board or one or more persons together, entitled to cast at least one-tenth of the total number of votes that may be cast at such meeting. If one or more of such persons consider it appropriate that a meeting of holders of shares with a specific letter indication be held, they are required to notify the Board. If in the event the Board fails to convene the meeting, such that the meeting is held within ten days of the request, each of the persons requesting the meeting shall be authorised to convene the same with due observance of the respective provisions of the Articles of Association.

The provisions which apply to the general meeting shall equally apply to meetings of holders of shares with a specific letter indication and to resolutions to be adopted by such meeting, provided that the notice for meetings of holders of B Shares and meetings of the holder of the C Share shall be sent not later than on the sixth day prior to the day of the meeting.

5.5 Dividends, Share Premium and Other Distributions

Upon adoption of the annual accounts and on an after tax basis, first, if possible, a distribution from the A Result shall be made on the C Share equal to ten per cent (10%) of its nominal value. The C Share is not entitled to the remaining Results. Out of the remaining Results, the dividend reserve A shall be credited for an amount equal to the balance of a positive A Result and shall be debited for an amount equal to a negative A Result and the dividend reserve B shall be credited for an amount equal to a positive B Result and shall be debited for an amount equal to a negative B Result.

To the extent a statutory reserve must be formed by the Issuer, or the sum of a statutory reserve must be increased, this shall be charged to the share premium reserve or the dividend reserve—at the option of the general meeting—with the corresponding letter indication as the business to which the statutory reserve which must be formed or of which the sum must be increased relates. In case a statutory reserve is (partially) cancelled, the amounts thereof shall be credited to the reserve(s) to which the sum of such statutory reserve was charged. The statutory reserves shall not include the share premium reserves or the dividend reserves referred to in the Articles.

The Board may resolve to make distributions on one or more shares at the expense of any dividend reserve of the Issuer, which distribution shall accordingly reduce the pro rata parte entitlement of such shares to that dividend reserve. The resolution to make a distribution from the dividend reserve B may only be adopted upon a proposal of the holders of B Shares. Any distribution from reserves can only be made if the shareholders' equity exceeds the sum of the Issuer's issued share capital and the reserves to be maintained pursuant to Dutch law. A payment to the holders of the shares of a specific class at the expense of a dividend reserve to which such class of shares is entitled can only be made to the extent that the aggregate balance of the entitlement of all holders of the shares of that specific class to dividend reserves and share premium reserves is positive. A loss may be set off against the reserves to be maintained by law only to the extent permitted by law. Distributions which have not been collected within five years after the second day on which they became due and payable shall revert to the Issuer.

The Issuer has a share premium reserve A, to which reserve any share premium which is paid on or allocated to the A Shares, a share premium reserve B, to which reserve any share premium which is paid on or allocated to the B Shares and a share premium reserve C, to which reserve any share premium which is paid on and allocated to the C Share. The shares of the relevant class are pro rata parte exclusively entitled to the share premium reserve with the same letter indication. Provided that the shareholders' equity exceeds the sum of the Issuer's issued share capital and the reserves to be maintained by law, the Board may resolve to make distributions on the shares of a specific class at the expense of the share premium reserve kept for the shares of that class, which distribution shall accordingly reduce the pro rata parte entitlement of such shares to that share premium reserve. The resolution to make a distribution from the share premium reserve B and C may only be adopted upon a proposal of the meeting of holders of shares of the same class of shares that are entitled to such share premium reserves. A payment to the holders of the shares of a specific class at the expense of a share premium reserve or dividend reserve to which such class of shares are entitled can only be made to the extent that the aggregate balance of the entitlement of all holders of the shares of that specific class to share premium reserves and dividend reserves is positive.

With due observance of Dutch law and the Articles of Association, the Board may resolve to make a distribution from a specific dividend reserve or share premium reserve on an interim basis. The resolution to make an interim distribution from the dividend reserve B or the share premium reserve B and C are subject to approval of the meeting of holders of the relevant class of shares that are entitled to the relevant dividend reserve and the same premium reserves.

5.6 Financial Year and Auditor

The financial year of the Issuer coincides with the calendar year. The general meeting of shareholders appoints an auditor to audit the financial statements and to issue a report thereon. On 22 November 2007, the general meeting of shareholders resolved that the Issuer's financial statements and annual reports will be prepared in English. In accordance with the Dutch Corporate Governance Code, the rules of the audit and risk management committee provide for the annual assessment of the external auditor's effectiveness, independence and objectivity. The audit and risk management committee will also pre-approve the provision of non-audit services by the external auditor to the Issuer and other Group companies and the related fees, in such a manner as to preserve the independence of the external auditor.

5.7 Capital Reduction

The general meeting may, subject to Dutch law and the Articles of Association, on proposal of the Board, resolve to reduce the outstanding share capital by cancellation of shares or by reducing the nominal value of shares by way of an amendment to the Articles of Association. The resolution shall specify the shares to which the resolution applies and shall describe how such resolution shall be implemented.

The partial repayment on shares pursuant to a resolution to reduce their nominal value may also be made exclusively on all shares with a specific letter indication. However, if an outstanding share is cancelled, the following shall be paid on such share; (i) an amount equal to its nominal value; (ii) the part of the share premium reserve to which such share is entitled; and (iii) the part of the profit reserve to which such share is entitled, subject to the provisions under Dutch law that are applicable to interim distributions.

If less than half of the issued capital is represented at the meeting of the general meeting, a resolution to reduce the issued capital can only be adopted by at least two thirds of the votes cast. The validity of a resolution to cancel one or more shares or to partially repay on shares of a specific class requires a preceding or simultaneous approval of the meeting of holders of such shares, whereby the first sentence of this paragraph shall apply mutatis mutandis to such resolution.

The notice of the meeting at which the resolution referred to is to be adopted, shall include the purpose of the reduction of the share capital and the manner in which such reduction shall be effectuated.

5.8 Amendments to the Articles of Association and Dissolution

The general meeting of shareholders may on proposal of the Board duly approved by the Board, resolve to enter into an amendment to the Articles of Association. Such resolution other than on the proposal made of the Board, shall only be valid if it is passed at the general meeting in which at least three-quarters of the issued share capital is represented and with a majority of at least two-thirds of the votes cast. If the requisite capital is not represented in this meeting, no new meeting may be convened. A resolution to amend the Articles of Association on the proposal of the Board shall be passed by an absolute majority of the votes cast, irrespective of the capital present or represented at the meeting. A proposal to amend the Articles of Association whereby the authorised share capital relating to the B Shares shall be changed requires the prior or simultaneous approval of the meeting of holders of class B Shares.

A proposal to amend the Articles of Association whereby any change would be made in the rights which vest in the holders of shares of a specific class in their capacity as such shall require the prior approval of the meeting of holders of the shares of that specific class.

The general meeting may on proposal of the Board duly approved by the Board resolve to dissolve the Issuer. The proposal to dissolve the Issuer is to be accompanied by a plan of distribution setting forth the entitlements of holders of shares with a specific letter indication. If a resolution to dissolve the Issuer is adopted other than on the proposal of the Board, it shall only be valid if it is passed at the general meeting of Shareholders in which at least three-quarters of the issued share capital is represented and with a majority of at least two-thirds of the votes cast. If the requisite capital is not represented in this meeting, no new meeting may be convened. A resolution to dissolve the Issuer on the proposal of the Board shall be passed by an absolute majority of the votes cast, irrespective of the capital present or represented at the meeting.

In the event of a liquidation, dissolution or winding up of the Issuer (whether voluntary or involuntary), the Issuer will first pay or provide for payment of debts and other liabilities of the Issuer, including the Real Estate Division, to creditors. Holders of the A Shares and B Shares shall then share, on a pro rata basis in accordance with the outstanding shares, in the funds of the Issuer remaining, if any, for distribution after satisfying any creditors. As such, holders of the B Shares will not be excluded from rights to the assets of the Issuer. Holders of the A Shares and holders of the B Shares will be entitled to share in the net assets, if any, of the Issuer remaining for distribution to shareholders after payment or provision of all of the Issuer's liabilities in proportion to the value of the liquidated assets of the Mining Division (which will be attributable to the holders of the A Shares) compared to the value of the liquidated assets of the Real Estate Division (which will be attributable to the holders of the B Shares) (such values to be determined by the Board).

The general meeting shall determine the remuneration to be enjoyed by the liquidators. The balance of the assets remaining after satisfaction of all of the Issuer's debts and the expenses of the liquidation will be distributed by way of liquidation payment in accordance with the plan of distribution.

5.9 The holders of the B Shares have the right to request an investigation into the affairs of the Issuer (*enqueterecht*) with the Enterprise Chamber of the Court of Appeal in Amsterdam (''Enterprise Chamber'').

5.10 Restrictions on Foreign Ownership

There are no restrictions on the foreign ownership of the Issuer's shares under Dutch law or the Articles of Association.

6. DISCLOSURE OF INFORMATION

6.1 Disclosure Obligations under Dutch Law

6.1.1 *Current Legislation*

As a Dutch company under Dutch law, the Issuer is, required to make its annual accounts (including the annual report) available to the public within five months after the end of the period to which the information relates, although pursuant to the Senior Secured Facilities, the Issuer is required, in any event, to produce annual reports within 4 months of the Issuer's year end. However, as the rules regarding financial reporting in the Transparency Directive have not been implemented in the Netherlands under the Listing Rules, the Issuer as a company admitted to the Official List will be required to comply with the DTR. As a result, until the implementation of the Transparency Directive in the Netherlands, the Issuer must make its annual accounts available within four months.

The Issuer's annual financial reporting will be subject to supervision by the AFM pursuant to the Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*). Pursuant to the Financial Reporting Supervision Act, the AFM may request the Issuer to clarify the manner in which the Issuer applied Dutch or European financial reporting standards that apply to it, if based on public facts or circumstances the AFM has reason to doubt whether the Issuer's financial reporting complies with such standards. Such a request and the information submitted by the Issuer accordingly will be not be made public.

If the Issuer does not timely provide the requested clarification or if this clarification is not satisfactory according to the AFM, it may notify the Issuer thereof and, in addition, recommend the Issuer to publicly explain (i) how the Issuer will apply the relevant financial reporting standards in the future and what the consequence thereof is for the Issuer's financial reporting; or (ii) in which manner the Issuer's reporting does not comply with the financial reporting standards and what the consequence thereof is for the Issuer's financial reporting. Again, the AFM's recommendation is confidential. However, if the Issuer does not comply with the AFM's request for clarification, the AFM may also request the Enterprise Chamber to order the Issuer to do so and it could be subject to a penalty (*dwangsom*). The AFM is also entitled to request the Enterprise Chamber to order the Issuer to amend its annual financial reporting in accordance with the Enterprise Chamber's directions after the AFM has notified the Issuer of its findings, if it finds it necessary in the interest of an adequate functioning of the securities markets and the interest of investors active on those markets. Pursuant to a legislative proposal which has recently been published, the scope of the AFM's authority under the Financial Reporting Supervision Act will be extended to half-year reports, among other things. However, the AFM will not have the ability to initiate proceedings at the Enterprise Chamber with respect to half-year reports. This draft legislation is anticipated to enter into force on 1 October 2008.

The Issuer must also promptly disclose any inside knowledge relating to it by means of a press release. Pursuant to the Market Abuse Directive, which has been implemented into Dutch, United Kingdom, Czech and Polish law, inside information is knowledge of concrete information directly or indirectly relating to the Issuer which has not been made public and publication of which could significantly affect the trading price of the securities. The laws of the Netherlands, the United Kingdom, the Czech Republic and Poland contain specific rules intended to prevent market abuse, such as insider trading and price manipulation. Pursuant to these rules, the Issuer has adopted a code of conduct in respect of the reporting and regulation of transactions in its securities.

6.1.2 *Future Legislation*

On 15 December 2004 the Transparency Directive was adopted. The Transparency Directive establishes requirements in relation to, *inter alia*, disclosure of periodic and ongoing information with respect to financial reporting and shareholdings. The Transparency Directive should have been implemented in the Netherlands by 20 January 2007. However, so far only the rules regarding the disclosure of shareholdings have been implemented, see ''—Shareholding Disclosure Obligations'' below. A legislative proposal for the implementation of the requirements of the Transparency Directive relating to financial reporting has been published. The new legislation is currently anticipated to come into force around 1 October 2008.

The Transparency Directive sets a shorter period for a listed company to make public its annual accounts (including the annual report) than currently applies in the Netherlands, namely within four months. Semi-annual accounts must be published within two months of the end of the period to which the information relates. The annual and half-year report must comprise a statement from the company's responsible persons that the company's financial statements, in short, give a true and fair view. Furthermore, the Transparency Directive requires companies that do not publish quarterly financial reports either pursuant to national law or on their own initiative, to make public an interim management statement during the first and second six-month period of the year. The annual and half-report must also comprise a statement that this interim management statement gives a true and fair view.

In addition, the Transparency Directive requires that a competent authority can require, for example, the company and its accountants to furnish certain information to the competent authority and require the Issuer to publish such information, to suspend and even prohibit trading in its shares for a maximum of ten days when the competent authority has good reasons to believe a company violates the Transparency Directive or the national legislation implementing it, and to carry out on-site inspections to verify compliance. Finally, appropriate administrative measures and/or civil and administrative penalties should be provided for.

The pending legislative proposal implementing the Transparency Directive does currently not envisage that it will be applicable to the Issuer since it will not be listed on a regulated market in the Netherlands. However, it cannot be ruled out that the proposal may be amended in this respect during the legislative proposal.

The legislative proposal for the implementation of the Transparency Directive includes several amendments of the Financial Reporting Supervision Act. Most notably, the scope of the AFM's supervision on financial reporting will be extended to semi-annual reports. However, the AFM will not have the possibility to initiate proceedings at the Enterprise Chamber with respect to semi-annual reports.

6.2 Disclosure Obligations under Czech Law

As a Dutch company listed on the Prague Stock Exchange, the Issuer will be subject to certain disclosure obligations pursuant to Czech law and the regulations of PSE. These disclosure obligations include (but are not limited to) the following.

The Issuer will be required to make its annual report (including its annual accounts) and consolidated annual report available to the public and submit the report(s) to the CNB within four months of the end of the relevant financial year or in a period set out by Dutch law for such purposes. The applicable Czech law allows and the Issuer intends to fulfil this reporting obligation in the English language only.

The Issuer will also be required to prepare and make available to the public its semi-annual report within 2 months following the first 6 months of the financial year. The semi-annual report must also be submitted to the CNB. The applicable Czech law allows and the Issuer intends to fulfil this reporting obligation in the English language only.

The Issuer must also promptly disclose any inside information relating to it by means of a press release.

The laws of the Czech Republic contain specific rules intended to prevent market abuse, such as insider trading and price manipulation. Pursuant to these rules, the Issuer has adopted a code of conduct in respect of the reporting and regulation of transactions in its securities.

6.3 Disclosure Obligations under UK Law

6.3.1 *Disclosure of inside information*

The disclosure obligations in chapter 2 of the DTR apply to an issuer whose financial instruments are admitted to trading on a regulated market in the UK or for which a request has been made for admission to trading on a regulated market in the UK. As a result, they apply to the Issuer.

The disclosure obligations for issuers under the DTR are designed to ensure that there is prompt and fair disclosure of relevant information to the market. DTR 2 contains the key general obligation of disclosure. It provides that issuers must notify a regulatory information service as soon as possible of any inside information which directly concerns the issuer, unless DTR 2.5.1R applies (which allows the disclosure of inside information to be delayed in certain circumstances).

Inside information is information of a precise nature which: is not generally available; relates directly or indirectly to one or more issuers of qualifying investments or to the qualifying investments themselves; would, if generally available, be likely to have a significant effect on the price of the A Shares or on the price of related investments. Information is precise if it: indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur; and is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of the A Shares.

Unlike the previous Listing Rules which aligned the disclosure requirements with the actual securities listed in the UK, the DTR requires the disclosure of inside information relating to the Issuer even if that information would only have a significant price effect on securities listed outside the relevant member state.

6.3.2 *Periodic financial reporting*

Due to the fact that the Netherlands has not implemented the relevant chapter of the Disclosure and Transparency Directive, the chapter contained in the DTR relating to the publication of periodic financial information by issuers will apply to the Issuer.

6.4 Disclosure Obligations under Polish Law

Under the Polish Act on Public Offer, Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies and the Polish Regulation on Current and Periodic Reports, the Issuer is obliged to publish, by way of a current report, information regarding events having a material impact on the Issuer's situation and listed in the Polish Regulation on Current and Periodic Reports (e.g. acquisition or loss of important assets, entry into a material agreement, changes in the Issuer's management or supervisory board) and periodic reports, mainly consisting of financial information. Current and periodic reports should (i) contain information reflecting the nature of the situation described, (ii) be prepared in an accurate, reliable and complete manner, (iii) indicate the legal basis for their publication (current reports should also specify the type of event to which they relate), and when published by the Issuer should be drawn up in such a manner so as to enable the investors to assess the impact of the information contained therein on the financial and economic standing and on the assets of the Issuer.

Current and periodic reports are transmitted to the KNF and the WSE, and subsequently to the public.

Subject to certain exceptions, current reports and inside information are to be published immediately and, in any event, no later than 24 hours from the event being subject to the report being brought to the attention of the Issuer or from learning about such event by the Issuer. Periodic reports are to be published within certain periods, as indicated in the Polish Regulation on Current and Periodic Reports.

In principle, an issuer having its seat outside Poland may publish its current and periodic reports in English. In the case of current reports, they must be published with a brief summary in Polish and in the case of periodic reports, they must be published together with a Polish translation of the basic numerical information detailing the Issuer's financial situation, set out in a tabular form, as soon as possible, but not later than five days in the case of the current report, and three weeks in the case of the periodic report, after the publication of the full English language version.

For the purposes of Polish law, inside information is any information of precise nature relating, whether directly or indirectly, to one or more issuers of financial instruments, one or more financial instruments, or to an acquisition or disposal of such instruments, which has not been made public and which, if made public, would be likely to have a significant effect on the prices of financial instruments or related derivative financial instruments.

Pursuant to the relevant Polish provisions, the Issuer will be required to publish its annual report immediately after the auditor's opinion concerning the report is issued, not later than within 7 days from the date on which the Issuer receives such an opinion, however in any case not later than (i) 15 days before the Annual General Meeting or (ii) 6 months from the end of the financial year to which the annual report pertains.

As the Issuer is obliged to publish periodic information other than the annual report in at least one Member State other than Poland, the KNF will communicate with the supervisory authority of such Member State to establish that the contents of such periodic information is to be published in accordance with the provisions in force (i) in the Member State, in which the A Shares were first admitted to trading, or (ii) in the Member State in which the Issuer has its registered office, if the A Shares were at the same time admitted to trading in stock exchanges located in two or more Member States. Until the Issuer is notified by the KNF of the required contents of periodic reports, the Issuer is obliged to publish its periodic reports in accordance with Polish provisions.

Subject to exceptions, current reports and inside information are to be published immediately and in any event no later than 24 hours from the event being subject to the report being brought to the attention of the Issuer or from learning about such event by the Issuer. In case of insider information, its publication may in certain cases be delayed.

In particular, in accordance with the relevant Polish provisions, Management and Supervisory Board members, commercial proxies or attorneys-in-fact of the Issuer, its employees, auditors or other individuals related to the Issuer under a contract for services or other similar legal relationship may not acquire or dispose of, for their own account or for the account of a third party, the issuer's shares, derivative rights attached thereto or other financial instruments related to such shares, and may not make, for their own account or for the account of a third party, any other legal transactions that lead or might lead to the disposal of such financial instruments during a restricted period referred to in article 159.2 of the Act on Trading in Financial Instruments. The restricted period is:

- the period between the time when a natural person obtains inside information concerning the issuer or the financial instruments that meet conditions specified in article 156.4 of the Polish Act on Trading in Financial Instruments and the time when such information is made public,
- in the case of an annual report—two months preceding the publication of such report or, if shorter, the period between the end of a given financial year and the publication of such report, unless a

natural person had no access to the financial data on the basis of which such report was prepared,

- in the case of a semi-annual report—one month preceding the publication of such report or, if shorter, the period between the end of a given half year and the publication of such report, unless a natural person had no access to the financial data on the basis of which such report was prepared,
- in the case of a quarterly report—two weeks preceding the publication of such report or, if shorter, the period between the end of a given quarter and the publication of such report, unless a natural person had no access to the financial data on the basis of which such report was prepared.

7. OBLIGATIONS OF SHAREHOLDERS TO MAKE A PUBLIC OFFER

As the Issuer is incorporated under the laws of the Netherlands, it is subject to Dutch law. However, as its shares are not admitted to trading on a regulated market in the Netherlands, but have been admitted to trading on the LSE, the PSE, and the WSE, the UK Takeover Panel will be responsible to a certain extent in respect of a public takeover bid for the Issuer. The UK Takeover Code will apply to the Issuer in respect of consideration and procedural matters.

7.1 Obligations of Shareholders to Make a Public Offer under Dutch Law

The act and the decree which implement the EU Directive 2004/25/EC on takeover bids (the ''Takeover Directive'') in the Netherlands have entered into force on 28 October 2007. According to this legislation, a person who, solely or together with others in joint consultation, directly or indirectly, has acquired 30% or more of the Issuer's ordinary shares or of the Issuer's voting rights will be obligated to make a public offer for all issued and outstanding shares in the Issuer's share capital. Shareholders who have a controlling interest as described above at the time the Issuer is admitted to trading on a regulated stock exchange are exempt from the obligation to make such public offer. The obligation to make a public offer will only start to apply to such shareholder once its interest in the Issuer's share capital decreases below 30% and then again increases to 30% or more. Shareholders acting in concert who have a combined interest of at least 30% in the share capital of the Issuer are also obliged to make a public offer.

The new legislation provides that the Enterprise Chamber may, at the request of any shareholder (or holder of depository receipts for shares) or the Issuer, order a shareholder who has obtained 30% or more of the Issuer's voting rights or more to make a public offer. The Enterprise Chamber may also, at the request of the Issuer, determine that such a shareholder is not required to make a public offer when the financial condition of the Issuer and the business related to it gives rise thereto.

The above mentioned obligation for a person acting solely or together with others to make a public offer does not apply according to the Exemption Decree on Public Offers (*Vrijstellingbesluit overnamebiedingen Wft*) in cases where prior to, but no more than three months prior to, the acquisition of 30% or more of the Issuer's shares or voting rights, the general meeting of shareholders of the Issuer has approved such acquisition with 95% of the votes cast by others than the acquirer and the person(s) acting with him.

7.2 Obligations of Shareholders to Make a Public Offer under Czech Law

Czech law provides for the regulation of public offers (including mandatory offers). Such legislation applies to shareholders of companies with seat in an EU state other than the Czech Republic if (a) its shares are traded on a regulated market only in the Czech Republic, or (b) its shares are traded on regulated markets in more than one EU state (other than the state of its seat) provided that (i) its shares were first admitted to trading on a regulated market in the Czech Republic, or (ii) its shares were simultaneously admitted to trading on regulated markets in more than one EU state and such company designated the Czech National Bank as the competent regulatory authority for public offers and notified this fact to the regulators and the markets in such other EU states at the start of trading.

As the Issuer has not designated the Czech National Bank as the competent regulatory authority for public offers, the obligation to make a mandatory public offer under Czech legislation should not apply to shareholders of the Issuer.

7.3 Obligations of Shareholders to Make a Public Offer under UK Law

The Takeover Code provides for the regulation of public offers (including mandatory offers) in the UK. Save as referred to above, the Takeover Code does not apply to companies incorporated under the laws of the Netherlands.

7.4 Obligations of Shareholders to Make a Public Offer under Polish Law

Pursuant to the provisions of Articles 72-74 of the Polish Act on Public Offer, the Conditions of Introducing Financial Instruments to Organized Trading Systems and on Public Companies shares of a public company should be acquired in a tender offer if:

- a shareholder, who holds shares which carry less than 33% of the total number of votes at the general meeting in a company intends to acquire shares entitling to more than 10% of votes at the general meeting in less than 60 days; or
- a shareholder, who holds shares which carry more than 33% of the total number of votes at the general meeting in a company intends to acquire shares entitling to more than 5% of total number of votes in less than 12 months.

An obligation to announce a tender offer also arises if shareholder intends to exceed the threshold of 33% of votes in a public company. In such a case the shareholder should make a tender offer for shares carrying 66% of votes in a public company. When exceeding the 33% vote threshold is a consequence of in kind contribution, acquisition of shares in a public offer, merger of a company or as a result of amendments to the statute, abolishing share privileges or other acts in law, such shareholder is obliged to:

- make a tender offer for the shares representing 66% of votes, or
- sell the shares which cause the 33% vote threshold to be exceeded.

The obligation should be complied with within 3 months from the date when the 33% vote threshold has been exceeded.

The obligation to make a tender offer also arises if a shareholder intends to exceed the threshold of 66% votes at the general meeting. In such a case he should make a bid for all shares of the public company. When exceeding the 66% vote threshold is a consequence of in kind contribution, acquisition of shares in a public offer, merger of a company or as a result of amendments to the statute, abolishing share privileges or other acts in law, such shareholder is obliged to:

- make a tender offer for the shares representing 66% of votes, or
- sell the shares which cause the 66% vote threshold to be exceeded.

The above obligation should be complied with within 3 months from the date when the 66% vote threshold has been exceeded.

8. SQUEEZE OUT PROCEDURES

8.1 Squeeze Out Procedures under Dutch Law

Pursuant to article 2:92a of the Dutch Civil Code, a shareholder who for his own account at least 95% of the Issuer's issued capital may institute proceedings against the Issuer's other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the DCC. The Enterprise Chamber may grant the claim for the squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value of the shares. Once the order to transfer has become final, the acquirer must give written notice of the price, and the date on which and the place where the price is payable to the minority shareholders whose addresses are known to him. Unless all addresses are known to him, he shall also publish the same in a daily newspaper with nationwide distribution.

In case of a public offer having been made for shares or for depository receipts for shares, the legislation that implements the Takeover Directive in the Netherlands provides for a special squeeze out procedure for a period of three months after termination of the tender period, that replaces the rules of

2:92a of the DCC. Following a public offer, the offeror can initiate proceedings if he contributes at least 95% of a class of shares and represents at least 95% of the total voting rights in that class. The price offered in the public offer will in principle be deemed a reasonable price for squeeze out purposes if the offer was a mandatory offer or if at least 90% of the shares were received by way of a voluntary offer. The Enterprise Chamber may, nevertheless, appoint one or three experts to offer an opinion on the value of the shares, prior to determining the price to be paid by the offeror.

The same legislation also entitles each remaining minority shareholder to demand a squeeze out if the offeror has acquired at least 95% of the class of shares held by him, representing at least 95% of the total voting rights in that class. This procedure must be initiated with the Enterprise Chamber within three months after the end of the period for tendering shares in the public offer. The price for the shares is determined in accordance with the procedure described in the immediately preceding paragraph.

8.2 Squeeze Out Procedures under Czech Law

Czech law provides for the regulation of so called squeeze out procedure under which the controlling shareholder holding at least 90% of the shares may require all minority shareholders to sell their shares. Such legislation applies to companies incorporated under the laws of the Czech Republic. As the Issuer is incorporated under the laws of the Netherlands, it may not invoke a squeeze out procedure under Czech law.

8.3 Squeeze Out Procedures under UK Law

UK law provides for the regulation of so called squeeze out procedures under which shareholders holding 90% or more of the shares to which an offer relates may require all minority shareholders to sell their shares. Such legislation applies to companies incorporated under the laws of the England and Wales. As the Issuer is incorporated under the laws of the Netherlands, it may not invoke a squeeze out procedure under UK law.

8.4 Squeeze Out Procedures under Polish Law

Pursuant to the provisions of the Polish Act on Public Offer, the Conditions of Introducing Financial Instruments to Organized Trading Systems and on Public Companies (Article 82 thereof), a shareholder who—individually or with a dependent or dominant entities, or with entities acting in agreement with such a shareholder—has reached over 90% of general number of shares in a public company, is entitled to request the remaining shareholders of such public company to sell the remaining shares of such public company. The consent of the minority shareholders for the buyout is not required. The buyout requires security of not less than 100% value of shares to be established.

Pursuant to the provisions of the Polish Act on Public Offerings, the Conditions of Introducing Financial Instruments to Organized Trading Systems and on Public Companies (Article 83 thereof), minority shareholders are entitled to request that a shareholder who has over 90% votes at the general meeting, as well as its dependent or dominant entities, to purchase the minority shares within 30 days from the date of such demand.

9. SHAREHOLDING DISCLOSURE OBLIGATIONS

9.1 Shareholding Disclosure Obligations under Dutch Law

9.1.1 *Current Legislation under Dutch Law*

Holders of the A Shares may be subject to reporting obligations under the Financial Markets Supervision Act. A summary of the notification requirements in the Financial Markets Supervision Act is set out below. Shareholders are advised to seek professional advice on their obligations.

Pursuant to the Financial Markets Supervision Act, each person whose holding of voting rights and/or capital interest, directly or indirectly, at the time of admission of the A Shares to listing on the LSE, PSE and WSE, amounts to 5% or more must notify the AFM immediately by means of a standard form. Persons who directly or indirectly hold an interest in one or more of the Issuer's shares to which special controlling rights are attached according to the Articles of Association must also immediately notify the AFM upon the admission to trading of the A Shares.

Subsequently, any person who directly or indirectly acquires or disposes of an interest in the Issuer's capital and/or voting rights must immediately notify the AFM by means of a standard form if, as a result of this acquisition or disposal, the percentage of capital interest or voting rights held directly or indirectly meets, exceeds or falls below the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Any person who directly or indirectly acquires or disposes of an interest in one or more of the Issuer's shares to which special controlling rights are attached according to the Articles of Association must immediately give written notice to the AFM.

The Issuer is required to notify the AFM immediately if the Issuer's capital or voting rights have changed by 1% or more since its previous notification on outstanding capital and voting rights. The Issuer must notify the AFM of the Issuer's outstanding share capital and voting rights at least once per calendar quarter, within eight days after the end of the quarter. Anyone whose direct or indirect capital and/or voting rights interest meets or passes the thresholds referred to in the previous paragraph as a result of a change in the share capital or voting rights that are outstanding must notify the AFM no later than the fourth trading day after the AFM has published the change in the Issuer's share capital and/or voting rights.

Once every calendar year, holders of a 5% or larger interest in the Issuer's share capital or voting rights whose interest has, in the period after their most recent notification to the AFM, changed (composition) as a result of certain acts (including, but not limited to, the exchange of shares for depository receipts and vice versa, and the exercise of a right to acquire shares) must notify the AFM. The notification must be effected within four weeks after the end of the calendar year.

Subsidiaries, as defined in the Financial Markets Supervision Act, do not have reporting obligations under the Financial Markets Supervision Act, as their, direct and indirect, interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the Financial Markets Supervision Act, including an individual. A person who has a 5% or larger interest in the Issuer's share capital or voting rights and who ceases to be a subsidiary for purposes of the Financial Markets Supervision Act must immediately notify the AFM. As of that moment, all notification obligations under the Financial Markets Supervision Act will become applicable to the former subsidiary.

For the purpose of calculating the percentage of capital interest or voting rights, among other metrics, the following interests must be taken into account: (i) shares or depository receipts for shares or voting rights directly held (or acquired or disposed of) by any person, (ii) shares or depository receipts for shares or voting rights held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney), and (iii) shares or depository receipts for shares or voting rights which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of, including, but not limited to, on the basis of convertible bonds).

Special rules apply with respect to the attribution of shares or depository receipts for shares or voting rights which are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares or depository receipts for shares can also be subject to the reporting obligations of the Financial Markets Supervision Act, if such person has, or can acquire, the right to vote on the shares or, in the case of depository receipts, the underlying shares. If a pledgee or usufructuary acquires the voting rights on the shares or depository receipts for the shares, the subject of such pledge or usufruct arrangement, this may trigger a corresponding reporting obligation for the holder of the shares or depository receipts for the shares.

The AFM publishes the notifications received by it in a public register.

9.1.2 *Future Legislation under Dutch Law*

Pursuant to an advice of the Monitoring Commission on the Dutch Corporate Governance Code, see PART IX of this document entitled ''MANAGEMENT AND THE DIVISIONS—DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE—Corporate Governance Issues—Dutch Corporate Governance Code'', the Dutch Ministry of Finance has published a draft legislative proposal, which includes several amendments of the disclosure obligations for shareholdings under the Financial Markets Supervision Act. Most notably, the lowest threshold for the disclosure of capital interest and/or voting rights is expected to be reduced from 5% to 3%.

9.1.3 *Shareholding Disclosure Obligations for Members of the Board of Directors under Dutch law*

On the basis of the Financial Markets Supervision Act, members of the Board must immediately give written notice to the AFM by means of a standard form of all ordinary shares and voting rights in the Issuer held at the time of admission to trading of the ordinary shares to listing on the LSE, the PSE or the WSE. They must subsequently notify the AFM of every change in their holdings of ordinary shares and voting rights in the Issuer.

The same requirements apply to the holdings of ordinary shares and voting rights of members of the Board and management in so-called ''affiliated'' institutions. In this context, ''affiliated'' means in respect of the Issuer, among other persons, any public company with limited liability incorporated under Dutch law, the shares or depository receipts for shares of which are admitted to listing on a regulated market in the Netherlands or another EEA State (i) within which the Issuer holds a participation (*deelneming*) and the turnover of which is at least 10% of the Issuer's consolidated turnover, or (ii) provides directly or indirectly more than 25% of the Issuer's capital.

On the basis of the Financial Markets Supervision Act other and additional detailed trade reporting obligations apply to certain of Issuer insiders, certain of their family members and members of their household, and certain legal entities and arrangements controlled by or settled for these insiders.

The AFM publishes the notifications received by it in a public register.

9.2 Shareholding Disclosure Obligations under Czech Law

Czech law requires shareholders holding more than a certain percentage of shares in publicly traded companies incorporated in the Czech Republic to disclose their shareholdings. As the Issuer is incorporated under the laws of the Netherlands, its shareholders are not required to disclose their shareholdings under Czech law.

In addition to the Czech statutory requirement to disclose shareholdings exceeding a certain level, such disclosure duty is also imposed by the Prague Stock Exchange. Such requirement is applicable to the Issuer. See PART XII of this document entitled ''DETAILS OF THE OFFER—Securities Markets in the Czech Republic—Reporting Obligations'' for further information.

9.3 Shareholding Disclosure Obligations under UK Law

The DTR issued by the FSA deal with notification of acquisition or disposal of share holdings and apply to issuers with shares admitted to trading on a regulated market (i.e. the London Stock Exchange) and whose home state is the UK.

Full compliance with the DTR is required by an issuer incorporated in the UK. Minimum disclosure requirements apply in relation to holdings in a ''non-UK issuer'' (being an issuer with shares admitted to trading on a regulated market whose home state is the UK (DTR 5.1.1(2)R)).

For the purposes of the DTR, the home state of a company incorporated in the EU will be the member state in which the issuer has its registered office. Accordingly the DTR will not apply if the company has its registered office outside the UK. Issuers incorporated in another member state (i.e. the Netherlands) with a registered office located other than the UK with listed securities on a UK regulated market will not be expected to comply with the DTR relating to vote holder and issuer notification issues on the basis that they will already be required to comply with equivalent requirements in their home member state albeit that the threshold at which the voteholder and issuer notifications are required is lower in the UK, at 3%, than in the Netherlands.

Accordingly, the notification requirements in respect of the Issuer will be governed by Dutch law. However, the DTR require the Issuer to ensure that information required to be notified in the Netherlands is disseminated as close to simultaneously as possible to the market in London (which will be effected by way of announcements via a regulatory information service).

9.4 Shareholding Disclosure Obligations under Polish Law

Pursuant to the provisions of the Polish Act on Public Offerings, the Conditions of Introducing Financial Instruments to Organized Trading Systems and on Public Companies, any entity that achieved or exceeded the threshold of 5%, 10%, 20%, 25%, 33%, 50% or 75% of the total number of votes in a public company, is required to notify the Polish Financial Supervision Commission and the public company about such fact. The same obligation applies also to entities which held shares entitling to votes above any of the aforesaid thresholds, but as a result of a decrease of its share in the total number of votes, its share in the total number of votes in a public company has reached or become lesser that the respective threshold. The obligation should be fulfilled within four (4) days from the date on which such fact occurred, or from the date on which the entity became aware of such fact, or should have become aware if it acted with due care.

Notification requirements apply also to an entity which was entitled to more that 10% of votes, if its share in the total number of votes changes by at least 2%, and to an entity which was entitled to more that 33% of votes, if its share in the total number of votes changes by at least 1%.

10. DISCLOSURE OBLIGATIONS FOR CERTAIN INSIDERS

10.1 Disclosure Obligations for Certain Insiders under Dutch Law

Pursuant to the Financial Markets Supervision Act, members of the board of directors and management and any other person who has (co)managerial responsibilities, and in that capacity has the authority to make decisions affecting the Issuer's future developments and business prospects and who has regular access to inside information relating, directly or indirectly, to the Issuer (each a ''notifying person''), must give written notice to the AFM by means of a standard form of any transactions conducted on his or her own account relating to ordinary shares or in securities the value of which is determined by the value of those ordinary shares.

In addition, persons designated by the governmental decree dated 12 October 2006 pursuant to the Financial Markets Supervision Act (*Besluit Marktmisbruik Wft*, the ''Decree Market Abuse FMSA'') who are closely associated with a notifying person, are required to notify the AFM of any transactions conducted on their own account relating to the Issuer's ordinary shares or in securities the value of which is determined by the value of those ordinary shares. The Decree Market Abuse FMSA provides that the obligation applies to the following categories of persons: (i) the spouses, registered partners, companions of a notifying person and all other persons who similarly live together with a notifying person; (ii) children under parental authority (*gezag*) or guardianship (*curatele*) of a notifying person; (iii) other relations by blood or affinity who have on the transaction date shared a joint household with a notifying person for at least one year; and (iv) any legal entity, trust or legal partnership (a) for which a notifying person or one of the closely associated persons mentioned under (i) to (iii) has managerial responsibility; (b) which is under the control of one of these persons; (c) which has been created for the benefit of one of these persons; or (d) of which the economic interests are in essence equivalent to those of one of these persons.

The AFM must be notified within five business days following the relevant transaction date. Under certain circumstances, notification may be postponed until the date on which the value of the transactions amounts to EUR 5,000 or more per calendar year.

If a member of the Board has made a notification of a transaction to the AFM under other provisions of the Financial Markets Supervision Act, that notification is sufficient for purposes of the Financial Markets Supervision Act. See the subsection of this PART XVI entitled ''Shareholding Disclosure Obligations for Members of the Board of Directors under Dutch law.

10.2 Disclosure Obligations for Certain Insiders under Czech Law

Pursuant to the Capital Markets Act:

(i) senior executives or members of the administrative, management or supervisory bodies of the issuer, the spouse of the person, dependent children of the person other relatives of the person who have shared the same household as that person for at least one year on the date of the transaction concerned, or

(ii) any legal person, trust or partnership, whose senior executive or members of the administrative, management or supervisory bodies is a person referred to in the preceding paragraph, or which is directly or indirectly controlled by such a person or whose economic interests are substantially equivalent to those of such person,

must give written notice to the CNB of any transactions conducted on their own account relating to securities issued by the issuer or in financial instruments the value of which is determined by the value of those securities. The CNB must be notified within five days following the relevant transaction date.

10.3 Disclosure Obligations for Certain Insiders under UK Law

As part of its continuing obligations under the Listing Rules, the Issuer must require compliance with the Model Code on Director's Dealings in Securities set out in the Listing Rules (''Model Code'') (or more rigorous dealing obligations) to restrict the ability of persons discharging managerial responsibilities from dealing in the Issuer's securities.

The Model Code imposes restrictions beyond those imposed by the market abuse and insider dealing legislation. Its purpose is to ensure that persons discharging managerial responsibilities (PDMRs) do not abuse, and do not place themselves under suspicion of abusing, inside information that they may be thought to have, especially in periods leading up to an announcement of results. PDMRs are the Directors and senior executives of the Issuer who are not Directors but who have regular access to inside information relating directly or indirectly to the Issuer and the power to make managerial decisions affecting the future development and business prospects of the Issuer. The FSA has also stated that directors or other senior executives at subsidiary companies within an issuer's group may be considered PDMRs, as PDMRs can be employed by any company within the issuer's group and not just by the issuer itself.

The Model Code contains a broad list of dealings in securities which are caught by the Model Code and which includes amongst other things any acquisition or disposal of, or agreement to acquire or dispose of any securities of the company and the grant, acceptance, acquisition, disposal, exercise or discharge of any option (whether for the call, or put, or both) to acquire or dispose of any of securities of the company.

Dealings under the Model Code are prohibited by a PDMR (who must also seek to prohibit dealings by or on behalf of any of his connected persons) during a close period, that is:

- the period of 60 days immediately preceding a preliminary announcement of the company's annual results or, if shorter, the period from the end of the relevant financial year end up to and including the time of the announcement; or
- the period of 60 days immediately preceding the publication of a company's annual financial report or if shorter the period from the end of the relevant financial year up to and including the time of such publication; and
- if the company reports on a half-yearly basis, the period from the end of the relevant financial period up to and including the time of such publication; and
- if the company reports on a quarterly basis, the period of 30 days immediately preceding the announcement of the quarterly results or, if shorter, the period from the end of the relevant financial period end up to and including the time of the announcement.
- any period where there exists any matter which constitutes inside information in relation to the company.

The Issuer has adopted and will comply with a code of securities dealings in relation to A Shares which is no less rigorous than the Model Code and which will apply to directors and relevant employees of the Group.

10.4 Disclosure Obligations for Certain Insiders under Polish Law

Persons who are members of the Issuer's management and supervisory bodies or who are commercial proxies, other persons who hold managerial positions in the Issuer's organisational structure, have permanent access to inside information related, whether directly or indirectly, to the Issuer, and are authorised to make decisions affecting the Issuer's development and economic prospects should notify the KNF, the WSE, and, subsequently, the public, of any transactions executed by them or by persons related to them as referred to in article 160.2 of the Polish Act on Trading in Financial Instruments, for their own account, whereby they acquire or dispose of any A Shares, derivative rights attached thereto and other financial instruments related to the A Shares admitted to trading on a regulated market or whose admission to trading on such market is sought.

The definition of related persons contained in article 160.2 of the Polish Act on Trading in Financial Instruments includes: (i) the spouses or other persons who live together in a relationship with a notifying person; (ii) children who are financially supported by the notifying person, persons adopted by the notifying person or who remain under guardianship (*kuratela*), care (*opieka*) of a notifying person;

(iii) other relations by blood or affinity who have on the transaction date shared a joint household with a notifying person for at least one year; and (iv) any entity, (a) in which a notifying person or one of the closely associated persons mentioned under (i) to (iii) is a management board member, a supervisory board member or in which such person holds a managerial position and has permanent access to inside information related, whether directly or indirectly, to such entity, and is authorised to make decisions affecting such entity's development and economic prospects; (b) which is under the control of one of these persons; (c) from which one of these persons derives economic benefits; or (d) of which the economic interests are in essence equivalent to those of one of these persons.

11. CROSS-BORDER EXERCISE OF SHAREHOLDERS' RIGHTS

On 12 June 2007, the European Council of Ministers formally adopted a Directive on the exercise of certain rights of shareholders in listed companies. This Directive aims to facilitate the (cross-border) exercise of shareholders' rights in companies which have their registered office and whose shares are admitted to trading on a regulated market within the European Union, through the introduction of minimum standards. The Directive seeks to ensure that shareholders, no matter where they are residing, have timely access to complete information and simple means to exercise certain rights, voting rights in particular, at a distance. The Directive on shareholders' rights needs to be implemented in the Netherlands two years after it enters into force.

12. PRINCIPAL SHAREHOLDERS

12.1 Ownership

In so far as is known to the Issuer, as of 22 April 2008 the persons in the table below have an interest in the Issuer's capital or voting rights that would have to be notified under Dutch law if the shares of the Issuer were already admitted to trading on the LSE, the PSE and the WSE. None of these holders have any different voting rights than other holders of the A Shares.

Name	Percentage of Ownership in A Shares of Issuer before the Offer	Percentage of indirectly attributed Ownership in A Shares of Issuer after the Offer	Percentage of indirectly attributed Ownership in A Shares of Issuer Assuming Over-Allotment Exercise in Full
RPG Industries SE (Cyprus)	100%	68.5%	63.8%

In addition, RPGI also owns 100% of the B Shares and the C Share.

RPGP owns 81% of RPGI. As RPGP controls RPGI it may be deemed to beneficially own all the A Shares of the Issuer held by RPGI. RPGP disclaims beneficial interest in the A Shares to which it does not have a pecuniary interest. RPGP believes it will not have a pecuniary interest and entitlement to approximately 55.5% of the issued A Shares after the Offer, assuming there is no exercise of the Over-Allotment Option and approximately 51.7% of A Shares after the Offer assuming that the Over-Allotment Option has been exercised in full in each case representing the percentage ownership interest of RPGP in RPGI multiplied by the percentage interest of RPGI in the Issuer.

Prior to the Offer, the Issuer is a wholly-owned subsidiary of RPGI, which is a holding company with no material business operations or assets. The following table sets forth the relevant ownership interests in the Issuer held by each of the Indirect Shareholders through their respective affiliated entities:

Name	Percentage of indirectly attributed ownership in A Shares of Issuer before the Offer	Percentage of indirectly attributed ownership in A Shares of Issuer after the Offer	Percentage of indirectly attributed ownership in A Shares of Issuer Assuming Over-Allotment Exercise in Full
Crossroads Capital Investments Inc[1]	40.5	27.75	25.84
Zdeněk Bakala[2]	40.5	27.75	25.84
First Reserve[3]	14.25	9.76	9.09
AMCI[4]	4.75	3.24	3.03
Total Percentage held:			
by RPGI	100	68.5	63.8
by Public Shareholders	—	31.5	36.2
Total A Shares	**100**	**100**	**100**

(1) Mr. Kadas, a Non-Executive Director, owns no direct interest in A Shares, B Shares or the C Share but he is considered as being interested in A Shares, B Shares and the C Share because of CCII's indirect ownership interest in RPGP and RPGP's indirect ownership interest in the Issuer. RPGP is the controlling shareholder of RPGI and, accordingly, after the Offer and the cancellation of the C Share, RPGP will own an indirect interest of 81% in the A Shares held by RPGI, being 68.5% of the issued A Shares (assuming no exercise of the Over-Allotment Option), and in the B Shares held by RPGI, being 100% of the issued B Shares. Companies controlled by CCII own 50% of the outstanding voting capital in RPGP. Certain trusts associated with the family of Mr. Kadas own a minority interest in CCII.

(2) Mr. Bakala, a Non-Executive Director, holds no direct interest in A Shares, B Shares or the C Share but he is considered as being interested in the A Shares, B Shares and the C Share as a result of certain trusts and affiliated companies relating to him and his family (collectively the ''Bakala entities'') holding an indirect ownership interest in RPGP and RPGP's indirect ownership interest in the Issuer. Mr. Bakala, through the Bakala entities, owns 50% of the outstanding voting capital in RPGP. As set out in note (1) above, RPGP owns an indirect interest of 81% in the A Shares held by RPGI, being 68.5% of the issued A Shares (assuming no exercise of the Over-Allotment Option), and in the B Shares held by RPGI, being 100% of the issued B Shares.

(3) Mr. Krueger, a Non-Executive Director, is a managing director of First Reserve Corporation. First Reserve owns no direct interest in A Shares, B Shares or the C Share. The indirect ownership interest of First Reserve arises as a result of its ownership of RPG Amfire Cayman Holdings Limited, which has a 14.25% interest in RPGI. In the future, First Reserve may hold its interest in the Issuer directly, rather than indirectly through RPGI.

(4) Mr. Mende, a Non-Executive Director, is a 50% equity shareholder in AMCI. AMCI owns no direct interest in A Shares, B Shares or the C Share. The indirect ownership interest of AMCI arises as a result of its ownership of a 4.75% interest in RPGI. In the future, AMCI may hold its interest in the Issuer directly, rather than indirectly through RPGI.

Source: The Issuer

Crossroads Capital Investments Inc

Crossroads Capital Investments Inc is an international private equity investment group focused on investments in Eastern Europe, operating via offices located in the UK and Hungary. Crossroads Capital Investments Inc typically takes large or controlling stakes in investment companies and is active in the management of its investments. Peter Kadas, a Director, is also a director of Crossroads Capital (UK) Ltd., an affiliate of Crossroads Capital Investments Inc.

In addition to its investment in the Issuer, Crossroads Capital Investments Inc currently has investments in the Czech Republic and Hungary in real estate, household chemicals and carbon trading.

Zdeněk Bakala

Zdeněk Bakala has been involved in finance and business in the Czech Republic and the CEE since the early 1990s and as a result is an established figure in the Czech business community. Mr. Bakala is originally from, and has retained close ties with, the Czech Republic, establishing and building businesses and serving on boards of companies in the CEE. In 1991, Mr. Bakala established the Prague office of Credit Suisse First Boston and, in 1994, he founded Patria Finance, one of the largest investment banking boutiques in the Czech Republic. Mr. Bakala is a Director. See PART IX-A of this document entitled ''DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE—Members of the Board of Directors of the Issuer—Zdeněk Bakala'' for further information.

First Reserve Corporation

First Reserve Corporation is a leading private equity firm in the energy industry. The firm is currently investing its most recent fund which closed in 2006 at approximately US $8 billion. First Reserve has a twenty five year history of investing in the energy sector. Since raising its initial pure buyout fund in 1992, First Reserve has completed more than 90 principal transactions in its buyout funds, investing over $6 billion of equity. First Reserve portfolio companies have completed another $5 billion of acquisitions through approximately 250 add-on acquisitions. Current First Reserve portfolio companies include Brand Energy and Infrastructure Services, Inc., Dresser Inc., Acteon Group Ltd. and China Coal Energy Issuer Ltd. Former portfolio companies include Alpha Natural Resources, Foundation Coal Corp., Natural Resource Partners, Dresser-Rand Group Inc. and Weatherford International.

AMCI

AMCI is a privately owned mining and marketing company, founded in 1986 with interests in coal operations in the United States, Australia, South Africa, South America, and China. In 2003, AMCI contributed all of its U.S. production assets to Alpha Natural Resources. In Australia, AMCI has focused on developing and operating new mines and acquiring virgin coal reserves. AMCI continues to be an active investor in the global resources sector. In addition, AMCI has a global marketing network with offices in a number of countries.

First Reserve and AMCI have invested together in over ten investments in the coal industry, including Alpha Natural Resources, a U.S. Appalachian coal producer; Foundation Coal Holdings, a steam coal supplier to U.S. utilities for use in general electricity; and China Coal Energy Issuer Limited.

12.2 Principal Subsidiaries

The Issuer has the following subsidiary undertakings:

Company Name	Percentage Held	Country of Incorporation
OKD, a.s.	100	Czech Republic
NWR Coking, a.s.	100	Czech Republic
OKD, OKK, a.s.	100	Czech Republic
Karbonia PL, Sp. z o.o.	100	Poland
OKD, Bastro a.s.	100	Czech Republic
OKD, Rekultivace, a.s	100	Czech Republic
Czech Karbon s.r.o.	100	Czech Republic
Garáže Ostrava a.s	49.03	Czech Republic

13. STOCK OPTION PLANS

Please see paragraph 16 of PART IX-B ''DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE—Stock Option Plan'' for details of the Stock Option Plans.

14. MATERIAL CONTRACTS

The following contracts (not being a contract entered into in the ordinary course of business) have been entered into by the Issuer or its subsidiaries within two years immediately preceding the Publication Date and are, or may be, material:

14.1 Underwriting Agreement

For a description of the material provisions of the Underwriting Agreement, see PART XII of this document entitled ''DETAILS OF THE OFFER—Underwriting Arrangements.''

14.2 Agreements Related to the Restructuring

For a description of the material agreements related to the Restructuring see PART XIV of this document entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Agreements Related to Restructuring.''

14.3 Senior Facilities Agreement

For a description of the material provisions of the Senior Facilities Agreement, see PART XI of this document entitled ''CAPITALISATION AND INDEBTEDNESS—Senior Secured Facilities.''

14.4 Indenture

For a description of the material provisions of the Indenture, see PART XI of this document entitled ''CAPITALISATION AND INDEBTEDNESS—Senior Notes.''

14.5 Intercreditor Agreement

For a description of the material provisions of the Intercreditor Agreement, see PART XI of this document entitled ''CAPITALISATION AND INDEBTEDNESS—Intercreditor Agreement.''

14.6 Transportation Supply Agreement with Doprava

For a description of the material provisions of the Transportation Supply Agreement with Doprava, see PART XIV of this document entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Agreements with Indirect Shareholders and Certain of Their Affiliates—Agreements on Transport.''

14.7 Master Advisory and Services Agreement.

For a description of the material provisions of the Master Advisory and Services Agreement, see PART XIV of this document entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Agreements with Indirect Shareholders and Certain of Their Affiliates—Master Advisory and Services Agreement.''

14.8 Relationship Agreement

For a description of the material provisions of the Relationship Agreement, see PART XIV of this Prospectus entitled ''CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS—Relationship Agreement.''

15. WORKING CAPITAL

The Issuer is of the opinion (having made due and careful enquiry) that the working capital available to the Group is sufficient for its present requirements, that is, at least for the period of 12 months from the date of this Prospectus.

16. SIGNIFICANT CHANGE

Save as disclosed in this Prospectus no significant change in the financial or trading position of the Group has occurred since 31 December 2007, being the date to which the historical financial information on the Group set out in PART X of this document was prepared.

17. LITIGATION

Save as set out in this paragraph 17, there are no governmental, legal or arbitration proceedings, whether active, pending or threatened against, or being brought by, the Group during the previous 12 months which have, may have or have had a significant effect on the financial position or profitability of the Group:

17.1 Price Investigation

The Issuer was recently subject to a price investigation by the regional tax office based on claim brought by an association of small coke producers alleging that the Issuer has generated unfair profits based on its cost base with respect to prices of coke and cokeable coal applied by the Issuer in 2004 and 2005. On 31 May and 21 June 2007, the Issuer received two separate rulings from the Financial Directorate in Ostrava, the relevant regional financial authority of the Czech Republic responsible for enforcement of the Czech Act on Prices (regulation no. 526/1990 Sb.). The two related rulings imposed fines on the Issuer in the aggregate amount of approximately CZK 416 million (EUR 14.5 million). The Issuer appealed both rulings. On 23 July 2007, the Financial Directorate reversed both rulings on procedural grounds.

In July 2007, the Czech Office for the Protection of Economic Competition (the ''Czech Competition Office'') has separately served the Issuer a request for information concerning situation on the coke market including certain facts on sales of coke by OKD for the years 2004 through 2007. The Czech Competition Office has not alleged any violation by OKD of applicable competition laws, and OKD is cooperating fully with respect to the request. There has been no confirmation that the Czech Competition Office will take any formal legal or administrative action against OKD, and the Issuer and OKD are unable to determine whether any such action will result from this information request.

17.2 Minority Shareholders Lawsuits

The majority of the Issuer's current assets were acquired through the acquisition of shares of the Issuer's current subsidiaries. A small portion of the shares was acquired from minority shareholders in the mandatory tender offer procedures and squeeze-out procedures. As a result of such share acquisitions, the Issuer is subject to certain lawsuits initiated by minority shareholders of the companies in which the Issuer acquired shares. In particular, certain former minority shareholders in the Former OKD and ČMD brought lawsuits against (i) RPGI as legal successor of Karbon Invest—the majority shareholder in Former OKD and (ii) OKD as legal successor of the majority shareholder in ČMD (i.e. Former OKD) in connection with the sale of OKD and ČMD shares to the respective majority shareholder at that time, based upon a claim that the price of such share purchase in the squeeze-out procedure was inadequate. A similar lawsuit was brought by minority shareholders of Metalimex against OKD (as legal successor of the majority shareholder—K.O.P., a.s.). Any similar purchase of shares that the Issuer may have made in the past could be subject to such lawsuits. Although the Issuer believes such share acquisitions were done in compliance with all applicable Czech laws, in the event that any claim described above or any new claim is brought and decided against the Issuer, the Issuer may be required to pay higher price for such shares. During the squeeze-out procedure or the mandatory tender offer, the offeror (in the cases at hand the Issuer and RPGI) is required to offer a price for the shares which is adequate at the time offer. The adequacy of the price must be evidenced by a valuation prepared by independent expert hired by the offeror. Former minority shareholders of ČMD, Metalimex and Former OKD claim that the price was not adequate. The court obtained its own independent valuations of the Former OKD and ČMD indicating valuations that are lower than the valuations prepared by the independent expert hired by the offerer at the time of the acquisition.

18. GENERAL INFORMATION

18.1 For so long as any of the A Shares are ''restricted securities'' within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Issuer will, during any period in which the Issuer is neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements of the U.S. Securities Exchange Act of 1934 (the ''U.S. Exchange Act'') under Rule 12g3-2(b) thereunder, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provide by Rule 144A(d)(4) under the U.S. Securities Act.

18.2 This Prospectus contains summaries of certain agreements that the Issuer has entered into or expects to enter into in connection with this Offer such as the Underwriting Agreement and the other agreements described in this Prospectus. Whilst the descriptions contained in this Prospectus of these agreements are in accordance with the facts and contain no omission likely to affect their import, such descriptions do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements.

18.3 The Issuer is currently not subject to the reporting requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Senior Notes are outstanding and listed on the

Irish Stock Exchange, the Issuer will furnish certain periodic information to holders of the Senior Notes and the Irish Stock Exchange.

18.4 Any information sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and has been able to ascertain from information published by such third party, no facts have been omitted which render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of information has been identified.

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the duration of the Offer at the registered offices of the Issuer:

- the Articles of Association;
- the Corporate Governance Policy;
- the terms of reference of the committee charters as described in PART IX of this Prospectus entitled ''MANAGEMENT AND THE DIVISIONS—DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE'';
- the Code of Ethics and Business Conduct;
- the Divisional Policy Statements;
- the written consents referred to at paragraph 1 above;
- the financial information and accountants' reports that form part of this Prospectus;
- the mining expert's report; and
- a copy of this document and PART I of this Prospectus, entitled ''SUMMARY.''

For the purposes of article 5:21 of the Financial Market Supervision Act, the Prospectus will be published in printed form and available free of charge for the duration of the Offer at the registered office of the Issuer and at the offices of the Managers (other than JPMSL), the Principal Paying Agent and the Czech Selling Agents.

In addition, the Prospectus will be published in electronic form and available on the Issuer's website at *www.newworldresources.eu*, the Czech Lead Managers' website at *www.csas.cz, www.patria.cz* and *www.wood.cz*, and the Polish Lead Manager's website at *www.ca-ib.pl*, subject to access restrictions.

20. LEGAL MATTERS

The validity of the issuance of the A Shares and certain legal matters in connection with this Offer will be passed upon for the Issuer by Dechert LLP, counsel to Issuer as to U.S. and English law by Procházka Randl Kubr, counsel to Issuer as to Czech law, Domański Zakrzewski Palinka Sp. K., counsel to the Issuer as to Polish law, and by De Brauw Blackstone Westbroek N.V., counsel to the Issuer as to Dutch law. Certain legal matters in connection with this Offer will be passed upon by Skadden, Arps, Slate, Meagher & Flom (UK) LLP, counsel to the Managers as to U.S. and English law, Glatzová & Co. v.o.s, counsel to the Managers as to Czech law, and Weil Gotshal & Manges-Pavel Rymarz Sp. K., counsel to the Managers as to Polish law.

21. INDEPENDENT AUDITORS

The carve out financial statements of the mining operations of RPGI for the years ended 31 December 2005 and 2006, the financial statements of the Issuer for the period from 29 December 2005 to 30 June 2006 (which constitutes the period from its incorporation until 30 June 2006) and the six-month period ended 31 December 2006 and the Consolidated Financial Statements of the Issuer for the year ended 31 December 2007 have been audited by KPMG Accountants N.V., independent acountants, as stated in their reports appearing herein. The partner at KPMG Accountants N.V. who is assigned to their audit of the financial statements of the Issuer is a member of the Royal Dutch Institute of Chartered Accountants (*Koninklijk Nederlands Instituut voor Register accountants*).

22. ENFORCEMENT OF LIABILITIES AND SERVICE OF PROCESS

The Issuer is organised under the laws of the Netherlands. A majority of the members of the Board are neither citizens nor residents of the United States. A majority of the assets of the Issuer and the assets of the members of the Board who are neither citizens nor residents of the United States are located outside the United States it may not be possible for holders of the A Shares (a) to effect service of process upon certain of the Issuer's directors or officers or (b) to enforce judgments of courts of the United States predicated upon the civil liability of such persons under the U.S. securities laws against any such persons in the courts of a foreign jurisdiction.

The United States and the Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. The Issuer has been advised by its Dutch legal counsel that a judgment rendered by a court in the United States will not be recognised and enforced by the Dutch courts. However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in the United States which is enforceable in the United States and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to the foreign judgment insofar as it finds that the jurisdiction of the foreign court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed and except to the extent that the foreign judgment contravenes Dutch public policy. The enforcement in a Dutch court of judgments rendered by a court in the United States is subject to Dutch rules of civil procedure.

23. CURRENCY AND EXCHANGE RATE INFORMATION

The Issuer prepares its consolidated financial statements in euros and prepared its carve-out accounts in Czech korunas. In this Prospectus, references to ''U.S. dollars'' or ''USD'' or ''$'' are to the lawful currency of the United States. References to ''euro'' or ''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. References to ''Czech koruna'' or ''CZK'' are to the lawful currency of the Czech Republic. References to ''£'' or ''UK Sterling'' are to the lawful currency of the United Kingdom.

The following table sets forth the high, low, period average and period end noon exchange rates for one euro in effect at the end of the period noted. The Czech koruna exchange rates are based on the daily fixing rate as reported by the CNB. As of 18 April 2008 the exchange rate was CZK 25.12 = EUR 1.00.

CZK	High	Low	Period[(1)] average	Period end
	(Per EUR)			
Year ended 31 December				
2002	32.38	28.97	30.75	31.60
2003	32.89	31.18	31.89	32.41
2004	33.33	30.40	31.89	30.47
2005	30.56	28.87	29.80	29.01
2006	29.05	27.42	28.34	27.50
Month ended				
October 2007	27.59	26.87	—	26.97
November 2007	27.03	26.26	—	26.26
December 2007	26.62	26.00	—	26.62
January 2008	26.36	25.86	—	26.07
February 2008	25.87	24.99	—	25.22
March 2008	25.60	24.92	—	25.34
April 2008 (through 18 April)	25.19	24.82	—	25.12

(1) Period average represents the average of the noon buying rates on the last business day of each month during the relevant period for yearly information.

The following table sets forth the high, low, period average and period end noon exchange rates for one dollar in effect at the end of the periods noted. The Czech koruna exchange rates are based on the daily fixing rate as reported by the CNB. The euro exchange rates are based on the noon buying rate as reported by the Federal Reserve Bank of New York. As of 18 April 2008 the exchange rates were CZK 15.92 = $1.00 and EUR 0.63 = $1.00.

EUR	High	Low	Period[(1)] average	Period end
	(Per USD)			
Year ended 31 December				
2002	0.95	1.16	1.05	0.95
2003	0.79	0.97	0.88	0.79
2004	0.73	0.85	0.80	0.74
2005	0.74	0.86	0.81	0.84
2006	0.75	0.84	0.79	0.76
Month ended				
October 2007	0.71	0.69	—	0.69
November 2007	0.69	0.67	—	0.68
December 2007	0.70	0.68	—	0.68
January 2008	0.69	0.67	—	0.68
February 2008	0.69	0.66	—	0.67
March 2008	0.66	0.63	—	0.66
April 2008 (through 18 April)	0.64	0.63	—	0.63

(1) Period average represents the average of the noon buying rates on the last business day of each month during the relevant period for yearly information.

CZK	High	Low	Period[(1)] average	Period end
	(Per USD)			
Year ended 31 December				
2002	37.16	29.12	32.48	30.14
2003	30.35	25.65	27.98	25.65
2004	27.66	22.34	25.65	22.37
2005	25.40	21.97	24.10	24.59
2006	24.56	20.76	22.41	20.88
Month ended				
October 2007	19.58	18.65	—	18.67
November 2007	18.74	17.79	—	17.79
December 2007	18.39	17.66	—	18.05
January 2008	18.18	17.37	—	17.53
February 2008	17.68	16.63	—	16.63
March 2008	16.53	15.88	—	16.02
April 2008 (through 18 April)	16.08	15.60	—	15.92

(1) Period average represents the average of the noon buying rates on the last business day of each month during the relevant period for yearly information.

PART XVII

DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context otherwise requires:

''2007 Consolidated Financial Statements'' refers to the audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2007.

''A Shares'' refers to the issued and outstanding ''A'' ordinary shares of EUR 0.40 each in the share capital of the Issuer from time to time which are designed to track the performance of, and represent the economic value in the Mining Division..

''Act on Air'' refers to the Czech Act No. 86/2002 Sb., as amended.

''Act on Mining Activities'' refers to the Czech Act No. 61/1988 Sb., as amended.

''Additional Loan Option'' refers to the Issuer's draw down of EUR 300 million out of the total additional amount of EUR 350 million available to the Issuer under certain conditions under the Senior Secured Facilities, which were made available as part of Facility 2 and Facility 3 in the amounts of EUR 163 million from the available amount of Facility 2 and EUR 137 million from the available amount of Facility 3.

''Adjusted OPEX'' refers to data for the operating expenses of the Issuer without depreciation, amortization and recognized impairments.

''Admission'' refers to admission to the Official List together with admission to trading on the main market of the London Stock Exchange, the Prague Stock Exchange and the Warsaw Stock Exchange, respectively.

''Admission Options'' refers to the options granted at the Board's discretion to acquire A shares under the Stock Option Plan to any eligibile employees.

''AFM'' refers to the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*).

''Agreement on Credit Products'' refers to the agreement on credit products between OKD and Česká spořitelna dated 4 December 2006.

''Agreements on Central Nitrogen Economy'' refers to the four agreements on gaseous and liquid nitrogen delivery and tubing operations between OKD and DPB in relation to the delivery of gaseous and liquid nitrogen to OKD mines, namely Darkov, ČSA, ČSM and Lazy, and the operation of the CNE.

''Agreements on the Sale of Methane'' refers to the five agreements relating to the purchase of methane by DPB from OKD for 2007 for each of ČSA, ČSM, Paskov, Lazy and Darkov.

''Al Invest'' refers to Al Invest Břidličná, a.s., a joint stock company (*akciová společnost*) organised under the laws of the Czech Republic.

''AMCI'' refers to American Metals & Coal International, Inc., a corporation incorporated under the laws of the state of Connecticut, United States, its affiliate AMCI Acquisition IV, LLC, a limited liability company organised under the laws of Delaware or any other affiliate of American Metals & Coal International, Inc. that may hold shares in RPGI.

''Arcelor Mittal Steel'' refers to Mittal Steel Company N.V., a *naamloze vennootschap* organised under the laws of the Netherlands, or any of its affiliates.

''Articles of Association'' or ''Articles'' refers to the articles of association of the Issuer as of the date of Admission.

''Assets of the Real Estate Division'' refers, to: (i) all of the rights, rental or lease income, title and interest in or to all assets of the Real Estate Division owned and/or registered (with the exception of leases (other than leases with an unexpired lease term in excess of 50 years)) and options to acquire assets of the Real Estate Division (other than to the extent any such option has been exercised and paid for by the Commencement Time) in favour of the Issuer as at the Commencement Time; (ii) all of the assets and liabilities of the IMGE internal business unit of OKD as at the Commencement Time (iii) all of the issued share capital in Rekultivace and all its assets and liabilities as at the Commencement Time; (iv) all of the issued share capital in Garáže owned by the Issuer's Group as at the Commencement Time (representing 49.03% of the entire issued share capital of Garáže) and all its assets and liabilities as at the Commencement Time; and (v) all rights, rental or lease income, title and interest in or to all the assets referred to in (i), (ii), (iii) and (iv) as they are supplemented, modified or reduced subsequently pursuant to the terms of the Divisional Policy Statements (including any business, rights, benefits, shares in companies and other assets related to or derived from the assets in (i), (ii), (iii) and (iv) (whether existing at, or arising after, the Commencement Time), including the goodwill attached to the assets in (i), (ii) and (iii) and the business, assets, rights, benefits or property thereof or which arise when the disposal of such assets and the income generated therefrom (as such may be reinvested from time to time).

''Audited 2006 Financial Statements'' refers to the Issuer's audited interim consolidated financial statements for the period from the date of incorporation to 30 June 2006 and for the six-month period ended 31 December 2006.

''Bakala entities'' refers to certain family trusts and affiliated companies of Zdeněk Bakala.

''Bank Austria'' refers to Bank Austria Creditanstalt AG.

''Barclays Capital'' refers to Barclays Bank PLC.

''Board'' means the board of directors of the Issuer from time to time.

''BONY'' refers to Bank of New York Mellon.

''Boyd'' refers to the John T. Boyd Company.

''B Shares'' refers to the ''B'' ordinary shares of EUR 0.40 each in the share capital of the Issuer, which are designed to track the performance of, and represent the economic value in the Real Estate Division.

''Buildings'' refers to buildings, constructions and similar real estate assets.

''Business'' refers to the coal mining and coke production business of the Group.

''BXL'' refers to BXL Consulting Ltd.

''C Share'' refers to one ''C'' ordinary share of EUR 0.40 in the share capital of the Issuer.

''Capital Markets Act'' refers to the Czech Act No. 256/2004 Sb., on Conducting Business in Capital Markets, as amended.

''Carve-out Accounts'' refers to the carve-out financial statements of mining operations of RPGI as currently owned by the Issuer for the years ended 31 December 2006 and 2005.

''Carve-Out Entities'' refers to OKD, its current subsidiaries, NWR Coking a.s., its current subsidiaries, and Karbonia.

''CCII'' or ''Crossroads Capital Investments'' refers to Crossroads Capital Investments, Inc., a company incorporated under the laws of the British Virgin Islands.

''CEBC'' refers to the Issuer's internal Code of Ethics and Business Conduct.

''CEE'' refers to the geographic region of Central and Eastern Europe, which includes Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia, the Republic of Montenegro, Slovakia and Slovenia.

''Central Europe'' refers to the geographic region of Central Europe, which includes Austria, the Czech Republic, Hungary, Poland and Slovakia.

''Česká spořitelna'' refers to Česká spořitelna, a.s.

''Chemical Substances Act'' refers to the Czech Act No. 356/2003 Sb., as amended.

''Charles Capital'' refers to Charles Capital, a.s., a joint-stock company (*akciová společnost*) organised under the laws of the Czech Republic.

''CHF'' refers to the lawful currency of Switzerland.

''CITA'' refers to the Dutch 1969 Corporate Income Tax Act.

''Civil Code'' refers to the Czech Act No. 40/1964 Sb., as amended, the Civil Code.

''Citi'' refers to Citigroup Global Markets Limited.

''Clearstream'' refers to Clearstream Banking, a *société anonyme*, organised under the laws of the Grand Duchy of Luxembourg.

''Closing Date'' refers to 13 May 2008 in respect of the LSE and the PSE, and 14 May 2008 in respect of the WSE, being the expected dates of Admission on those markets respectively or such later date as the Issuer and Joint Global Coordinators may agree between themselves and the date for closing and settlement under Over-Allotment arrangements, as defined in the Underwriting Agreement.

''ČMD'' refers to the now non-existent ČMD, a.s., a mining company in the Former OKD Group and a joint-stock company (*akciová společnost*) organised under the laws of the Czech Republic which was merged with Former OKD on 30 November 2005.

''CNB'' refers to the Czech National Bank.

''CNE'' refers to the central nitrogen economy.

''Commencement Time'' refers to the time of commencement of the operation of the Real Estate Division and the Mining Division as separate divisions of the Issuer pursuant to the Articles of Association being 23:59 on 31 December 2007.

''Commercial Code'' refers to the Czech Act No. 513/1991 Sb., as amended.

''Consultancy Agreement'' refers to the consultancy agreement concluded between the Issuer and BXL in October 2006.

''Convention'' refers to the 1974 Income and Capital Tax Convention between the Netherlands and the Czech Republic, as amended.

''Conversion Agreement'' refers to the conversion agreement entered into on 21 November 2006 between the Issuer, OKD, RPGI and RPGICZ.

''Conversion Date'' refers to the date on which the Issuer will be converted from a private company with limited liability into a public company with limited liability, which will be on or about the date of completion of the Offer.

''Core Business'' refers to the Issuer's principal business, being hard coal mining and coke production.

''Corporate Governance Policy'' refers to the corporate governance policy of the Issuer adopted by the Board, including, amongst other things, rules governing the Board principles and best practices.

''CREST'' refers to the facilities and procedures for the time being of the relevant system of which EUI has been approved as operator pursuant to the Uncertificated Securities Regulations 2001 of the United Kingdom.

''Crystallisation Agreement'' refers to the crystallisation agreement between the Issuer, RPG Trading, RPGI and OKD dated 3 December 2007.

''ČSA'' refers to the ČSA mine, an OKD mine located in the northeastern region of the Czech Republic.

''ČSM'' refers to the ČSM mine, an OKD mine located in the northeastern region of the Czech Republic.

''Custodian'' refers to the Depository's nominated custodian.

''Czech Competition Office'' refers to the Czech Office for the Protection of Economic Competition.

''Czech Holders'' refers to the beneficial owners of the A Shares who are resident in the Czech Republic for tax purposes; are not resident in the Netherlands for tax purposes and do not have a permanent establishment or fixed base outside of the Czech Republic with which the holding of the A Shares is connected.

''Czech koruna'' or ''CZK'' refers to the lawful currency of the Czech Republic.

''Czech law'' or ''Czech regulations'' refers to statutes of the Czech parliament, decrees and regulations of the Czech government, ministries and other competent state agencies and regulators as well as EU law as applicable in the Czech Republic.

''Czech Lead Managers'' refers to Česká spořitelna, Patria Finance and Wood.

''Czech Public Offer'' refers to an offer of Offer Shares in the Czech Republic.

''Czech Retail Investors'' refers to retail investors subscribing for the Offer Shares in the Czech Republic.

''Czech Retail Managers'' refers to Česká spořitelna and Patria Finance.

''Czech Retail Offer'' refers to the retail offering in the Czech Republic.

''Czech Mining Office'' refers to Český báňský úřad, the supreme mining regulatory body in the Czech Republic.

''Czech Selling Agents'' refers to, collectively, brokerjet České spořitelny, a.s., Československá obchodní banka, a.s. and Patria Direct, a.s.

''Czech State'' refers to Ministry of Finance of the Czech Republic.

''Darkov'' refers to the Darkov mine, an OKD mine located in the northeastern region of the Czech Republic.

''Data Processing Agreement'' refers to the Agreement on Conduct of Work and Services of Automatic Data Processing between OKD and Doprava dated 21 January 2002 in respect of providing certain services of automatic data processing for an undefined period of time which came into effect on 1 January 2002.

''Dębieńsko'' refers to the Dębieńsko mine, an OKD mine being considered for development in Poland.

''Deed Poll'' refers to the rights and obligations attaching to the DIs.

''Demand Notes'' refers to the Crystallisation Agreement pursuant to which RPG Trading exchanged its recourse claims against OKD and the Issuer that had arisen as a consequence of the pre-payments for demand notes with an aggregate face value equal to the amount owed by the Issuer and OKD from OKD and the Issuer.

''Depository'' refers to Computershare Investor Services Plc.

''Development Projects'' refers to Frenštát, Dębieńsko and Morcinek.

''DCC'' refers to the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*).

''DI Holder(s)'' refers to holder(s) of DIs.

''DIs'' refers to depository interests representing the A Shares.

''Directed Share Program'' refers to up to 5% of the Offer Shares that will be made available for purchase by certain Directors, suppliers, business contractors, business counterparties and friends of the Issuer and the Selling Shareholder.

''Directors'' refers to the directors of the Issuer whose names appear in Part IX—A3 ''DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE—Members of the Board'', and an ''Executive Director'' means any one of them.

''Disposed Subsidiaries'' refers to those entities set forth on the table in Part XV—THE RESTRUCTURING AND THE RECAPITALISATION.

''Division(s)'' refers to the Real Estate Division and/or the Mining Division, as applicable.

''Divisional Policy Statements'' refers to the divisional policy statements adopted by the Board and approved by the general meeting which, together with the Articles of Association, govern the relationship between the Divisions and include policies which set out, amongst other things, the allocation of tax payments and benefits, corporate opportunities and corporate overheads between the Divisions.

''Dominance Agreements'' refers to the four dominance agreements, three of which are between RPGICZ and each of OKD, DPB and Doprava and one of which is between OKD and OKK.

''Doprava'' refers to OKD, Doprava, a joint-stock company (*akciová společnost*) organised under the laws of the Czech Republic.

''DPB'' refers to Green Gas DPB, a.s., a joint-stock company (*akciová společnost*) organised under the laws of the Czech Republic.

‘‘DTR’’ refers to the Disclosure Rules and Transparency Rules made by the FSA from time to time pursuant to Part VI of FSMA.

‘‘Dutch Civil Code’’ refers to the Dutch Civil Code (*Burgerlijk Wetboek*).

‘‘Dutch Corporate Entities’’ refers to entities that are resident or deemed to be resident in the Netherlands for the purposes of the CITA.

‘‘Dutch Corporate Governance Code’’ refers to Dutch Corporate Governance Code released by the Dutch Corporate Governance Committee (the Tabaksblat Committee).

‘‘Dutch Individuals’’ refers to jointly individuals who are resident or deemed to be resident in the Netherlands for purposes of Dutch income tax and individuals who opt to be treated as if resident in the Netherlands for purposes of Dutch income tax.

‘‘EBITDA’’, with respect to the Issuer, refers to the definition of EBITDA set forth in footnote 8 of the table set forth in PART X-I of this document entitled ‘‘CERTAIN FINANCIAL INFORMATION’’ of this Prospectus.

‘‘Ecological Agreement’’ refers to the agreement entered into in 1996 by Former OKD and NPF on environmental liability caused prior to the privatisation of OKD, as amended in 1998.

‘‘EIA’’ refers to environmental impact assessment.

‘‘Emission Allowances Act’’ refers to Act No. 695/2004 Sb., on conditions of as agreed greenhouse gas emission allowance trading, as amended.

‘‘Employee Investors’’ refers to employees of the Group, who provide to the relevant Czech Retail Managers or Polish Retail Managers, as the case may be, at the time of placing subscription order a confirmation in the form agreed between the Issuer and the Czech Retail Managers or the Polish Retail Managers, as the case may be, to the effect that he/she is eligible to participate in the Employee Offer.

‘‘Employee Offer’’ refers to the A Shares offered to retail investors in the Czech Republic and Poland that are reserved for purchase at the Offer Price by Employee Investors.

‘‘Employee Shares’’ refers to the A Shares being offered to Employee Investors under the Employee Offer.

‘‘Enterprise Chamber’’ refers to the Enterprise Chamber (*Ondernemingskamer*) of the Amsterdam Court of Appeal.

‘‘Environmental Acts’’ refers to the Environment Act, Environmental Impact Assessment Act, the Emission Allowances Act, the Water Act, the Waste Act, the Nuclear Act, the Act on Air, the Chemical Substances Act and any other applicable environmental regulation.

‘‘Environmental Impact Assessment Act’’ refers to the Czech Act No. 100/2001 Sb., as amended.

‘‘Erste Bank’’ refers to Erste Bank.

‘‘EU’’ refers to the European Union.

‘‘EU-15’’ refers to the 15 countries of the European Union before its expansion on 1 May 2004, being Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland (Republic), Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

‘‘euro’’ or ‘‘EUR’’ or ‘‘€’’ refers 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.

‘‘Euroclear’’ refers to Euroclear UK & Ireland Limited as operator of the CREST system, or its subsidiaries.

‘‘Executive Directors’’ refers to the executive directors of the Issuer whose names appear in Part IX—A3 ‘‘DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE—Members of the Board’’ and a ‘‘Non-Executive Director’’ means any one of them.

‘‘Existing Shares’’ refers to the 250,239,999 A Shares in the Issuer held by the Selling Shareholder prior to the Offer.

''EXW'' refers to 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.

''Factory Railway Agreements'' refers to agreements between OKD and Doprava for the provision of factory railway transport at OKD mines for an indefinite period of time.

''Facility 1'' refers to a euro senior secured amortizing term loan facility under the Senior Facilities Agreement with a maximum aggregate principal of EUR 450 million with a final maturity five years after the date of the Senior Facilities Agreement.

''Facility 2'' refers to a euro senior secured bullet term loan facility under the Senior Facilities Agreement with a maximum aggregate principal amount of equivalent EUR 350 million, subject to the Additional Loan Option, with a final maturity six years after the date of the Senior Facilities Agreement.

''Facility 3'' refers to a euro senior secured bullet term loan facility under the Senior Facilities Agreement with a maximum aggregate principal amount of EUR 300 million, subject to the Additional Loan Option, with a final maturity seven years after the date of the Senior Facilities Agreement.

''Financial Markets Supervision Act'' refers to the Financial Markets Supervision Act (*wet op het financieel toezicht*).

''First Reserve'' refers to First Reserve Corporation, FR X Offshore, L.P., a limited partnership organised under the laws of the Cayman Islands and its affiliate RPG Amfire Cayman Holdings Limited, a company organised under the laws of the Cayman Islands, or any other affiliate of First Reserve Corporation that may hold shares in RPGI.

''First Reserve Corporation'' refers to First Reserve Corporation, a company incorporated under the laws of the State of Delaware.

''FOB'' referes to the ''Free On Board'' Incoterm, which is when the seller fulfils his obligation to deliver to the buyer upon moving the goods to the port or designated point of origin using his own freight forwarder. Delivery is accomplished when the seller releases the goods to the buyer's forwarder.

''Former OKD'' refers to the now non-existent OKD, a.s., the legal predecessor of OKD, ČMD, ČMD's former holding company KOP a.s., Doprava, DPB and certain entities owning real estate.

''Former OKD Group'' refers to, in the aggregate, Former OKD; Doprava; DPB.; RPGICZ; and their respective subsidiaries.

''Frenštát'' refers to the Frenštát mine, an OKD mine being considered for development in the northeastern region of the Czech Republic.

''FSA'' or ''Financial Services Authority'' refers to the Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of FSMA.

''FSMA'' refers to the Financial Services and Markets Act 2000, as amended.

''FSU System'' refers to the classification system and estimation methods for reserves and resources established by the former Soviet Union, last revised in 1981

''Garáže'' refers to the 49.03% of the entire issued share capital of Garáže Ostrava a.s., a Czech company owned by the Issuer and held as part of the Real Estate Division.

''GGI'' refers to Green Gas International B.V. a private company with limited liability, with a corporate seat in Amsterdam, and having its registered address at Fred. Roeskestraat 123, 1076 EE Amsterdam, the Netherlands.

''GGIL'' refers to Green Gas International Limited, a company organised under the laws of the British Virgin Islands.

''GGI Service Agreement'' refers to the service agreement between the Issuer and GGI dated 10 December 2007, for the provision of certain services by the Issuer to GGI with effect from 23 May 2007.

''Group'' refers to the Issuer and all of its subsidiaries.

''GSI'' refers to Goldman Sachs International.

''Guide 7'' refers to SEC Industry Guide 7.

''IEA'' refers to the International Energy Agency.

''IFRS'' refers to International Financial Reporting Standards as adopted by the EU

''Indenture'' refers to the indenture governing the Senior Notes dated 18 May 2007 entered into by and among New World Resources B.V., Deutsche Trustee Issuer Limited, Deutsche Bank AG (London Branch), Deutsche Bank Luxembourg S.A. and Deutsche International Corporate Services (Ireland) Limited.

''Indirect Shareholders'' refers to Zdeněk Bakala and Crossroads Capital Investments Inc. and their respective affiliates and First Reserve and AMCI.

''Initial Unrestricted Subsidiaries'' refers to DPB, Doprava, DLT s.r.o., ŽDD, a.s. and Rekultivace.

''Intercreditor Agreement'' refers to the Intercreditor Agreement entered into as of 16 November 2006 between, *inter alios*, New World Resources B.V., as Original Parent, the Original Obligors as named therein, the Original Senior Creditors as named therein, the Original Senior Hedge Counterparties as named therein, the Original Second Priority Hedge Counterparties as named therein, Citibank a.s., as Original Security Agent and Original Senior Agent, as amended from time to time.

''IPPC Act'' refers to the Czech Act No. 76/2002 Sb., on integrated pollution prevention and control, as amended.

''IRS'' refers to U.S. Internal Revenue Service.

''ISIN'' refers to the international security identification number.

''Issuer'' refers to New World Resources N.V., a public company with limited liability organised under the laws of the Netherlands, which, until its conversion into New World Resources N.V. is a private company with limited liability known as New World Resources B.V.

''Jersey Register'' means the branch register of the Issuer held in Jersey by the Jersey Registrar.

''Jersey Registrar'' refers to Computershare Investor Services (Channel Islands) Limited).

''Jersey Registrar Agreement'' refers to the Jersey Register registrar agreement to be entered into between the Issuer and Computershare Investor Services (Channel Islands) Limited) prior to Admission.

''JORC'' refers to the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy.

''JORC Code'' refers to the Australasian Code for Reporting Mineral Resources and Ore Reserves (2004) 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.

''JPMC'' refers to JPMorgan Cazenove Limited.

''JPMSL'' refers to J.P. Morgan Securities Ltd.

''JSW'' refers to Jastrzębska Spółka Węglówa a company incorporated under the laws of Poland.

''Karbon Invest'' refers to KARBON INVEST, a.s., a joint-stock company (*akciová společnost*) organised under the laws of the Czech Republic which was merged with Charles Capital, a.s. and RPG Industries Public Limited into RPG Industries SE on 3 August 2006.

''Karbonia'' refers to KARBONIA PL Spółka z ograniczoną odpowiedzialnością, a joint-stock company organised under the laws of Poland which became a direct subsidiary of the Issuer on 28 January 2008.

''Lazy'' refers to the Lazy mine, an OKD mine located in the northeastern region of the Czech Republic.

''Lead Managers'' refers to the Czech Lead Managers and the Polish Lead Manager.

''Listing Rules'' refers to the listing rules made by the FSA from time to time pursuant to Part VI of FSMA.

''London Stock Exchange'' or ''LSE'' refers to the London Stock Exchange plc.

‘‘Managers’’ refers to, collectively, Morgan Stanley, GSI, JPMC, JPMSL (where the context so requires), Citi, Bank Austria (where the context so requires), Barclays Capital, Česká spořitelna, Erste Bank, Patria Finance, UniCredit and Wood.

‘‘Manipulation Agreements’’ refers to the agreements between OKD and Doprava on manipulation of substrates.

‘‘Master Advisory and Services Agreement’’ refers to the master advisory and services agreement dated 28 March 2007 between the Issuer and RPGA.

‘‘Master Agreement on the Sale of Methane’’ refers to the master agreement on the sale of methane between OKD and DPB dated 20 December 2006.

‘‘Master Services Agreement Related to Mines’ Safety’’ refers to the master services agreement on provision of specialised services (in geophysics, seismology, etc.) related to mines’ safety by DPB between OKD and DPB dated 13 March 2007.

‘‘McCloskey Group’’ refers to McCloskey Group Limited.

‘‘Metalimex’’ refers to Metalimex a.s., a joint-stock company (*akciová společnost*) organised under the laws of the Czech Republic.

‘‘Mining Act’’ refers to Czech Act No. 44/1988 Sb., on protection and use of mineral treasure, as amended.

‘‘Mining Division’’ refers to the division of the Issuer consisting of all assets and liabilities of the Issuer other than the assets and liabilities of the Real Estate Division (being the Assets of the Real Estate Division).

‘‘Model Code’’ refers to the Model Code on Director’s Dealings in Securities set out in Annex 1, which is attached to Listing Rule 9.

‘‘Morgan Stanley’’ refers to Morgan Stanley & Co. International plc.

‘‘Moravia Steel’’ refers to MORAVIA STEEL, a.s., a joint-stock company (*akciová společnost*) organised under the laws of the Czech Republic.

‘‘Morcinek’’ refers to the Morcinek mining region, Poland.

‘‘NDS’’ refers to the National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.) a company incorporated under the laws of Poland.

‘‘NAP’’ the National Allocation Plans under which emission allowances are allocated.

‘‘New Act’’ the new Czech Act No. 180/2005 Sb., on the promotion of production of electricity from renewable energy resources.

‘‘New Shares’’ refers to the 13,500,000 new A Shares in the Issuer.

‘‘Non-Executive Directors’’ refers to the non-executive directors as set out in Part IX—A3 ‘‘DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE—Members of the Board’’ and a ‘‘Non-Executive Director’’ means any one of them.

‘‘Notification’’ refers to the certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive, which the Issuer has requested that the AFM provide to the UK Listing Authority, the Czech National Bank and the Polish Financial Supervision Commission.

‘‘NPF’’ refers to the Czech National Property Fund, a quasi governmental body in the Czech Republic.

‘‘Nuclear Act’’ refers to the Czech Act No. 18/1997 Sb. as amended.

‘‘NWRT’’ refers to New World Resources Transportation B.V. a public company with limited liability with its corporate seat in Amsterdam, the Netherlands.

‘‘NWRT Service Agreement’’ refers to the service agreement between the Issuer and NWRT dated 9 November 2007 for the provision of certain services by the Issuer to NWRT with effect from July 2007.

‘‘Obligors’’ refers to the Issuer and certain of its material subsidiaries that are guarantors under the Senior Facilities Agreement.

‘‘OECD’’ refers to the Organisation for Economic Co-operation and Development.

‘‘Offer’’ refers to the offer of the Offer Shares.

‘‘Offer Price’’ refers to the price per A Share as set out in the Pricing Statement.

‘‘Offer Shares’’ refers to the new A Shares and existing A Shares which are the subject of the Offer.

‘‘Official List’’ refers to the list maintained by the FSA in accordance with Part VI of FSMA.

‘‘OKD’’ refers to OKD, a.s. (formerly OKD, Mining, a.s.), a joint-stock company (*akciová společnost*) organised under the laws of the Czech Republic and the principal direct subsidiary of the Issuer, which assumed the Business as a part of the Restructuring.

‘‘OKK’’ refers to OKD, OKK, a.s., a joint-stock company (*akciová společnost*) incorporated under the laws of the Czech Republic which is a subsidiary of NWR Coking, a.s. and an indirect subsidiary of the Issuer.

‘‘Options’’ refers to options granted under the Stock Option Plan.

‘‘Order’’ refers to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

‘‘Over-Allotment Option’’ refers to the option granted by the Selling Shareholders to the Stabilising Manager.

‘‘Parent-Subsidiary Directive’’ refers to Directive 90/435/EEC of the European Parliament and the Council of the European Union.

‘‘Paskov’’ refers to the Paskov mine, an OKD mine located in the northeastern region of the Czech Republic.

‘‘Patria Finance’’ refers to Patria Finance, a.s.

‘‘PDMR’’ refers to persons discharging managerial responsibilities under the Model Code.

‘‘PFIC’’ refers to a passive foreign investment company for U.S. federal income tax purposes.

‘‘PKU’’ refers to Palivový kombinát Ústí, s.p. a state-owned company incorporated under the laws of the Czech Republic.

‘‘Polish Public Offer’’ refers to an offer of Offer Shares in Poland.

‘‘Polish Institutional Investors’’ refers to qualified Polish investors, as defined in Art. 8 of the Polish Act on Public Offer, the Conditions of Introducing Financial Instruments to Organized Trading Systems and on Public Companies.

‘‘Polish Lead Manager’’ refers to UniCredit CAIB Poland S.A.

‘‘Polish Projects’’ refers to Dębieńsko and Morcinek.

‘‘Polish Retail Investors’’ refers to other entities and natural persons domiciled or having their registered seat in Poland.

‘‘PPA’’ refers to Purchase Price Allocation more fully described in PART X-2 of this document entitled ‘‘OPERATING AND FINANCIAL REVIEW AND PROSPECTS—Effects of Acquisitions, Restructuring and Disposals.’’

‘‘Polish Retail Managers’’ refers to Centralny Dom Maklerski Pekao S.A. and Dom Maklerski Pekao.

‘‘PPE’’ refers to property, plant and equipment.

‘‘Prague Stock Exchange’’ or ‘‘PSE’’ refers to *Burza cenných papírů Praha, a.s.*

‘‘Price Range’’ refers to the indicative price range of £10.75 to £13.25 per A Share.

‘‘Pricing Statement’’ refers to the pricing statement containing the Offer Price and confirming the number of the Offer Shares to be allotted and issued pursuant to the Offer that is expected to be published and deposited with the AFM by 8 May 2008.

‘‘Principal Paying Agent’’ refers to The Bank of New York.

‘‘Prospectus’’ refers to this document, which is required under the Prospectus Directive, giving details of an offering of securities, including Annex I and the Financial Statements.

''Prospectus Directive'' refers to Directive 2003/71/EC of the European Parliament and the Council of the European Union.

''Public Procurement Act'' refers to the Czech Act No. 137/2006 Sb. on Public Procurement, as amended.

''Publication Date'' refers to the date of publication of this Prospectus.

''QIBs'' refers to qualified institutional buyers as defined in Rule 144A.

''REACH'' refers to Regulation (EC) No 1907/2006 concerning the to the Registration, Evaluation, Authorisation and Restriction of Chemicals.

''Real Estate Committee'' refers to the committee of independent non-executive directors appointed by the Board which is responsible for providing advice and recommendations to the Board on matters relating to the Real Estate Division.

''Real Estate Division'' refers to the division of the Issuer consisting of all the assets of the Real Estate Division, as described in the Articles of Association.

''Recapitalisation'' refers to the recapitalisation transactions of OKD as described under the caption ''The Restructuring and the Recapitalisation.''

''Regulation S'' refers to Regulation S of the Securities Act.

''Rekultivace'' refers to OKD, Rekultivace, a.s., a company organised under the laws of the Czech Republic.

''Relationship Agreement'' refers to the relationship agreement between the Issuer, RPGI, CCII and Zdeněk Bakala designed to ensure that the Issuer is capable at all times of carrying on its business independently of RPGI and its subsidiaries and that all of the Issuer's transactions and relationships with RPGI and its subsidiaries are on arm's length terms.

''Relevant Member State'' refers to each member state of the EEA which has implemented the Prospectus Directive (2003/71/EC).

''Restricted Subsidiaries'' refers to all of the subsidiaries of the Issuer other than the Unrestricted Subsidiaries.

''Restructuring'' refers to the restructuring transactions of OKD as described under the caption ''The Restructuring and the Recapitalisation.''

''Revolving Credit Facilities'' refers to (i) the CZK 1.138 billion Loan Products Agreement between OKD and Česká spořitelna dated 4 December 2006; (ii) the CZK 300 million Loan Products Agreement between OKK and Československá obchodní banka, a.s. dated 20 July 2007; (iii) the CZK 150 million Loan Agreement between Česká spořitelna and Czech-Karbon, s.r.o. dated 2 September 2005; (iv) the CZK 70 million Loan Agreement between Rekultivace and Česká spořitelna dated 10 November 2005; and (v) the CZK 170 million Loan Products Agreement between OKD, Bastro, a.s. and Citibank a.s. dated 20 March 2006, in each case, as amended, replaced, restructured or refinanced from time to time.

''RPG Byty'' refers to RPG Byty, s.r.o. (formerly RPG RE Residential, s.r.o.) a legal successor to Former OKD that assumed the residential property of Former OKD as a result of the Restructuring.

''RPG Gas'' refers to RPG Gas, s.r.o., a legal successor to Former OKD that assumed the coalbed methane business of Former OKD as a result of the Restructuring.

''RPG Group'' refers to, in the aggregate, the Issuer and its subsidiaries, RPGP and entities directly or indirectly controlled by RPGP.

''RPGA'' refers to RPG Advisors, a.s., a joint-stock company (*akciová společnost*) organised under the laws of the Czech Republic.

''RPGA Advisory Agreement'' refers to the advisory agreement dated 29 September 2006 between OKD and RPGA for the provision of certain advisory services by RPGA to OKD that came into effect on 1 October 2006.

''RPGREM'' refers to RPG RE Management, s.r.o. a Czech based indirect subsidiary of RPGP.

''RPGREM Advisory Agreement'' refers to the advisory and services agreement between OKD and RPGREM dated 20 December 2006 for the provision of certain advisory services by RPGREM to OKD which came into effect on 1 December 2006.

''RPGI'' or ''RPG Industries'' refers to RPG Industries SE, a European company organised under the laws of Cyprus.

''RPGICZ'' refers to RPG Industries, a.s., a joint-stock company (*akciová společnost*) organised under the laws of the Czech Republic.

''RPGP'' or ''RPG Partners'' refers to RPG Partners Limited, a company organised under the laws of Cyprus.

''RPG RE Commercial'' refers to RPG RE Commercial, s.r.o., a legal successor to Former OKD that assumed the commercial real property of Former OKD as a result of the Restructuring.

''RPG RE Land'' refers to RPG RE Land, s.r.o., a legal successor to Former OKD that assumed part of the real property consisting of land not used for mining operations of Former OKD as a result of the Restructuring.

''RPG Trading'' refers to RPG Trading, s.r.o., a legal successor to Former OKD that assumed the commodities trading business of Former OKD as a result of the Restructuring.

''RPG Transport'' refers to RPG Transport, s.r.o., a legal successor to Former OKD that assumed the logistics business of Former OKD as a result of the Restructuring.

''Rule 144A'' refers to Rule 144A under the Securities Act.

''SEC'' refers to the U.S. Securities Exchange Commission.

''Securities Act'' refers to the United States Securities Act of 1933, as amended.

''Selling Shareholder'' refers to RPGI whose registered office is 4^{th} Floor, Anemomylos Building, 8 Michalaki Karaoli St, Nicosia 1095, Cyprus.

''Selling and Transfer Restrictions'' refers to certain restrictions that apply to the distribution of this document and A Shares more fully described in PART XII of this document entitled ''DETAILS OF THE OFFER—Selling and Transfer Restrictions.

''Senior Facilities Agreement'' refers to the Term Loan Facilities Agreement governing the Senior Secured Facilities entered into as of 14 February 2006, between, among others, OKD, the guarantors named therein, the lenders named therein, Citibank N.A. and Citibank a.s. as arrangers and underwriters, Citibank, as facility agent, security agent and account bank, as amended from time to time.

''Senior Notes'' refers to EUR 300,000,000 aggregate principal amount of 7.375% senior notes due 15 May 2015 which were issued by the Issuer on 18 May 2007.

''Senior Secured Facilities'' refers to Facility 1, Facility 2 and Facility 3, which were used to finance the Recapitalisation.

''Services Agreement'' refers to the advisory services agreement between Milan Jelinek, a member of the Board, and the Issuer.

''SPAD System'' refers to *(Systém pro Podporu Akcií a Dluhopisů),* or the ''System Supporting the Trading of Shares and Bonds''.

''Stabilising Manager'' refers to GSI.

''Stock Option Plan'' refers to the stock option plan operated by the Group and fully described in PART IX of this document entitled ''MANAGEMENT AND THE DIVISONS''.

''Subscription Period'' refers to the period which is expected to commence on or about 22 April 2008 and ending on or about 5 p.m. Central European Time on 7 May 2008, which includes the Czech Retail Offer subscription period (starting on 24 April 2008 and ending on 6 May 2008 at 3 p.m. Central European Time), and the Polish Public Offer period (starting on 29 April 2008 and ending on 6 May 2008 at 5 p.m. Central European Time).

''Substantial Interest Shares'' refers to A Shares from which benefits are derived, or deemed to be derived, that are that are attributable to a (fictitious) substantial interest. See PART XIII of this document

‘‘TAXATION—Netherlands Tax Considerations—Dutch Individuals having a (fictitious) substantial interest’’ for further information.

‘‘SUJB’’ refers to the Czech State Authority for Nuclear Safety.

‘‘T+3 basis’’ refers to settlement no later than 3 business days after the trade is executed.

‘‘Takeover Directive’’ refers to EU Directive 2004/25/EC of the European Parliament and the Council of the European Union.

‘‘Tax Sharing Policy Statement’’ means the tax sharing policy statement in place which provides for the allocation of tax charges and tax benefits between each of the Divisions.

‘‘Technical Consulting Agreement’’ refers to the technical consulting agreement between the Issuer and AMCI dated 15 August 2006.

‘‘Transparency Directive’’ refers to EU Directive 2004/109/EC of the European Parliament and the Council of the European Union.

‘‘Transport Agreements’’ refers to the agreements on transport between OKD and Doprava relating to the transport of coal and other materials from the Issuer to its largest customers.

‘‘UK Combined Code’’ refers to the UK combined code on corporate governance published in June 2006 by the Financial Reporting Council.

‘‘UK holders’’ refers to the absolute beneficial owners of A Shares who are resident (and, in the case of individuals only, ordinarily resident and domiciled) in the UK for tax purposes who are not resident in the Netherlands and who do not have a permanent established or fixed base in the Netherlands with which the holding of A Shares is effectively connected.

‘‘UK Listing Authority’’ refers to FSA in its capacity as competent authority under section 73A of FSMA.

‘‘Underwriting Agreement’’ means the underwriting agreement between the Issuer, the Directors and the Managers more fully described in PART XII of the document entitled ‘‘DETAILS OF THE OFFER—Underwriting Arrangements.’’

‘‘Unicredit’’ refers to UniCredit Markets & Investment Banking (UniCredit CAIB UK Ltd. and UniCredit CAIB Poland S.A.).

‘‘UNIVYC’’ refers to UNIVYC, a.s., a joint stock company (*akciová společnost*) incorporated under the laws of the Czech Republic.

‘‘Unrestricted Subsidiaries’’ refers to the Initial Unrestricted Subsidiaries and any other subsidiaries of the Issuer that may be designated as unrestricted subsidiaries in the future in accordance with the terms of the Indenture.

‘‘U.S.’’ or ‘‘United States’’ refers to the United States of America and all areas subject to its jurisdiction.

‘‘U.S. dollars’’ or ‘‘USD’’ or ‘‘$’’ refers to the lawful currency of the United States.

‘‘U.S. Exchange Act’’ refers to the U.S. Securities Exchange Act of 1934.

‘‘U.S. holder’’ refers to a beneficial owner of the A Shares that is for U.S. federal income tax purposes (i) an individual citizen or resident of the United States, (ii) a corporation or other business entity taxable as a corporation that is created or organised under the laws of the United States or its political subdivisions, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust subject to the primary supervision of a U.S. court and the control of one or more U.S. persons or that has elected to be treated as a domestic trust for U.S. federal income tax purposes.

‘‘U.S. Securities Act’’ refers to the U.S. Securities Act of 1933, as amended.

‘‘U.S. Steel’’ refers to U.S. Steel Košice, s.r.o., a limited liability company (*společnost s ručením omezeným*) organised under the laws of the Slovak Republic.

‘‘Warsaw Stock Exchange’’ or ‘‘WSE’’ refers to *Gielda Papierów Wartościowych w Warszawie S.A.*.

‘‘Waste Act’’ refers to the Czech Act No. 185/2001 Sb., as amended.

‘‘Water Act’’ refers to the Czech Act No. 254/2001 Sb., as amended.

‘‘Wood’’ refers to Wood & Company Financial Services, a.s.

PART XVIII

GLOSSARY OF TECHNICAL TERMS

The following definitions shall apply to the technical terms used herein:

''ash content'' refers to the inert percentage of a laboratory sample of coal remaining after incineration to a constant weight under standard conditions.

''ash fusion temperature'' refers to a physical measurement of the temperature at which a cone of ash begins to soften, deform and flow. This is performed either through an oxidising or reducing atmosphere. Temperatures are reported as initial deformation, spherical, hemispherical and flow.

''bituminous coal'' refers to 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.

''BTU'' refers to British thermal units, which is the amount of heat needed to raise the temperature of 1 pound of water by 1 degree Fahrenheit (equal to 252 calories).

''by-product'' refers to material, other than the principal product, that is generated as a consequence of an industrial process.

''cleanup'' refers to actions taken to deal with a release or threat of release of a hazardous substance that could affect humans, the environment, or both.

''coal'' refers to 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.

''coking coal'' refers to high volatile coal used to create coke, which is consumed in the steel reduction process.

''continuous miner'' refers to a mobile mining machine designed to cut coal from a heading face with the use of a rotating transverse cutting head and loads that coal via an integral chain conveyor into shuttle cars or onto conveyors.

''deposit'' refers to an area of coal resources or reserves identified by surface mapping, drilling or development.

''drewboys'' refers to a dense medium bath separator wherein a rotating wheel extracts the sinks.

''dump'' refers to a site used to dispose of solid wastes without environmental controls.

''emission'' refers to pollution discharged into the atmosphere from smokestacks, other vents, and surface areas of commercial or industrial facilities, from residential chimneys; and from motor vehicle, locomotive, or aircraft exhausts.

''fly ash'' refers to non-combustible residual particles from the combustion process carried by flue gas.

''groundwater'' refers to 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.

''hard coal'' means both metallurgical coking coal (which is used to produce metallurgical coke) and thermal coal.

''hard coking coal'' refers to a type of coking coal which enables the coke to be more efficient in steel making when it converts iron ore to raw steel.

''hazardous waste'' refers to waste that can pose a substantial or potential hazard to human health or the environment when improperly managed. Substances classified as hazardous wastes possess at least one of four characteristics: ignitability, corrosivity, reactivity, or toxicity, or appear on special lists.

''lignite'' refers to the lowest quality of coal with a high moisture content of up to 45% by weight and heating value of 6,500 to 8,300 BTUs per pound of coal. It is brownish black and tends to oxidise and disintegrate when exposed to air.

‘‘limnic’’ refers to a particular geological formation.

‘‘longwall mining’’ is a fully mechanised underground mining technique in which a coal face is excavated by a shearer and then transported to the surface by conveyor belts.

‘‘metallurgical coal’’ refers to an informally recognised name for bituminous coal that is suitable for making coke by industries that refine, smelt and work with iron. Generally, this coal will have less than 1% sulphur and less than 8% ash on an air-dried basis. Metallurgical coal is sometimes referred to as coking coal.

‘‘mining face’’ refers to the working area where the extraction of coal takes place in an underground mine.

‘‘moisture content’’ refers to the amount of moisture in coal, expressed as a percentage of the weight of the coal. Two types of moisture can be found in coal, including: (i) free or surface moisture, which can be removed by exposure to air, and (ii) inherent moisture, which is trapped in the coal and can be removed by heating the coal.

‘‘open-pit mining’’ refers to mining in which the coal is extracted after removing the overlying strata or overburden.

‘‘preparation plant’’ refers to a plant used to make raw coal a product suitable for a particular use.

‘‘probable reserves’’ refers to probable reserves which are the economically mineable part of an indicated coal resource, and in some circumstances, measured coal resource. They include diluting materials, and allowances for losses which may occur when the material is mined.

‘‘project’’ refers to a mineral deposit with insufficient data available on the mineralisation to determine if it is economically recoverable, but warranting further investigation and not currently included in the Group’s future mining plans.

‘‘prospect’’ refers to a mineral deposit with sufficient data available on the mineralisation, indicative planning and licensing to show it is economically recoverable, within acceptable limits, and included in the Group’s future mining plans, but warranting further detailed investigation.

‘‘proved reserves’’ refers to proved reserves which are the economically mineable part of a measured coal resource. They include diluting materials, and allowances for losses which may occur when the material is mined and after accounting for preparation plant yield.

‘‘raw coal’’ refers to coal in its raw, untreated state subsequent to extraction and prior to sizing and other treatment.

‘‘reclamation’’ refers to the restoration of land and environmental values to land affected by coal extraction. Reclamation operations are usually undertaken where the coal has already been taken from a mine, even as production operations are taking place elsewhere at the site. This process commonly includes recontouring or reshaping the land to its approximate original appearance, restoring topsoil and planting native grasses, trees and ground covers.

‘‘room-and-pillar mining’’ refers to the method of underground mining in which the mine roof of an area being mined, the ‘‘room,’’ is supported by coal pillars left at regular intervals.

‘‘screen’’ refers to a device for separating by size.

‘‘seam’’ refers to a geological structure containing a series of layers of coal, shale and other mineral materials of various thickness within a defined zone.

‘‘shaft’’ refers to a mine-working (usually vertical) used to transport miners, supplies, ore, or waste.

‘‘short tonne’’ refers to a short or net tonne, which is a measurement of mass equal to 2,000 pounds or approximately 907 kilograms.

‘‘sinks’’ refers to the high density solids which sink to the bottom of a liquid separation process.

‘‘steam coal’’ refers to coal which will be used for steam generation principally in thermal power plants.

‘‘sub-bituminous coal’’ refers to a rank class of coal with a heat value content of more than 4,600 kcal/kg and less than 6,400 kcal/kg on a moist mineral-matter-free basis.

‘‘surface water’’ refers to 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.

‘‘swelling index’’ refers to the measure of increase in the volume of coal when heated, with the exclusion of air.

‘‘steam coal’’ refers to coal used in combustion processes by power producers and industrial users to produce steam for power and heat.

‘‘ton’’ or ‘‘tonne’’ refers to a metric tonne, which is a measurement of mass equal to 1,000 kilograms or approximately 2,205 pounds.

‘‘underground mining’’ refers to the extraction of coal or its products from layers of rock by underground mining methods such as room-and-pillar mining and longwall mining.

‘‘volatile matter content’’ refers to that portion of coal comprising both gases and liquids that is released following heating it from 105°C to 800°C. The amount of volatile matter in coal is a function the coal rank (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.

‘‘water-only cyclones’’ refers to cyclones operated with water only and no air.

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

NEW WORLD RESOURCES B.V.

Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

for the year ended 31 December 2007

CONTENTS

GENERAL INFORMATION

Executive directors

Miklos Salamon (Chairman)
Klaus-Dieter Beck
Marek Jelínek

Non-executive directors

Zdeněk Bakala
Peter Kadas
Alex T. Krueger
Hans-Jürgen Mende
Christiaan Norval
Milan Jelinek
Bessel Kok
Hans-Jörg Rudloff
Pavel Telička
Steven Schuit
Paul M. Everard
Barry J. Rourke

As of 31 December 2007, the Board of Directors consisted of 3 executive directors and 12 non-executive directors, 5 of whom qualify as independent. The Company is represented by any executive director. The Board of Directors adopts its resolutions by an absolute majority of votes cast. Further distinction between an executive director and a non-executive director follows from the Articles of Association.

Registered Office

Fred. Roeskestraat 123-3
1076 EE Amsterdam
The Netherlands

Company Registration Number

Trade Register Amsterdam 34239108

Auditors

KPMG Accountants N.V., Amsterdam, The Netherlands

KPMG

Auditor's report to the shareholder of New World Resources B.V.

To: The Shareholders of New World Resources B.V.

Auditor's report

We have audited the accompanying consolidated financial statements for the year ended 31 December 2007 of New World Resources B.V., Amsterdam, the Netherlands, which comprise the consolidated balance sheet as at 31 December 2007, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of New World Resources B.V. as at 31 December 2007, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Amsterdam, 2 April 2008

KPMG ACCOUNTANTS N.V.
J. Humme RA

KPMG Accountants N.V., registered with the trade register in the Netherlands under number 33263683 and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

NEW WORLD RESOURCES B.V.

CONSOLIDATED INCOME STATEMENT

PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	1 January 2007– 31 December 2007	29 December 2005– 31 December 2006
		thousands EUR	thousands EUR
Revenues	3	1,367,098	338,665
Change in inventories of finished goods and work-in-progress		(10,308)	(18,097)
Consumption of material and energy		(363,977)	(85,633)
Service expenses		(306,433)	(77,681)
Personnel expenses	4,28	(338,216)	(95,474)
Depreciation	12	(156,931)	(43,594)
Amortization	13	(9,326)	(2,421)
Reversal of impairment of property, plant and equipment	12	21,959	52,657
Reversal of impairment of receivables		491	1,953
Net gain from material sold		6,385	1,480
Gain from sale of property, plant and equipment		1,305	427
Other operating income		3,758	3,843
Other operating expenses	5	(8,289)	(6,365)
SUB-TOTAL		207,516	69,760
Financial income	7	142,621	50,668
Financial expense	7	(110,477)	(24,516)
Profit/loss on disposal of interest in subsidiaries		(13)	(63)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS— BEFORE TAX		239,647	95,849
Income tax expense	8	(48,976)	(16,513)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**190,671**	**79,336**
DISCONTINUED OPERATIONS			
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	9	5,821	18,576
PROFIT/(LOSS) FOR THE PERIOD		**196,492**	**97,912**
Attributable to:			
Minority interest		6	188
SHAREHOLDERS OF THE COMPANY		**196,486**	**97,724**
EARNINGS PER SHARE	25		
Basic earnings per A share (EUR/share)		1.96	3.12
Diluted earnings per A share (EUR/share)		1.96	3.12
Basic earnings per A share from continuing operations (EUR/share)		1.91	2.53
Diluted earnings per A share from continuing operations (EUR/share)		1.91	2.53
Basic earnings per A share from discontinued operations (EUR/share)		0.05	0.59
Diluted earnings per A share from discontinued operations (EUR/share)		0.05	0.59
Basic earnings per B share (EUR/share)		0	N/A
Diluted earnings per B share (EUR/share)		0	N/A

The notes on pages F-12 to F-69 are an integral part of these consolidated financial statements.

NEW WORLD RESOURCES B.V.

CONSOLIDATED BALANCE SHEET

PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

AS OF 31 DECEMBER 2007

	Note	31 December 2007	31 December 2006
		thousands EUR	thousands EUR
ASSETS			
Property, plant and equipment	12	1,049,381	1,163,922
Mining licences	13	178,683	182,414
Other financial investments	14	3,104	3,938
Long-term receivables	15	7,342	3,294
Deferred tax asset	29	2,438	1,453
Restricted cash	16	24,160	17,790
TOTAL NON-CURRENT ASSETS		1,265,108	1,372,811
Inventories	17	32,461	48,857
Accounts receivable and prepayments	18	159,296	160,672
Derivatives	20	76,008	34,130
Loan receivable		0	1,239
Income tax receivable	19	25,722	15,043
Cash and cash equivalents	21	474,160	1,013,378
TOTAL CURRENT ASSETS		767,647	1,273,319
TOTAL ASSETS		**2,032,755**	**2,646,130**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	25	100,100	100,018
Share premium		3,679	911,840
Special liquidation reserve	25	0	83,967
Foreign exchange translation reserve		38,389	38,628
Restricted reserve	25	129,990	122,144
Retained earnings		105,305	97,749
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		377,463	1,354,346
Minority interest		0	0
TOTAL EQUITY		377,463	1,354,346
LIABILITIES			
Provisions	26	108,103	117,486
Long-term loans	23	723,856	616,895
Bond issued	24	289,316	0
Employee benefits	28	85,634	89,201
Deferred revenue	27	10,299	3,600
Deferred tax liability	29	104,520	137,673
Other long-term liabilities		200	184
TOTAL NON-CURRENT LIABILITIES		1,321,928	965,039
Provisions	26	9,176	16,920
Accounts payable and accruals	22	190,232	167,464
Accrued interest payable on bond		2,766	0
Derivatives	20	226	1,809
Income tax payable	8	58,446	29,588
Current portion of long-term loans	23	66,823	99,776
Short-term loans	23	5,695	11,188
TOTAL CURRENT LIABILITIES		333,364	326,745
TOTAL LIABILITIES		1,655,292	1,291,784
TOTAL EQUITY AND LIABILITIES		**2,032,755**	**2,646,130**

The notes on pages F-12 to F-69 are an integral part of these consolidated financial statements.

NEW WORLD RESOURCES B.V.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Share capital	Share premium	Special liquidation reserve	Foreign exchange translation reserve	Restricted reserve	Retained earnings	Total	Minority interest	Equity Total
		EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
1 January 2007		100,018	911,840	83,967	38,628	122,144	97,749	1,354,346	0	1,354,346
Currency translation		0	0	0	7,029	0	0	7,029	0	7,029
Total income and expense for the period recognised directly in equity		0	0	0	7,029	0	0	7,029	0	7,029
Other movements		0	0	0	0	0	567	567	0	567
Net profit for the period		0	0	0	0	0	196,486	196,486	6	196,492
Total income and expense for the period		0	0	0	7,029	0	197,053	204,082	6	204,088
Reclassification of special liquidation reserve	25	0	0	(83,967)	0	0	83,967	0	0	0
Dividends paid	10	0	(911,840)	0	0	0	(164,920)	(1,076,760)	0	(1,076,760)
Increase of share capital	25	82	0	0	0	0	0	82	0	82
Increase of share premium	25	0	3,679	0	0	0	0	3,679	0	3,679
Currency translation		0	0	0	(7,846)	7,846	0	0	0	0
Distribution in kind	10	0	0	0	578	0	(108,544)	(107,966)	(6)	(107,972)
31 December2007		100,100	3,679	0	38,389	129,990	105,305	377,463	0	377,463

The notes on pages F-12 to F-69 are an integral part of these consolidated financial statements.

NEW WORLD RESOURCES B.V.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2006

	Share capital	Share premium	Special liquidation reserve	Foreign exchange translation reserve	Restricted reserve	Retained earnings	Total	Minority interest	Equity Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Issued share capital, 29 December 2005	18	0	0	0	0	0	18	0	18
Currency translation	0	0	0	38,829	0	29	38,858	0	38,858
Total income and expense for the period recognised directly in equity	0	0	0	38,829	0	29	38,858	0	38,858
Net profit for the period	0	0	0	4	0	97,720	97,724	188	97,912
Total income and expense for the period	0	0	0	38,833	0	97,749	136,582	188	136,770
Common control acquisitions	0	137	0	0	0	0	137	0	137
Contribution of shares by RPG Industries SE (99%)	100,000	1,213,153	83,967	(205)	122,144	0	1,519,059	1,275	1,520,334
Contribution of shares by RPG Industries SE (1%)	0	1,463	0	0	0	0	1,463	(1,463)	0
Dividends paid by the parent company	0	(302,913)	0	0	0	0	(302,913)	0	(302,913)
31 December 2006	100,018	911,840	83,967	38,628	122,144	97,749	1,354,346	0	1,354,346

The notes on pages F-12 to F-69 are an integral part of these consolidated financial statements.

NEW WORLD RESOURCES B.V.

CONSOLIDATED CASH FLOW STATEMENT

PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	1 January 2007– 31 December 2007	29 December 2005– 31 December 2006
		EUR'000	EUR'000
Cash flows from operating activities			
Net profit before taxation and minority interest from continuing operations	3	239,647	95,849
Net profit before taxation and minority interest from discontinued operations	3	8,103	25,175
Net profit before taxation and minority interest		247,750	121,024
Adjustments for:			
Depreciation	12	140,000	(24,552)
Amortization	13	9,326	2,421
Changes in provisions		(15,972)	(2,658)
Profit on disposal of property, plant and equipment		(1,377)	(523)
Profit on disposal of other financial investments		(21,523)	0
Interest expense, net		40,230	(164)
Change in fair value of derivatives		(43,461)	(31,620)
Unrealized foreign exchange gains on long-term borrowings		4,657	(10,464)
Profit before working capital changes		359,630	53,464
(Increase)/Decrease in inventories		8,096	20,125
(Increase)/Decrease in receivables		(15,067)	54,860
(Decrease)/Increase in payables		30,264	(29,416)
Changes in deferred revenue		7,086	716
(Increase)/Decrease in restricted cash		(6,370)	(3,865)
Currency translation and other non-cash movements		(19,872)	13,069
Cash generated from operating activities		363,767	108,953
Interest paid		(42,873)	(384)
Corporate income tax paid		(63,324)	(8,879)
Net cash flows from operating activities		**257,570**	**99,690**
Cash flows from investing activities			
Interest received		12,906	4,200
Acquisition of subsidiaries		0	1,482
Purchase of land, property, plant and equipment	12	(82,712)	(15,211)
Proceeds from sale of other financial investments		16,382	9,633
Cash and cash equivalents of distributed subsidiaries (in kind)	9	(24,445)	0
Cash acquired on contribution of subsidiaries		0	487,839
Proceeds from sale of property, plant and equipment		2,238	1,330
Net cash flows from investing activities		**(75,631)**	**489,273**
Cash flows from financing activities			
Repayments of syndicated loan	23	(234,547)	0
Proceeds of long-term borrowings	23	301,016	615,047
Fee paid from proceeds of long-term borrowings		(1,791)	0
Cash inflows from issued bond	24	300,000	0
Bond emission fee paid		(11,320)	0
Repayments of short-term borrowings		(9,355)	(1,956)
Proceeds of short-term borrowings		3,690	102,860
Proceeds from issued shares		0	18
Dividends paid	10	(1,076,760)	(302,913)
Net cash flows from financing activities		**(729,067)**	**413,056**
Net effect of currency translation		7,910	11,359
Net increase in cash and cash equivalents		(539,218)	1,013,378
Cash and Cash Equivalents at the beginning of period		1,013,378	0
Cash and Cash Equivalents at the end of period	21	**474,160**	**1,013,378**

The notes on pages F-12 to F-69 are an integral part of these consolidated financial statements.

NEW WORLD RESOURCES B.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

AS OF 31 DECEMBER 2007

CORPORATE INFORMATION

New World Resources B.V. (the ''Company'') is a limited liability company incorporated under the laws of the Netherlands on 29 December 2005. The registered office of the Company is at Fred. Roeskestraat 123, 1076 EE, Amsterdam, The Netherlands.

The objectives of the Company are to act as a holding and finance company. The Company is the parent company of OKD, a.s. (''OKD'') operating in the coal mining industry, of NWR Coking a.s. operating in the coke industry and of RPG RE Property, a.s. and Dukla Industrial Zone, a.s. operating in the management of real estate assets.

These financial statements are prepared for the twelve month period ended 31 December 2007. Comparative period starts 29 December 2005 and ends 31 December 2006 to ensure that comparative period is of similar length as the current period and consists of two initial fiscal years of the Company, i.e. from 29 December 2005 to 30 June 2006 and from 1 July 2006 to 31 December 2006. Please refer to Note 1 a) Business combination involving entities under common control.

The Company is a wholly-owned subsidiary of RPG Industries SE, a European public limited company whose corporate seat is in Nicosia, Cyprus. The Company's ultimate parent is RPG Partners Limited.

These financial statements were approved by the board of directors and authorised for issue effective on 2 April 2008.

1. GENERAL INFORMATION

The consolidated financial statements include New World Resources B.V. and the following subsidiaries (together ''the Group'') as at 31 December 2007:

Consolidated subsidiaries

	% Equity = voting	Nature of Activity
Entities directly owned by the Company:		
OKD, a.s.	100%	Coal mining
RPG RE Property, a.s.*	100%	Real estate management
Dukla Industrial Zone, a.s.*	100%	Real estate management
NWR Coking, a.s.	100%	Holding company
Entities directly owned by NWR Coking, a.s.:		
OKD, OKK, a.s.	100%	Coke plant
Entities directly owned by OKD, a.s.:		
OKD, BASTRO, a.s.	100%	Engineering
OKD, HBZS, a.s.	100%	Emergency services, waste processing
CZECH-KARBON s.r.o.	100%	Electricity trading
OKD, Rekultivace, a.s.	100%	Restoration activities
''KARBONIA PL'', Sp. z.o.o	100%	Electricity sales

The primary business of entities owned by OKD, a.s. is to support its mining activities.

All of the Company's consolidated subsidiaries are incorporated in the Czech Republic with the exception of ''KARBONIA PL'', Sp. z o.o. which is incorporated in Poland.

* The Company established two direct subsidiaries, RPG RE Property, a.s. and Dukla Industrial Zone, a.s. in December 2007. The purpose of these subsidiaries is to manage real estate assets, which will be contributed to these entities. Real estate which is not directly linked to the mining activity included in the internal business unit IMGE, all held by OKD, will be contributed to these companies by a spin-off from OKD with the effective date 1 January 2008. The Czech Commercial code enables retrospective effective date. All the contributed assets are included in Real Estate Division (see Note 3).

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements also comply with the requirements of Book 2 Title 9 of the Dutch Civil Code.

Basis of preparation

The consolidated financial statements are prepared on the historical cost basis except for derivative and other financial instruments, which are stated at their fair value. They are presented in Euro (EUR) and rounded to the nearest thousand. Financial statements of operations with functional currency other than EUR were translated to the Group presentation currency (EUR). Functional currency of the Company is EUR. Except for ''KARBONIA PL'', Sp. z o.o., functional currency of other consolidated companies is Czech Crown (CZK). Functional currency of ''KARBONIA PL'', Sp. z o.o. is Polish Zloty (PLN). For details refer to Note 2d(ii). The accounting policies have been applied consistently by the Group entities.

The preparation of financial statements in conformity with 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 12—Property, plant and equipment
- Note 20—Financial instruments
- Note 26—Provisions
- Note 28—Employee benefits, and
- Note 31—Contingent assets and liabilities.

Changes in the consolidated group

a) Business combination involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the Group entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

In the absence of more specific guidance, the Group entities consistently applied the book value measurement method to all common control transactions. Differences between consideration paid and carrying value of acquired net assets is recognised as a change in consolidated equity.

On 21 July 2006, RPG Industries, a.s. has been sold from RPG Partners Limited (the ultimate parent of New World Resources B.V.) to New World Resources B.V.

On 7 September 2006, the Company acquired 100% share in OKD, a.s., a Czech holding operating in the mining industry in the Czech Republic, 99% share of RPG Transport, s.r.o. and 99% of RPG Gas, s.r.o. via a non-cash contribution of its shareholder RPG Industries SE.

The merger of RPG Transport, s.r.o. into its 100% subsidiary OKD, Doprava, akciová společnost was completed, effective 1 July 2006. The Czech Commercial code enables retrospective decisive date. As the result of this RPG Transport, s.r.o. ceased to exist (being wound up without liquidation) as of 1 July 2006.

The merger of RPG Gas, s.r.o. into its 100% subsidiary OKD, DPB, a.s. was completed, effective 1 July 2006. The Czech Commercial code enables retrospective decisive date. As the result of this RPG Gas, s.r.o. ceased to exist (being wound up without liquidation) as of 1 July 2006.

On 6 December 2006, the Company became the sole shareholder of OKD, Doprava, akciová společnost (''Doprava'' previously RPG Transport, s.r.o.) as 1% share in Doprava was contributed to the Company by RPG Industries SE and the relevant share certificate was endorsed.

On 6 December 2006, the Company became the sole shareholder of OKD, DPB, a.s. (''DPB'' previously RPG Gas, s.r.o.) as 1% share in OKD, DPB, a.s. was contributed to the Company by RPG Industries SE and the relevant share certificate was endorsed.

Due to business combinations described above the consolidated income statement and cash flow statement for the period ended 31 December 2006 do not include the results of operations of the currently held subsidiaries for the whole twelve month period ended 31 December 2006 and therefore do not represent fully comparable financial statements.

On 15 August 2007 the Company has decided to increase the share capital of OKD, a.s. from CZK 2,500,000,000 by CZK 4,217,800,000 to CZK 6,717,800,000 by issuing 21,089 shares with a share premium in the amount of CZK 59,000. The shares were paid through a capitalisation of a receivable. The resolution of the Regional Court in Ostrava confirming the increase of the share capital of OKD, a.s. was effective on 3 September 2007.

Share in RPG Industries, a.s. was sold by the Company to RPG Industries SE on 22 November 2007. At the date of disposal the net assets of the company amounted negative EUR 5,222 thousand, the company was sold for EUR 1. Loss on sale incurred by the Group amounted EUR 13 thousand as a receivable of the Company recognised at the disposal of EUR 5,236 thousand was written off.

On 28 August 2007, the board of directors of OKD, a.s. approved the spin-off of the 100% share in OKD, OKK a.s. and certain land with effective date 1 July 2007 into a newly incorporated entity NWR Coking, a.s. The Company as the sole shareholder has approved the project of the spin-off from OKD, a.s., acting as the sole shareholder of OKD, OKK, a.s. on 29 October 2007. The control at the Company level did not change.

b) Distribution in kind

On 23 May 2007 New World Resources B.V. contributed 100% of shares of OKD, DPB, a.s. to New World Resources Acquisitions B.V. (subsequently renamed to Green Gas International B.V.), together with EUR 12,018 thousand in cash, thus acquiring 70% share of New World Resources Acquisitions B.V.

On 28 June 2007, the Group distributed in kind to its parent company, RPG Industries SE, its shares in its mine and landfill gas extraction and electricity business, Green Gas International B.V., and its transportation business, OKD, Doprava, akciová společnost (''Doprava''). The investment in these subsidiaries was excluded from the consolidated financial statements as from this date. The amount presented in the consolidated statement of changes in equity represents the net book value of the subsidiaries distributed to the owners. The restructuring is part of the process of separating individual businesses owned by RPG Industries SE. Both gas and electricity as well as transportation business segments are presented as discontinued operations in these financial statements. Refer to Note 9.

Due to the distribution in kind described above the balance sheet as at 31 December 2007 is not fully comparable to the comparative period.

c) Liquidation of OKD, Báňské stavby Ostrava, a.s. "v likvidaci" ("in liquidation")

On 23 February 2007 a court decision about the termination of the liquidation process of former subsidiary OKD, Báňské stavby Ostrava, a.s. "v likvidaci" became effective and the company was delisted from the commercial register.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) New IFRS

New standards and interpretations adopted during the financial year

In 2007 the Group adopted the following new or amended International Financial Reporting Standards and IFRIC Interpretations, which were relevant for the Group:

- IAS 1 Amendment Presentations of Financial Statements—Capital Disclosures
- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments

The principal effects of the changes are as follows:

Amendment to IAS 1 Presentation of Financial Statements—Capital Disclosures

The Company included the disclosures required by the amendment to IAS 1 *Presentation of Financial Statements—Capital Disclosures* for the annual period from 1 January 2007. As a complementary amendment arising from IFRS 7 (see below), the Standard required increased disclosure in respect of the Group and its capital structure.

IFRS 7 Financial Instruments: Disclosures

The Company included the disclosures relating to its financial risk management objectives, policies and processes required by this standard for the annual period from 1 January 2007. The Standard required increased disclosure in respect of the Company's financial instruments. It superseded IAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and is applicable to all entities that prepare financial statements in accordance with IFRS.

IFRS 8 Operating Segments

The Company early adopted the standard, which is effective for the annual period from 1 January 2009. The Standard requires segment reporting disclosures according to the management approach and supersedes IAS 14 *Segment Reporting*.

New IFRS Standards and Interpretations issued but not yet effective

The Group is currently assessing the potential impacts of the new and revised standards that will be effective for the annual period from 1 January 2008 or later. Most relevant to the Group's activities are IAS 1 Amendment Presentation of Financial Statements and IAS 23 Amendment Borrowing costs. The Group currently does not expect that the new standards and interpretations would have a significant effect on the Group's results and financial position.

The principal effects of these changes are as follows:

Amendment to IAS 1 Presentation of Financial Statements

The Group did not apply the amendment, which is effective for annual period from 1 January 2009. The amendment will require revision of the statement of changes in equity and additional disclosures, such as statement of other comprehensive income.

Amendment to IAS 23 Borrowing Costs

The Group did not apply the amendment, which is effective for the annual period from 1 January 2009. The amendment will require including borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs shall be recognises as an expense. The Company will apply the amendment prospectively for the annual period from 1 January 2009 and as a result portion of the borrowing costs will be capitalized as part of the cost of a qualifying assets.

IFRIC 13 Customer Loyalty Programmes

The Group did not apply the interpretation, which is effective for the annual period from 1 July 2008. The Interpretation requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. If the cost of fulfilling the awards is expected to exceed the consideration received, the entity will have an onerous contract and a liability for the excess must be recognized.

IFRIC 14 IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 was issued in July 2007 and becomes effective for financial years beginning on or after 1 January 2008. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits.

None from the above stated standards (issued but not effective) have been endorsed by the European Union as of 31 December 2007.

b) Basis of consolidation

The financial statements include the accounts of New World Resources B.V. and its subsidiaries presented in Note 1.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and transactions and unrealised gains arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

c) Principles for preparation of the cash flow statement

Cash flow is presented using the indirect method. Net cash flows from operating activities are reconciled from profit before tax from continuing operations. Interest received is classified as an investing activity as it mainly relates to investments. Interest paid is classified as an operating activity as it significantly affects the net profit.

d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to functional currency at the foreign exchange rates which approximate rates ruling at the dates the values were determined. Foreign exchange differences arising on translation are recognized in the income statement.

(ii) Foreign operations

Assets and liabilities of operations with functional currency other than EUR, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at the exchange rate at the reporting date; income statement items of operations with functional currency other than EUR are translated at exchange rates approximating the rates at the dates of the transactions. Equity items are translated at historical exchange rates. The exchange differences arising on the translation are recognized directly in equity. On disposal of an operation with functional currency other than EUR (in full or in part), the relevant amount of accumulated exchange differences is transferred to the income statement.

Goodwill and fair value adjustments arising on the acquisition of an operation with functional currency other than EUR are treated as assets and liabilities of the operation and are translated at the closing exchange rate.

e) Derivative financial instruments

The Group uses derivative financial instruments (such as forward currency contracts, interest rate swap and interest rate collar contracts) to hedge its exposure to foreign exchange risks. In accordance with its internal strategy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair value is the amount determined based on the market price or an expert appraisal.

Hedge accounting has not been applied by the Group with respect to their derivative financial instruments. Consequently, any gains or losses arising from changes in fair value on derivatives are recognized in the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

f) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy l). Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. The cost also includes the estimated cost of dismantling and removing the asset and restoring the site, to the extent that it is recognised as a provision under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

Where an item of property, plant and equipment is comprised of major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

(ii) Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

(c) There is a change in the determination of whether fulfilment is dependant on a specified asset; or

(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and at the date of renewal or extension period for scenario b).

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

(iii) Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. Land and construction-in-progress are not depreciated.

The estimated useful lives are as follow:

- Buildings . . . . 30-45 years
- Plant and equipment . . . . 4-15 years
- Other . . . . 4 years

Mining works are depreciated on a straight-line basis based on their estimated useful life.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

g) Intangible assets

(i) Licenses

Licenses represent the coal reserve license owned by OKD, a.s. The coal reserve is the exclusive deposit and creates the mineral wealth of the Czech Republic and the licenses allow OKD, a.s. to extract coal from this deposit. Licences are stated at cost less amortisation and impairment losses.

When determining fair value of the coal reserve license in the year 2004, OKD, a.s. used an income approach, specifically the Multi-period excess earning method (MEEM), taking into account specific finite horizon of OKD, a.s. coal-mining operations. Amortisation for the period was calculated as a proportion of the coal amount actually mined in this period to the total economically exploitable coal reserves as estimated by management.

The plan used for valuation comprises the whole projected period of future OKD coal-mining operations.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy l). Expenditure on internally generated goodwill and brands are recognised in the income statement as an expense as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. Amortization methods, useful lives and residual values are reviewed at each reporting date.

(v) Emission rights

Emission rights represent the right of the owner of a facility, which in the course of its operation emits greenhouse gases, to emit during the calendar year equivalent of one ton of carbon dioxide. Based on the National Allocation Plan in 2007, 2006 and 2005 certain companies of the Group were granted emission rights free of charge. These companies are responsible for determining and reporting the amount of greenhouse gases produced by its facilities in the calendar year and this amount has to be audited by an authorized person.

At April, 30, of the following year, at latest, these companies are required to remit a number of certificates representing the number of tones of CO_2 actually emitted. If a company does not fulfill this requirement and does not remit necessary number of emission rights, then the company has to pay a penalty in the amount of EUR 40 per 1 ton of CO_2.

Emission rights are accounted for using the net liability method (EFRAG). Under this method, emission rights allocated from the Government are measured at their nominal amount, which is nil. Purchased emission rights (acquired when the number of rights on hand is insufficient to cover the actual emissions made) are recognised as intangible assets, measured at cost and charged to income when disposed of. Emission rights are not amortised.

The Company recognises a provision equal to the fair value of emission rights that would be needed if the actual emissions made could not be settled by emission rights on hand.

(vi) Exploration for and Evaluation of Mineral Resources

Expenditures on exploration for and evaluation of mineral resources are charged to expense as incurred.

h) Investments

Investments in equity securities held by the Group are classified as being available-for-sale.

Available-for-sale investments are recognised/de-recognized by the Group on the date it commits to purchase/sell the investments.

After initial measurement, available for sale financial assets are measured at fair value with unrealized gains or losses being recognized directly in equity except in the case of impairment losses. Where the fair value cannot be reliably determined, investments are stated at cost.

When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the income statement. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognized in the income statement as 'Dividends received' when the right of payment has been established.

i) Trade and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement receivables are subsequently carried at their amortised cost using the effective interest method less any allowance for impairment (see accounting policy m).

j) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, the cost of conversion and other costs incurred in bringing them to their existing location and condition. The cost of merchandise is the acquisition cost on the weighted average basis. The cost of raw materials is the purchase cost on a weighted average basis. The cost of work-in-progress and finished goods is a standard cost based on the cost of direct materials and labour plus attributable production overheads based on a normal level of activity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and variable selling expenses.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and investments in marketable securities that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (with original maturity of three months and less).

l) Restricted cash

Restricted balances of cash, which are shown under non-current financial assets as restricted funds (see Note 16), relate to mining damages and restoration expenses. The non-current classification is based on the expected timing of the release of the funds of the Group.

m) Impairment

The carrying amounts of the Group's assets, excluding inventories (see accounting policy j) and deferred tax assets (see accounting policy t), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

The recoverable amount of receivables is calculated as the present value of expected future cash flows, discounted to their present value using the financial asset's original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of receivables carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Any impairment loss recognized in respect of goodwill is not reversed under any situation. For other assets, impairment losses are recognized: prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exist.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

n) Minority interest

The minority interest in the balance sheet and income statement represents the minority proportion of the net assets of the consolidated but not wholly owned subsidiaries at the year-end and a share on results for the year, which is attributable to the minority shareholders.

o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised costs with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Related gains and losses are recognised in the income statement at the settlement date.

p) Employee benefits

The Group provides a number of different benefits to its employees—jubilee, loyalty, retirement and special miners' benefits.

The Group's obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on Czech government bonds that have maturity dates approximating the terms of the Group's obligations.

q) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Restoration and mining damages provisions

The Group is liable for all environmental damage caused by mining activities. These future costs can generally be split into two categories—restoration costs and mining damages costs. Restoration costs and clean-up of land used for mining activities are liabilities to restore the land to the condition it was in prior to the mining activities or as stated in the exploration project.

Provisions for restoration costs are recognised as the net present value of the estimated outflow of economic resources to settle the obligation. Restoration costs represent a part of the acquisition cost of fixed assets and such assets are depreciated over the useful life of the mines using the sum of the digits method. Any change in the estimate of restoration costs is recognised within fixed assets and is depreciated over the remaining useful life of the mines.

The effects of changes in estimates relating to decommissioning liabilities, arising as a result of change of estimated cash flows that would be required to settle these liabilities or as a result of discount rate changes, are added to (or deducted from) the amount recognized as the related asset.

Mining damages costs are liabilities to reimburse all immediate damages caused by mining activities to third party assets. Mining damages costs are assessed by the Group for each individual exploration project. This assessment is reviewed and approved by the Czech Mining Authority.

(ii) Restructuring provision

A provision for restructuring including direct costs relating to restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

r) Trade and other payables

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether or not invoiced by the supplier. Trade and other payables are stated at amortized cost.

s) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. Revenue is stated net of value added tax and excise duties and comprises the value of sales of own products, goods and services made in the normal course of business.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. In instances where the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses incurred that are recoverable.

(ii) Revenues from contracts concluded on the energy exchange markets

On the energy exchange market are concluded contracts or group of contracts on delivery of specified commodity (defined quantity of electricity). Revenues from sale of commodity under this type of contract is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer in line with the contract conditions, recovery of the consideration is probable, the associated costs can be estimated reliably and there is no continuing management involvement with the delivered commodity. Revenue is stated net of value added tax and excise duties and comprises the value of sales of commodity made in the normal course of business.

(iii) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

The Group receives operating subsidies to cover the social costs related to the closure of mines and incurred before the privatisation of OKD, a.s. in 1993. The subsidies are recognised in the income statement on the accrual basis with related expenses.

t) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy e).

Revenue is recognized as interest accrues (using the effective interest method which uses the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Dividend income is recognised in the income statement on the date that the dividend is declared.

The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(iii) Income tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability is calculated in accordance with the tax regulations of the states of residence of the Group companies and is based on the income or loss reported under local accounting regulations, adjusted for appropriate permanent and temporary differences from taxable income. Income taxes are calculated on an individual company basis as the tax laws do not permit consolidated tax returns.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted in the expected period of settlement of deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

u) Segment reporting

In 2007 the Group early adopted IFRS 8—Operating Segments. Until 2007 the Group has used IAS 14 for its segment reporting. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. A start-up operation can be treated as an operating segment while it has yet to earn revenues.

v) Non-current assets held for sale and discontinued operations

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRS. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent re-measurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

w) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

3. SEGMENT INFORMATION

a) Introduction to segment information

As discussed in Note 2 a), in 2007 the Group early adopted IFRS 8—Operating Segments. This standard requires an entity to report information about operating segments which is separately available and which is regularly evaluated by so called ''chief operating decision maker'' (''CODM''). Until 2007 the Group has used IAS 14 for its segment reporting.

At the end of 2007 the Group has begun operating two segments determined by differences in their assets and products and services produced and provided. The segments are represented by the Mining Division (''MD'') and the Real Estate Division (''RED'')—refer to details below. The segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a separate strategic division that offers different products and services. RED solely provides inter-divisional service i.e. provides real estate to MD (see below). In connection to newly operated segments MD and RED, no legal entity was established.

Both segments were in the past presented within the Coal and Coke segment under IAS 14.

In the past, the Group also operated the Transport segment (represented by Doprava) and the Gas and electricity segment (represented by GGI BV). The transport segment provided transportation and related services and the gas segment related to gas extraction and related electricity production activities. The entities representing Transport and Gas and electricity segments were distributed as a dividend in kind to the Company's shareholder on 28 June 2007 and are excluded from consolidation as from that date and are presented as discontinued operations in these financial statements (see Note 9).

In order to provide higher transparency to the mining and real estate assets, the Company decided to separate the real estate of the Group into a new division and to issue a new security—B Class shares—to track the financial performance of the RED as of 31 December 2007. Based on the Divisional

Policy Statements approved by the shareholder of the Company, which are applicable as of 31 December 2007, 23:59, the original Coal and Coke segment was internally divided into two divisions, a MD and a RED. The MD relates to coal extraction, production of coke and related operations. The RED comprises of the shares and corresponding investments in the subsidiaries OKD, Rekultivace, a.s. and Garáže Ostrava, a.s., all of the assets and liabilities in the IMGE internal business unit of OKD and all real estate assets owned by the Group at the time of the establishment of the divisions (''Real Estate Assets''). IMGE is an internal business unit of OKD specialized in land reclamation works, attributed with all real estate of OKD that is not being used for its mining and related operations.

From 1 January 2008 the divisions are operated separately for accounting and reporting purposes to reflect the results of operations and the financial position of each division and provide relevant information to the holders of the A and B Class share. The CODM for the two reportable segments is the board of directors of the Company.

As the RED was established as of 31 December 2007, 23:59, the segment did not have any revenues or expenses in the years ended 31 December 2006 and 2007. Due to significant transfers of real estate assets between IMGE and other internal business units of OKD, the comparative information on assets and liabilities allocated to the RED as of 31 December 2007 is unavailable for 31 December 2006 and the costs to develop it would be excessive. Therefore the comparative information does not include disclosure on the RED. The segment information for 2007 is comparable to the old segment information since the total of the MD and RED presented as of 31 December 2007 corresponds to the Coal and Coke segment in 2006.

In order to ensure fair treatment to all types of shareholders the Company have prepared and adopted the Divisional Policy Statements, approved by RPG Industries SE. The fundamental and overriding principles are that the MD has the right to maintain:

- the undisturbed continuation of its mining, coking and related operations that are currently, or which are expected by the board of directors of the Company to be in the future, conducted using certain of the Real Estate Assets; and
- unrestricted access to the Real Estate Assets in connection with such mining, coking and related operations.

Based on these overriding rules the MD is provided with unrestricted access to all Real Estate Assets necessary for its mining, coking and related operations for the time period, until these operations cease to exist. The Real Estate Assets include two groups of assets:

- buildings, constructions and similar real estate assets (''Buildings'') and
- land.

The Group provides its products to customers in different geographical areas and therefore provides information on geographical segments as well.

b) Disclosures on Buildings

The RED provides Buildings to the MD based on the overriding rules. The management considers this relation between the divisions as a kind of leasing relationship, where the RED provides property to the MD against remuneration. Following this approach of the Company, for Buildings the following criteria for identifying the relation between the divisions as financial leasing are met:

- the lease term is for the major part of the economic life of the asset,
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

The Buildings are recorded at the carrying amount in the balance sheet of the MD. Commencing 1 January 2008 MD will depreciate the Buildings. The deferred tax assets, liabilities and their impacts on the financial result of the Group related to the Real Estate Assets are divided between the divisions correspondingly to the allocation of the assets.

The Company did not revaluate the Real Estate Assets for the purpose of presentation in the segment reporting. The assets are presented in the segment reporting at book values. These values also represent the basis for depreciation. Under IFRS finance lease assets shall be valued at the present value of minimum lease payments, which would also be the basis for depreciation under standard finance lease conditions. The RED does not charge lease payments to the MD for the access to the Real Estate Assets. Therefore the Group decided to apply the book values for the allocation of the Real Estate Assets value between the divisions. The value of Buildings provided to the MD at 31 December 2007 is EUR 354,103 thousand.

When the demand for unrestricted access to certain Real Estate Assets by the MD terminates, the overriding rules do not apply anymore and the Real Estate Assets will be transferred back from the MD to the RED. This transfer becomes effective after mining, coking and related operations cease to exist. Since the respective Buildings meet the criteria mentioned above, they will be fully depreciated at the moment, when mining, coking and related operations stop in the future. Therefore the transfer should include only fully depreciated assets with a zero book value. IAS 16 assumes some residual value of assets which should equal to its estimated market value at the end of its useful life. However the Company is unable to make a reliable estimate of such residual value due to the character of the assets.

The Divisional Policy Statements determine the annual fee paid for Real Estate Assets provided by the RED to the MD (the ''CAP'') to be EUR 3,600 thousand per year. The annual fee paid by MD to RED represents the financing costs on the Buildings provided. From 1 January 2008 the CAP will be accounted for as financial expense in the MD and as financial revenue in the RED.

There is no consideration required from the MD to repay the present value of the Real Estate Assets provided in compliance with the Divisional Policy Statement. Therefore the respective amount i.e. the book value of Real Estate Assets as of 31 December 2007 is presented in the equity of the MD.

c) Disclosures on land

Land is provided to the MD without any consideration. However the IFRS criteria for financial leasing cannot be met for land. IFRS do not provide a specific guideline for the presentation of such relationship. The Company decided to present this relationship in the segment analysis as a right to use land by the MD granted by RED. The right is depleted over the expected lifetime of mining, coking and related businesses using a linear amortization method. The management determined the value of the right being the book value of land at 31 December 2007 i.e. the date when the divisions were established. The total amount is EUR 18,196 thousand.

Deferred revenue corresponding to the amount of the right to use is presented in the balance sheet of the RED. The deferred revenue will be released into revenues over the period correspondingly to the depletion of the right to use the land.

d) Disclosures on assets allocated to the RED and not provided for mining, coking and related operations

Shares of Garáže Ostrava, a. s., all assets and liabilities of the consolidated subsidiary OKD, Rekultivace, a.s., all assets and liabilities in the IMGE internal unit of OKD and Real Estate Assets currently not used for mining, coking and related operations are presented in the Real Estate Division.

The shares of OKD, Rekultivace, a.s., other financial investment of OKD, a.s. in Garáže Ostrava, a.s. (see note 14) and real estate which is not directly linked to the mining activity included in the internal business unit IMGE, all held by OKD, will be spun-off from OKD with the effective date 1 January 2008.

	Continuing operations				Discontinued operations		
Business Segments	**Mining division 1/1/2007–31/12/2007**	**Real Estate division 1/1/2007–31/12/2007**	**Eliminations & Adjustments 1/1/2007–31/12/2007**	**Total 1/1/2007–31/12/2007**	**Transport 1/1/2007–30/6/2007**	**Gas and Electricity 1/1/2007–30/6/2007**	**Total 1/1/2007–30/6/2007**
	EUR'000	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Segment revenues							
Continuing operations							
Sales to third party	1,361,393	0	0	**1,361,393**			
Sales to discontinued operations	5,705	0	0	**5,705**			
Discontinued operations							
Sales—discontinued operations					60,156	12,801	**72,957**
Total revenues	**1,367,098**	**0**	**0**	**1,367,098**	**60,156**	**12,801**	**72,957**
Segment Result							
Segment result	207,516	0	0	**207,516**	5,356	1,137	**6,493**
Financial income				**142,621**			**1,793**
Financial expenses				**(110,477)**			**(183)**
Profit/loss on disposal of interest in subsidiaries				**(13)**			**—**
Profit before tax				**239,647**			**8,103**
Income tax expense				**(48,976)**			**(2,282)**
Net profit				**190,671**			**5,821**
Assets and liabilities as at 31.12.2007							
Segment assets	1,944,731	106,220	(18,196)	**2,032,755**	0	0	**0**
Segment liabilities	1,645,164	28,324	(18,196)	**1,655,292**	0	0	**0**
Other segment information:							
Capital expenditures	78,486	0	0	**78,486**	3,164	1,062	**4,226**
Depreciation	156,931	0	0	**156,931**	4,058	970	**5,028**
Amortization	9,326	0	0	**9,326**	0	0	**0**
Reversal of impairment of assets	21,959	0	0	**21,959**	0	0	**0**
Interest income	13,096	0	0	**13,096**	156	10	**166**
Interest expense	52,642	0	0	**52,642**	16	9	**25**
Average number of employees	18,360	0	0	**18,360**	1,985	399	**2,384**

As of 31 December 2007 assets and liabilities of the created divisions and the reconciliation to the consolidated balance sheet is as follows:

	Mining division– Continuing operations 31/12/2007	Real Estate division– Continuing operations 31/12/2007	Eliminations & Adjustments 31/12/2007	Total 31/12/2007
	EUR'000	EUR'000	EUR'000	EUR'000
Land	0	69,242		**69,242**
Buildings and constructions	746,274	13,989		**760,263**
Plant and equipment	185,753	2,162		**187,915**
Other assets	776	4		**780**
Construction in progress	30,769	412		**31,181**
Rights to use land of Real Estate Division	18,196	0	(18,196)	**0**
Mining licences	178,683	0		**178,683**
Other financial investments	0	3,104		**3,104**
Long-term receivables	6,900	442		**7,342**
Deferred tax asset	1,950	488		**2,438**
Restricted cash	24,160	0		**24,160**
TOTAL NON-CURRENT ASSETS	1,193,461	89,843	(18,196)	**1,265,108**
Inventories	32,044	417		**32,461**
Accounts receivable and prepayments	148,122	11,174		**159,296**
Derivatives	76,008	0		**76,008**
Income tax receivable	25,722	0		**25,722**
Cash and cash equivalents	469,374	4,786		**474,160**
TOTAL CURRENT ASSETS	**751,270**	**16,377**	**0**	**767,647**
TOTAL ASSETS	1,944,731	106,220	(18,196)	**2,032,755**
Provisions	107,107	996		**108,103**
Long-term loans	723,856	0		**723,856**
Bond issued	289,316	0		**289,316**
Employee benefits	85,197	437		**85,634**
Deferred revenue	10,291	17,377	(17,369)	**10,299**
Deferred tax liability	104,079	441		**104,520**
Other long term liabilities	99	101		**200**
	1,319,945	19,352	(17,369)	**1,321,928**
Short-term provisions	8,817	359		**9,176**
Accounts payable and accruals	182,468	8,591	(827)	**190,232**
Accrued interest payable on bond	2,766	0		**2,766**
Derivatives	226	0		**226**
Income tax payable	58,424	22		**58,446**
Current portion of long-term loans	66,823	0		**66,823**
Short-term loans	5,695	0		**5,695**
	325,219	8,972	(827)	**333,364**
TOTAL LIABILITIES	**1,645,164**	**28,324**	**(18,196)**	1,655,292

	Continuing operations				Discontinued operations		
Business Segments	**Mining division 29/12/2005–31/12/2006**	**Real Estate division 29/12/2005–31/12/2006**	**Eliminations & Adjustments 29/12/2005–31/12/2006**	**Total 29/12/2005–31/12/2006**	**Transport 29/12/2005–31/12/2006**	**Gas and Electricity 29/12/2005–31/12/2006**	**Total 29/12/2005–31/12/2006**
Segment revenues							
Continuing operations							
Sales to third party	335,888	0	0	**335,888**			
Sales to discontinued operations	2,777	0	0	**2,777**			
Discontinued operations							
Sales—discontinued operations					32,084	5,071	**37,155**
Total revenues	**338,665**	**0**	**0**	338,665	**32,084**	**5,071**	**37,155**
Segment Result							
Segment result	69,760	0	0	**69,760**	24,119	46	**24,165**
Financial income				**50,668**			**1,101**
Financial expenses				**(24,516)**			**(91)**
Profit/loss on disposal of interest in subsidiaries				**(63)**			**—**
Profit before tax				**95,849**			**25,175**
Income tax expense				**(16,513)**			**(6,599)**
Net profit				**79,336**			**18,576**
Assets and liabilities as at 31.12.2006							
Segment assets	2,521,162	0	0	**2,521,162**	108,518	16,450	**124,968**
Segment liabilities	1,267,741	0	0	**1,267,741**	18,200	5,843	**24,043**
Other segment information:							
Capital expenditures	10,630	0	0	**10,630**	4,340	241	**4,581**
Depreciation	43,594	0	0	**43,594**	1,389	548	**1,937**
Amortization	2,421	0	0	**2,421**	0	0	**0**
Reversal of impairment of assets	52,657	0	0	**52,657**	17,427	0	**17,427**
Interest income	4,144	0	0	**4,144**	46	11	**57**
Interest expense	4,007	0	0	**4,007**	16	13	**29**
Average number of employees	20,030	0	0	**20,030**	1,960	396	**2,356**

Geographical Segments	Czech Republic 1 January 2007– 31 December 2007	European Union "old 15"* 1 January 2007– 31 December 2007	European Union—"new countries"** 1 January 2007– 31 December 2007	Middle and Eastern Europe 1 January 2007– 31 December 2007	Other 1 January 2007– 31 December 2007	Total 1 January 2007– 31 December 2007
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenues						
External revenues	**666,237**	**379,604**	**368,359**	**25,855**	**0**	**1,440,055**
—Continuing operation	595,266	378,802	367,355	25,675	0	1,367,098
—Discontinued operation	70,971	802	1,004	180	0	72,957
Segment Assets	**1,729,145**	**253,669**	**49,280**	**661**	**0**	**2,032,755**
—Continuing operation	1,729,145	253,669	49,280	661	0	2,032,755
—Discontinued operation	0	0	0	0	0	0
Capital expenditure	**81,594**	**264**	**854**	**0**	**0**	**82,712**
—Continuing operation	77,368	264	854	0	0	78,486
—Discontinued operation	4,226	0	0	0	0	4,226

* Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden.

** Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia. Czech Republic is presented separately.

Geographical Segments	Czech Republic 29 December 2005– 31 December 2006	European Union "old 15"* 29 December 2005– 31 December 2006	European Union—"new countries"** 29 December 2005– 31 December 2006	Middle and Eastern Europe 29 December 2005– 31 December 2006	Other 29 December 2005– 31 December 2006	Total 29 December 2005– 31 December 2006
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenues						
External revenues	**182,494**	**96,065**	**88,643**	**8,481**	**137**	**375,820**
—Continuing operation	146,372	95,440	88,372	8,481	0	338,665
—Discontinued operation	36,122	625	271	0	137	37,155
Segment Assets	**2,573,764**	**34,598**	**34,155**	**3,500**	**113**	**2,646,130**
—Continuing operation	2,450,049	34,233	33,414	3,466	0	2,521,162
—Discontinued operation	123,715	365	741	34	113	124,968
Capital expenditure	**15,154**	**0**	**57**	**0**	**0**	**15,211**
—Continuing operation	10,573	0	57	0	0	10,630
—Discontinued operation	4,581	0	0	0	0	4,581

* Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden.

** Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia. Czech Republic is presented separately.

Revenues from external customers attributed to countries on the basis of customer's registered location:

	European Union "old 15" 1 January 2007– 31 December 2007	European Union "old 15" 29 December 2005– 31 December 2006
	EUR'000	EUR'000
Austria	231,011	54,322
Germany	103,777	29,304
Great Britain	35,799	8,127
France	3,370	1,990
The Netherlands	2,496	139
Other	2,349	1,558
European Union "old 15"	**378,802**	**95,440**

	European Union "new countries" 1 January 2007– 31 December 2007	European Union "new countries" 29 December 2005– 31 December 2006
	EUR'000	EUR'000
Slovakia	190,299	54,970
Poland	83,383	17,398
Cyprus	83,079	13,513
Hungary	7,918	1,903
Other	2,676	588
European Union—"new countries"	**367,355**	**88,372**

	Middle and Eastern Europe 1 January 2007– 31 December 2007	Middle and Eastern Europe 29 December 2005– 31 December 2006
	EUR'000	EUR'000
Switzerland	18,444	6,054
Russia	5,309	1,741
Croatia	1,922	582
Other	0	104
Middle and Eastern Europe	**25,675**	**8,481**

Revenues from two external customers amounted EUR 360,780 thousand in total (2006: EUR 81,908 thousand), arising from sales of coal and coke.

The split of revenues between sales and services rendered is as follows:

	1 January 2007– 31 December 2007	29 December 2005– 31 December 2006
	EUR'000	EUR'000
Sales	1,305,706	321,974
Services rendered	61,392	16,691
Total revenues	**1,367,098**	**338,665**

4. PERSONNEL EXPENSES

	1 January 2007– 31 December 2007	29 December 2005– 31 December 2006
	EUR'000	EUR'000
Wages and salaries	235,520	65,423
Social insurance costs	79,712	21,438
Pensions	2,429	569
Net benefit expense (see Note 28)	3,251	4,547
Social security and other payroll costs	17,304	3,497
	338,216	**95,474**

Average number of employees in the period:

Managers	119	117
Staff	18,241	19,913
	18,360	**20,030**

Total remuneration and variable benefits received by the management were EUR 12,199 thousand (2006: EUR 7,331 thousand), out of which the social and health insurance were EUR 3,465 thousand (2006: EUR 470 thousand).

Management comprises members of the board of directors and supervisory board of the parent and subsidiaries, senior management, mine managers, mine operation managers and managers of non-mining internal organizational units.

Total remuneration received by directors of the Company was EUR 374 thousand in 2007 and EUR 90 thousand in the comparable period.

5. OTHER OPERATING EXPENSES

Other operating expenses comprise:

	1 January 2007– 31 December 2007	29 December 2005– 31 December 2006
	EUR'000	EUR'000
Compensation for mining damages	9,863	5,703
Property taxes and government fees	6,238	1,610
Change in provisions	(13,074)	(4,466)
Loss on sale and write-off of receivables	515	1,238
Compensation of employees for injuries, loss on wages, employment related illness etc.	128	0
Insurance	1,995	462
Other	2,624	1,818
Total other operating expenses	**8,289**	**3,365**

6. OWN WORK CAPITALIZED

Own work capitalized in the amount of EUR 26,491 thousand (2006: EUR 5,925 thousand) is not recognized in the revenues. It reduces expenses as follows:

	1 January 2007– 31 December 2007	29 December 2005– 31 December 2006
	EUR'000	EUR'000
Consumption of material and energy	19,368	4,506
Service expenses	2,810	324
Personnel expenses	4,191	789
Other operating expenses	122	306
Total	**26,491**	**5,925**

7. FINANCIAL INCOME AND EXPENSES

Financial income comprise:

	01/01/2007–31/12/2007	29/12/2005–31/12/2006
	EUR'000	EUR'000
Bank interest received	13,044	4,134
Other interest received	52	10
Investment income	656	0
Profit on revaluation of derivative instruments	42,639	32,069
Realized and unrealised foreign exchange gains	69,481	13,648
Gain on disposal of investment	16,529	0
Other	220	807
Total financial income	**142,621**	**50,668**

Financial expenses comprise:

	01/01/2007–31/12/2007	29/12/2005–31/12/2006
	EUR'000	EUR'000
Bank interest expense	36,863	3,348
Bond interest expense	13,644	0
Interest on finance leases	4	5
Other interest expense	2,131	654
Realised and unrealised foreign exchange losses	50,091	15,972
Bank fees	2,361	68
Other	5,383	4,469
Total financial expenses	**110,477**	**24,516**

8. INCOME TAX EXPENSE

The corporate income tax in 2007 and 2006 is calculated in accordance with tax regulations applied in the country of the entity's residence, (i.e. for the Czech entities at the rate of 24% in 2007 and 2006, Dutch entity 25.5% in 2007 and 29.6% in 2006, Polish and Slovak entities 19% in 2007 and 2006).

Due to the fact that the Dutch entity suffered losses in the previous periods, no corporate income tax is due in the Netherlands. No deferred tax was recognized as it was not probable that future taxable profit will be available against which the Group can utilize the benefits from the deferred tax assets.

Components of tax expense:

	1/1/2007–31/12/2007	29/12/2005–31/12/2006
	EUR'000	EUR'000
Income statement: Current tax expense	79,150	18,053
Deferred tax expense	(30,174)	(1,540)
Income tax expense	**48,976**	**16,513**

Part of the deferred tax asset which is expected to be recovered is recognized on remaining impairment loss in OKD, HBZS, a.s., OKD, Bastro, a.s. (both 2007 and 2006) and OKD, Rekultivace, a.s. (only 2006); (refer to Note 12).

Reconciliation of the statutory and effective tax rates:

	1/1/2007–31/12/2007	29/12/2005–31/12/2006
	EUR'000	EUR'000
Profit before tax from continuing operations	239,647	95,849
Profit before tax from discontinued operations	8,103	25,175
Profit before tax	**247,750**	**121,024**
Tax at the applicable rate	**59,460**	**29,046**
Tax effect of		
—Non-deductible expense	9,219	4,265
—Other tax allowable credits	(303)	0
—Change in deferred tax rate	(24,507)	0
—Loss on the sale of interests in subsidiaries	0	746
—Tax exempt income	(109)	(10,945)
—Change in unrecognised deferred tax asset	7,498	0
—Non taxable income from associates Tax expense	(1)	0
Tax expense	51,258	23,112
Effective tax rate	21%	19%
Tax expense reported in the financial statements	48,976	16,513
Income tax attributable to discontinued operations	2,282	6,599
Tax expense	**51,258**	**23,112**

In the reconciliation is included impact of amendment of Czech Income tax legislation (applicable tax rates: 2008: 21%, 2009: 20% and from 2010 onwards: 19%) presented as a change in deferred tax rate line (see also Note 29).

The movement in the corporate income tax receivable/(liability) is as follows:

	31/12/2007	31/12/2006
	EUR'000	EUR'000
Net tax receivable/(liability) at the beginning of the period	(14,545)	0
Net tax receivable/(liability) acquired from contribution of subsidiaries	0	(3,047)
Current tax movements—discontinued operations	1,966	(1,671)
Current tax movements—subsidiaries sold	12	(300)
Current and supplementary tax due	(79,150)	(18,053)
Tax paid continuing operations, net	60,168	8,842
Currency translation	(1,175)	(316)
Net tax liability at the end of the period	**(32,724)**	**(14,545)**
Current income tax receivable	25,722	15,043
Current income tax payable	(58,446)	(29,588)

9. DISCONTINUED OPERATIONS

The Group has distributed in kind to its parent company, RPG Industries SE, its shares in its mine and landfill gas extraction business, Green Gas International B.V. and its transportation business, Doprava. The transaction was closed on 28 June 2007.

Green Gas International B.V. sells methane gas obtained in mine gas degasification operations and was a separate business segment.

Doprava provides transport and logistic services and was a separate business segment.

The results of Green Gas International B.V. and Doprava are presented below:

	Green Gas International B.V.		OKD, Doprava, akciová společnost	
	1/1/2007–28/6/2007	29/12/2005–31/12/2006	1/1/2007–28/6/2007	29/12/2005–31/12/2006
	EUR'000	EUR'000	EUR'000	EUR'000
Revenue	12,801	5,071	60,156	32,084
Expenses	(11,664)	(5,025)	(54,800)	(7,965)
Gross profit/(loss)	1,137	46	5,356	24,119
Finance income/(costs)	(20)	(5)	1,630	1,015
Profit before tax from a discontinued operation	1,117	41	6,986	25,134
Tax expense	(279)	(13)	(2,003)	(6,586)
Profit for the period from a discontinued operation	**838**	**28**	**4,983**	**18,548**

In 2006 expenses of OKD, Doprava, akciová společnost include reversal of impairment of EUR 17,427 thousands.

The net cash flows of Green Gas International B.V. and Doprava for the period to distribution are as follows:

	Green Gas International B.V.		OKD, Doprava, akciová společnost	
	1/1/2007–28/6/2007	29/12/2005–31/12/2006	1/1/2007–28/6/2007	29/12/2005–31/12/2006
	EUR'000	EUR'000	EUR'000	EUR'000
Operating	571	1,079	4,401	10,199
Investing	(1,045)	(85)	(3,369)	(2,923)
Financing	234	(1,509)	(5,097)	(38)
Currency translation	40	54	269	378
Net cash inflow/(outflow)	(200)	(461)	(3,796)	7,616

For the calculation of basic and diluted earnings per share for discontinued operations see Note 25.

10. DIVIDENDS AND OTHER TRANSACTIONS WITH THE SHAREHOLDER

On 25 January 2007, the Company paid a dividend of EUR 800,425 thousand to the shareholder (paid as EUR 572,603 thousand and CZK 6,412,733 thousand). Dividend per share amounted EUR 8.00.

On 18 October 2007, the Company paid a dividend of EUR 276,335 thousand to the shareholder. Dividend per share amounted EUR 2.76.

On 28 June 2007 the Company has distributed in kind to the shareholder, RPG Industries SE, its shares in its mine and landfill gas extraction business, Green Gas International B.V. (Green Gas), and its transportation business, Doprava, in the total net book value of EUR 95,948 thousand. The Company has contributed EUR 12,018 thousand to Green Gas International B.V.

As of 31 October 2006, the Company paid a dividend of EUR 302,913 thousand to the shareholder. Dividend per share amounted EUR 3.03.

11. RELATED PARTY DISCLOSURES

During the period the Group had transactions in the normal course of operations with related parties. These represent transactions with the ultimate parent company, RPG Partners Limited, entities under common control, shareholders and key management personnel of the Group (i.e. those charged with governance, including executives and persons whose responsibility is derived from the Act on Mining of the Czech Republic), and companies of which they are principal owners. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions.

Transactions between related parties include coke and coal trading, scrap, heating, electricity, transport, waste management, gas extraction, electricity production, advisory and rental.

Transactions with related parties included in the balance sheet and the income statement are as follows:

Balance Sheet	31/12/2007 EUR'000	31/12/2006 EUR'000
Receivables from related parties		
METALIMEX a.s.***	0	1,216
OKD, DPB, a.s.**	1,163	N/A*
OKD, Doprava, akciová společnost**	799	N/A*
RPG Služby, s.r.o.	83	0
RPG Byty, s.r.o.	299	1,068
RPG RE Commercial, s.r.o.	51	151
Depos Horní Suchá, a.s.	123	648
Other related parties	19	65
Receivables from related parties in total	**2,537**	**3,148**
Loans receivable from related parties		
RPG Industries SE	0	1,239
	0	**1,239**
Payables to related parties		
OKD, Doprava, akciová společnost**	10,620	N/A*
METALIMEX a.s.***	0	7,848
OKD, DPB, a.s.**	1,861	N/A*
RPG Advisors, a.s.	278	1,795
RPG Industries SE	29	12
RPG RE Commercial, s.r.o.	197	186
RPG Byty, s.r.o.	648	831
RPG Trading, s.r.o.	832	0
Other related parties	123	58
Payables to related parties in total	**14,588**	**10,730**
Loans payable to related parties		
Short-term		
RPG Industries SE	0	1,219
RPG Partners Ltd	0	600
Short-term loans to related parties in total	**0**	**1,819**

* As of 31 December 2006 the companies were part of the consolidated group

** Includes receivables and payables from related parties from transactions originated only for the period after the entity was discontinued from the group.

*** 10% ownership of shares of METALIMEX a.s. owned by RPG Trading, s.r.o. was sold on 1 October 2007, from this date METALIMEX a.s. is not a related party.

Receivables from related parties form part of the balance of accounts receivable and prepayments shown in the balance sheet. Similarly, payables to related parties form part of the balance of accounts payable and accruals.

Short-term loans payable to related parties as of 31 December 2006 form part of the balance of short-term loans. On 25 January 2007 both loans were fully repaid. As per 31 December 2006 the loans were reclassified as a short-term liability. The loan carried an interest rate of 3M LIBOR + 1.25%

Income statement	**1/1/2007–31/12/2007**	**29/12/2005–31/12/2006**
	EUR'000	**EUR'000**
Sales to related parties		
METALIMEX a.s.	11,577	3,397
OKD, DPB, a.s.	4,778	N/A*
OKD, Doprava, akciová společnost	3,007	N/A*
RPG Byty, s.r.o.	16,947	7,394
RPG RE Commercial, s.r.o.	1,342	510
RPG Služby, s.r.o.	345	0
Depos Horní Suchá, a.s.	671	593
Other related parties	114	16
Sales to related parties in total	**38,781**	**11,910**
Purchases from related parties		
RPG Advisors, a.s.	2,611	6,060
RPG Trading, s.r.o.	719	749
METALIMEX a.s.	41,494	16,189
OKD, DPB, a.s.	4,299	N/A*
OKD, Doprava, akciová společnost	31,511	N/A*
RPG Byty, s.r.o.	219	0
RPG RE Commercial, s.r.o.	1,555	371
RPG Industries, a.s.	272	0
Depos Horní Suchá, a.s.	185	15
Other related parties	1,551	147
Purchases from related parties in total	**84,416**	**23,531**

* Includes sales and purchases from related parties from transactions originated only for the period after the entity was discontinued from the Group.

The sales to RPG Byty, s.r.o. relate mainly to heating. The sales to METALIMEX a.s. relate to sales of electricity and metal scrap, whereas the purchases from this company relate to transport. The purchases from RPG Advisors, a.s. relate to consultancy fees.

Compensation of key management personnel is stated in Note 4.

There were no significant transactions with other related parties.

12. PROPERTY, PLANT AND EQUIPMENT

Cost:	Land and Buildings	Plant and Equipment	Other assets	Construction in Progress	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
As of 1 January 2007	1,266,824	478,381	3,771	38,671	1,787,647
Additions	11,086	53,151	190	25,268	89,695
Disposal	(44,280)	(7,024)	(13)	(40)	(51,357)
Change in estimate of carrying amount of land and buildings capitalized element—restoration costs	(8,334)	—	—	—	(8,334)
Disposals—discontinued operations	(74,276)	(61,836)	(275)	(3,252)	(139,639)
Transfers	18,691	9,538	—	(28,229)	—
Currency translation	35,179	13,250	110	926	49,465
As of 31 December 2007	1,204,890	485,460	3,783	33,344	1,727,477
Accumulated depreciation and impairment losses					
As of 1 January 2007	357,179	262,353	2,689	1,504	623,725
Depreciation charge for the year—continuing operations	96,799	59,173	374	585	156,931
Depreciation charge for the year—discontinued operations	1,179	3,819	30	—	5,028
Disposals	(43,396)	(6,902)	(3)	—	(50,301)
Disposals—discontinued operations	(32,200)	(23,007)	(180)	—	(55,387)
Reversal of impairment	(15,098)	(6,861)	—	—	(21,959)
Currency translation	10,917	8,975	93	74	20,059
As of 31 December 2007	375,380	297,550	3,003	2,163	678,096
Net book value as of 31 December 2007	**829,510**	**187,910**	**780**	**31,181**	**1,049,381**
Net book value as of 1 January 2007	**909,645**	**216,028**	**1,082**	**37,167**	**1,163,922**

The net book value of plant and equipment as of 31 December 2007 includes EUR 1,118 thousand (31 December 2006: EUR 2,242 thousand) in respect of assets held under finance leases.

As of 31 December 2007 annual review of restoration provision was performed and resulted in decrease of restoration provision as of 31 December 2007 by EUR 8,334 thousand. In accordance with IFRIC 1 carrying amount of corresponding land and buildings capitalized element was reduced by EUR 8,334 thousand as of 31 December 2007. For more details refer to Note 26.

Cost:	Land and Buildings	Plant and Equipment	Other assets	Construction in Progress	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
As of 29 December 2005	0	0	0	0	0
Additions	2,578	14,236	105	623	17,542
Additions through acquisition and contribution of subsidiaries	1,236,518	450,306	3,778	43,407	1,734,009
Disposal of assets related to sold subsidiaries	(4,392)	(1,876)	(184)	—	(6,452)
Disposals	(8,364)	(1,647)	(38)	(17)	(10,066)
Transfers	3,118	3,422	—	(6,540)	—
Currency translation	37,366	13,940	110	1,198	52,614
As of 31 December 2006	1,266,824	478,381	3,771	38,671	1,787,647
Accumulated depreciation and impairment losses					
As of 29 December 2005	0	0	0	0	0
Additions through acquisition and contribution of subsidiaries	359,422	271,930	2,707	6,111	640,170
Depreciation charge for the year—continuing operations	28,171	15,333	90	—	43,594
Depreciation charge for the year—discontinued operations	978	945	14	—	1,937
Disposal of accumulated depreciation of assets related to sold subsidiaries	(313)	(1,571)	(162)	—	(2,046)
Disposals	(8,361)	(1,542)	(35)	—	(9,938)
Reversal of impairment—continuing operations	(31,160)	(16,702)	(3)	(4,792)	(52,657)
Reversal of impairment—discontinued operations	(2,880)	(14,547)	—	—	(17,427)
Currency translation	11,322	8,507	78	185	20,092
As of 31 December 2006	357,179	262,353	2,689	1,504	623,725
Net book value as of 31 December 2006	**909,645**	**216,028**	**1,082**	**37,167**	**1,163,922**
Net book value as of 29 December 2005	**0**	**0**	**0**	**0**	**0**

Impairment losses were as follows:

	31/12/2007	31/12/2006
	EUR'000	EUR'000
OKD, OKK, a.s.	0	40,694
OKD, HBZS, a.s.	6,675	7,492
OKD, Bastro, a.s.	1,648	1,771
OKD, Rekultivace, a.s.	0	3,333
OKD, Doprava, akciová společnost	0	29,580
	8,323	82,870

OKD, OKK, a.s.—impairment loss reversal as of 31 December 2007

OKD, OKK, a.s., one of the cash generating units (''CGU'') of the Group that were impaired as of 31 December 2006, made an update of its impairment test as of 31 December 2007. The update has been made as a result of external factors positively influencing the business plan of this CGU. The major external factor influencing the business plan is the increase in coke prices in 2007. Estimated development of coke prices for the period 2008-2015 was based on actual coke prices. The recoverable value of the CGU, measured based on discounted free cash flow projections prepared in line with RPG group strategy as of 31 December 2007 resulted in a full reversal of the impairment loss that existed as at 31 December 2006. There is no recognised impairment loss at this CGU as of 31 December 2007. After the impairment reversal, carrying amount of individual assets does not exceed values that would have resulted if no impairment loss had been recognised in prior years.

The recoverable amount was quantified for the CGU using the pre-tax discount rate of 9% p.a. which represents the weighted average cost of capital of the CGU.

Cash flow projections were made for the period from 2008 to 2020 in order to reflect lifecycle of coking batteries existing at 31 December 2007. Cash flow projections for the period from 2008 to 2015 are based on detailed business plans for each year. Cash flow projections for the period from 2016 to 2020 were made by extrapolating the 2015 cash flows and applying a declining growth factor of 0.99.

OKD, Rekultivace, a.s.—impairment loss reversal as of 31 December 2007

OKD, Rekultivace, a.s. is one of the CGUs of the Group that were impaired as of 31 December 2006. Equity in OKD, Rekultivace, a.s. was valuated by independent valuator as of 31 December 2007 as a part of de-merger process of OKD, a.s. with decisive date as of 1 January 2008. The independent valuer used three-stage discounted free cash flow model to value that CGU. Based on valuation by independent valuer, existing impairment was fully reversed as of 31 December 2007. There is no recognised impairment loss at CGU as of 31 December 2007. After impairment reversal, carrying amount of individual assets does not exceed values that would have resulted if no impairment loss had been recognised in prior years.

The recoverable amount was quantified for the CGU using the pre-tax discount rate 12.73% p.a. and 11.30% p.a. for perpetuity, which represents the weighted average cost of capital of the CGU.

Impairment losses recognized in OKD, BASTRO, a.s. and OKD, HBZS, a.s. were reassessed as of 31 December 2007 and 31 December 2006 and no indication that they may be reversed has been determined. The balances of relevant impairments are stated in the table above.

The reversals of impairment losses are recognised in the income statement in line Reversal of impairment of property, plant and equipment.

Construction of mine ''Frenštát''

Assets relating to the construction of the mine ''Frenštát'' relate to geological survey work. These assets are maintained by OKD, a.s. but are not reflected in its books. The original cost of these assets amounts to EUR 33,494 thousand of which EUR 29,647 thousand is the value of assets located in the mine and EUR 3,847 thousand is the value of assets located on the surface.

13. MINING LICENCES

	Cost	Accumulated amortization	Net book value
	EUR'000	EUR'000	EUR'000
At 1 January 2007	203,395	(20,981)	182,414
Amortisation for the period	0	(9,326)	(9,326)
Currency translation	6,686	(1,091)	5,595
At 31 December 2007	**210,081**	**(31,398)**	**178,683**

	Cost	Accumulated amortization	Net book value
	EUR'000	EUR'000	EUR'000
At 29 December 2005	0	0	0
Acquisition and contribution of subsidiaries	197,400	(17,966)	179,434
Amortisation for the period	0	(2,421)	(2,421)
Currency translation	5,995	(594)	5,401
At 31 December 2006	**203,395**	**(20,981)**	**182,414**

Amortisation for the period was calculated as a proportion of the coal amount actually mined in this period to the total economically exploitable coal reserves. Mining licences were acquired by the Group through business combinations in September 2006.

14. OTHER FINANCIAL INVESTMENTS

Other investments consist of equity securities available-for-sale.

	31/12/2007	31/12/2006
	EUR'000	EUR'000
Garáže Ostrava	3,028	2,931
ČSOB	0	473
Other investments available-for-sale	76	534
	3,104	**3,938**

These equity securities are carried at cost as they are not traded on any quoted market.

15. LONG-TERM RECEIVABLES

	31/12/2007	31/12/2006
	EUR'000	EUR'000
Trade receivables	594	955
Long-term advances granted	6,182	1,752
Other	566	587
	7,342	**3,294**

The maturity dates of these receivables do not exceed 5 years. Total long-term receivables are stated net of a provision of EUR 1 thousand (31 December 2006: EUR 13 thousand).

Long-term advances granted have increased because of deposits that were paid to cover settlement of trading transactions on the Prague Energy Exchange market. Deposits cover contracts terminated after 2008. The energy exchange market was opened in September 2007.

16. RESTRICTED CASH

As of 31 December 2007 and 31 December 2006, the Company had restricted cash of EUR 24,160 thousand and EUR 17,790 thousand, respectively, kept in relation to mining damages and restoration expenditures. The amount of restricted cash corresponds to mining and restoration provision created by OKD, a.s. since 1 January 2004 according to Czech legal requirements and can be used only to settle the mining damages and restoration expenditures.

17. INVENTORIES

	31/12/2007	31/12/2006
	EUR'000	EUR'000
Raw materials and spare parts	19,045	21,360
Work-in-progress and semi-finished goods	5,108	8,179
Finished goods	6,116	16,767
Merchandise	2,192	2,551
	32,461	**48,857**

The inventories are disclosed net of write-downs for slow-moving and obsolete inventories of EUR 1,733 thousand (31 December 2006: EUR 4,807 thousand). Write-downs are included in consumption of material and energy.

18. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2007	31 December 2006
	EUR'000	EUR'000
Trade accounts and notes receivable	145,897	144,101
Advance payments for property, plant and equipment	22	252
Advance payments for inventories	1	23
Other advance payments	681	800
VAT and other tax receivables	2,239	3,689
Other and estimated receivables	7,540	9,488
Prepayments and accrued revenue	2,916	2,319
Total accounts receivable and prepayments	**159,296**	**160,672**

For terms and conditions relating to related party receivables, refer to Note 11.

Trade receivables are non-interest bearing and are generally on 30–90 days' terms.

Total receivables are stated net of a provision for impairment of trade receivables. Movements in the provision for impairment of trade receivables and other receivables were as follows:

	1 January 2007– 31 December 2007	29 December 2005– 31 December 2006
	EUR'000	EUR'000
At the beginning of the period	2,703	0
Acquisition and contribution of subsidiaries	0	2,683
Charge for the year	154	1,409
Amounts written off	(546)	(1,436)
Unused amounts reversed	(37)	(20)
Discontinued operations	(10)	0
Other	(51)	(13)
Currency translation	68	80
At the end of the period	**2,281**	**2,703**

As of 31 December 2007 and 31 December 2006, the analysis of accounts receivable and prepayments that were past due but not impaired is as follows:

	Neither past due nor impaired	Past due but not impaired					Total
		<30 days	31–90 days	91–180 days	181–360 days	>360 days	
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2007	157,737	1,492	30	15	10	12	159,296
31 December 2006	155,645	4,779	83	61	86	18	160,672

Based on past experience, the Company believes that no impairment allowance is necessary in respect of accounts receivable and prepayments not past due.

As of 31 December 2007 receivables in nominal value of EUR 2,109 thousand (31 December 2006: EUR 3,748 thousand) were pledged as security for loans.

19. INCOME TAX RECEIVABLE

All income tax receivables are within due. No impairment allowance is necessary to create.

20. FINANCIAL INSTRUMENTS

Risk management and financial instruments

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, high yield bonds, finance leases, trade payables and leasing contracts. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The most significant risks that the Group is exposed to are foreign exchange risks on sales in foreign currencies, interest rates tied to all variable interest rates, volatility risk and credit risk as an increase in secondary insolvency of key Czech and Slovak customers, which might occur especially in the steel industry.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

The Group enters into derivative transactions, primarily interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout 2007 and 2006 the Group's policy that no speculative trading in derivatives shall be undertaken.

The Group is also involved in electricity trading. Management is of the opinion that current trading positions do not represent a material risk to the Group.

Credit (Customer) Risk

Credit risk arises from the potential inability of debtors to meet their obligations as they fall due. Credit risks are addressed by top management through efficient operation of the sales and related departments to prevent excessive bad debts. At the balance sheet date there are concentrations of credit risk to steel producers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For OKD, representing the main part of the Company's receivables, the Chief Commercial Officer is responsible for the creditor management database, systematic monitoring of creditors, their ratings and corresponding risks.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial investments and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, which is stated in the table at the end of this Note. There was no impairment of other financial assets than trade receivables recognized as of 31 December 2007 and 31 December 2006.

Market risk

Market risk arises from the possible variations in the value of assets and liabilities due to fluctuations in foreign exchange rates, interest rates and operating results of subsidiaries. The Company has implemented policies and methods of monitoring these risks.

Foreign exchange rate risk

The Group has significant transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 44% of the Group's sales (2006: 45%) from continued operations are denominated in currencies other (primarily EUR) than the functional currency of the operating unit making the sale (primarily CZK), whilst most of costs are denominated in the unit's functional currency.

The Company reduces foreign currency exposure risks by closing its open position by entering into forward exchange rate contracts ''par forwards'' with bank institutions. Forward contracts have terms expiring through 2013 and they covered as of 31 December 2007 approx. ⅔ (31 December 2006: ⅔) of the expected opened position.

It is the Group's policy to negotiate the terms of the derivatives to match the terms of the item at risk to maximize effectiveness of the derivative.

The Company had the following CZK-denominated (i.e. not functional currency) balances and the consolidated subsidiaries had the following EUR-denominated balances (i.e. not functional currency)— both presented in EUR thousand:

As of 31 December 2007:

	EUR'000
Cash and bank balances	215,730
Accounts receivable	63,709
Accounts payable	(24,913)
Loans	(460,162)
Gross balance sheet exposure	**(205,636)**
Financial derivatives	(1,260,291)
Gross exposure	**(1,465,927)**

As of 31 December 2006:

	EUR'000
Cash and bank balances	639,302
Accounts receivable	45,532
Accounts payable	(9,501)
Loans	(538,473)
Gross balance sheet exposure	**136,860**
Financial derivatives	(703,373)
Gross exposure	**(566,513)**

The following table demonstrates the sensitivity of strengthening CZK to EUR exchange rate by 1%, with all other variables held constant, of the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities and derivatives) and the Group's equity.

As of 31 December 2007:

Increase in foreign exchange rate by 1%	Effect on profit after tax in EUR'000
Cash and bank balances	(122)
Accounts receivable	(447)
Financial instruments	8,036
Accounts payable	163
Loans	2,012
Total	**9,642**

As of 31 December 2006:

Increase in foreign exchange rate by 1%	Effect on profit after tax in EUR'000
Cash and bank balances	(4,074)
Accounts receivable	(290)
Financial instruments	6,010
Accounts payable	61
Loans	3,431
Total	**5,138**

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's syndicated bank loan with floating interest rates. To manage this, the Company enters primarily into interest rate swaps and interest rate collars.

Exposure to the interest rate risk is presented by way of sensitivity analysis. This sensitivity analysis shows effects of changes in market interest rates on Group's profit after tax as if market interest rates had been 0.25% higher respectively lower over the whole period from 1 January 2007 to 31 December 2007. The interest rate sensitivity analysis is calculated from all loans and all interest rates swap contracts and interest rate collar contracts. The hypothetical effect on profit after tax amounts EUR –234 thousand respectively EUR 234 thousand.

The market interest rate is reprised semi-annually.

High-yield bond bears fixed rate interest rate.

In the comparative period the syndicated loan was drawn close to the end of the period and the high-yield bond was issued in 2007, therefore sensitivity analysis was not performed as it would be not representative.

It is the Group's policy to negotiate the terms of the derivatives to match the terms of the item at risk to maximize effectiveness of the derivative. As stated in Note 2(e) the Group has not applied hedge accounting.

The following derivative financial instruments were entered into to mitigate the above risks:

Fair value of derivative instruments

	31 December 2007		31 December 2006	
	Assets	Liabilities	Assets	Liabilities
	EUR'000	EUR'000	EUR'000	EUR'000
Forward exchange contracts	62,140	0	29,702	0
Interest rates swap contracts	13,242	0	4,263	1,398
Interest rates collar contracts	626	226	165	411
	76,008	**226**	**34,130**	**1,809**

Nominal value of derivative instruments

	31 December 2007		
	Czech crown denominated contracts	Polish zloty denominated contracts	Euro denominated contracts
	EUR'000	EUR'000	EUR'000
Forward exchange contracts	0	20,047	1,260,291
Interest rates swap contracts	148,390	0	419,250
Interest rates collar contracts	17,624	0	48,750
	166,014	**20,047**	**1,728,291**

Nominal value of derivative instruments

	31 December 2006		
	Czech crown denominated contracts	Polish zloty denominated contracts	Euro denominated contracts
	EUR'000	EUR'000	EUR'000
Forward exchange contracts	0	14,096	703,373
Interest rates swap contracts	154,719	0	451,500
Interest rates collar contracts	18,375	0	52,500
	173,094	**14,096**	**1,207,373**

Gains or losses arising from changes in fair value on the derivatives during the period do not qualify for hedge accounting and are taken directly to the income statement.

Liquidity risk

Liquidity risk refers to the possibility of the Company being unable to meet its cash obligations mainly in relation to the settlement of amounts due to suppliers and bank loans and facilities.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (eg accounts receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, issued bonds and finance leases contracts.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2007 and 31 December 2006 based on contractual undiscounted payments.

As of 31 December 2007	<1 year	1 to 5 years	>5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Loans	72,518	464,683	259,173	796,374
Bond issued (including accrued interest)	2,766	0	289,316	292,082
Other long-term liabilities	0	142	58	200
Accounts payable and accruals	190,232	0	0	190,232
Derivatives	226	0	0	226
Income tax payable	58,446	0	0	58,446

As of 31 December 2006	<1 year	1 to 5 years	>5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000
Loans	110,964	349,416	267,479	727,859
Other long-term liabilities	0	184	0	184
Accounts payable and accruals	167,464	0	0	167,464
Derivatives	1,809	0	0	1,809
Income tax payable	29,588	0	0	29,588

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. From the acquisition of the Group the shareholders performed significant restructuring of the Group and considered the international standards of gearing in the mining industry. The management monitors the gearing.

The Group monitors capital using a gearing ratio defined as net debt divided by the EBITDA (calculated on a twelve month rolling basis for the corresponding group).

The Group includes within net debt, interest bearing short-term and long-term loans and borrowings and issued bonds, less cash and cash equivalents. The Company defines EBITDA as net profit after tax from continuing operations before minority interest, income tax, net financial costs, depreciation and amortization, impairment of property, plant and equipment (''PPE'') and gains/losses from sale of PPE.

	31 December 2007
	EUR'000
Interest bearing loans and borrowings	
Long-term loans	723,856
Bond issued	289,316
Current portion of long-term loans	66,823
Short-term loans	5,695
	1,085,690
Less Cash and cash equivalents	474,160
Net debt	611,530

	1 January 2007–31 December 2007
	EUR'000
EBITDA:	
Profit before taxation	239,647
Financial costs/revenues (including loss on disposal of interest in subsidiaries)	(32,131)
Reversal of impairment of property, plant and equipment	(21,959)
Depreciation	156,931
Amortisation	9,326
Gain from sale of property, plant and equipment	(1,305)
EBITDA	350,509
Gearing ratio	**1.75**

The Group's policy is to target a gearing ratio of 2.0 over the cycle (international standards of such gearing in the mining industry state the maximum at 3.5). The gearing ratio for the period ended 31 December 2007 is calculated on annual basis. The Company is required under the Syndicated Loan agreement to hold a gearing ratio of senior indebtedness below 2.75 and a gearing ratio of total indebtedness below 3.25. The Group is in compliance with these covenants.

For the comparable period the gearing ratio is not applicable, since the consolidated entities were not part of the consolidated group for the whole period of twelve months. For the purpose of bank reporting, the Company prepared special purpose consolidated financial statements as of 31 December 2006 resulting in gearing ratio of –0.98.

Fair value

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, current investments

The carrying amount of cash and other current financial assets approximates fair value due to the relatively short-term maturity of these financial instruments.

Investments

For equity instruments for which there are no quoted market prices and which are carried at cost, the fair values cannot be estimated.

Receivables and Payables

The carrying amount of short-term receivables and payables approximates fair value due to the short-term maturity of these financial instruments.

Short-term loans

The carrying amount approximates fair value because of the floating interest rate and the short period to maturity of those instruments.

Bond

The fair value of bond is based upon the quoted price on the stock exchange Euro MTF on 31 December 2007.

Long-term debt

The carrying amount of long-term debt and other payables with variable interest rates approximates their fair values as interest reprises at a minimum each twelve months.

Derivatives

The fair value of derivatives is based upon mark to market valuations.

Carrying amounts and the estimated fair values of financial assets and liabilities at 31 December 2007 and 31 December 2006 are as follows:

	31 December 2007		31 December 2006	
Financial assets	Carrying Value	Fair Value	Carrying Value	Fair Value
	EUR'000	EUR'000	EUR'000	EUR'000
Other financial investments	3,104	N/A	3,938	N/A
Loan receivable	0	0	1,239	1,239
Long-term receivables	7,342	7,305	3,294	3,123
Restricted cash	24,160	24,160	17,790	17,790
Accounts receivable and prepayments	159,296	159,296	160,672	160,672
Cash and cash equivalents	474,160	474,160	1,013,378	1,013,378
Derivatives	76,008	76,008	34,130	34,130

	31 December 2007		31 December 2006	
Financial liabilities	Carrying Value	Fair Value	Carrying Value	Fair Value
	EUR'000	EUR'000	EUR'000	EUR'000
Long-term loans	723,856	723,856	616,895	616,895
Bond issued (including accrued interest)	292,082	260,733	0	0
Other long-term liabilities	200	200	184	184
Accounts payable and accruals	190,232	190,232	167,464	167,464
Current portion of long-term loans	66,823	66,823	99,776	99,776
Short-term loans	5,695	5,695	11,188	11,188
Derivatives	226	226	1,809	1,809

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following balance sheet amounts:

	31 December 2007	31 December 2006
	EUR'000	EUR'000
Cash in bank	469,073	1,010,352
Short-term deposits	4,915	2,787
Cash on hand and cash in transit	172	239
Cash and cash equivalents	**474,160**	**1,013,378**

Cash at the bank earns interest at floating rates based on daily bank deposit rates. Certain bank accounts are used for cash pooling. Short-term deposits are made for varying periods, typically one week or shorter, depending on the immediate cash requirements of the Group, and earn interest at short-term deposit rates.

22. ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2007	31 December 2006
	EUR'000	EUR'000
Trade accounts and notes payable	125,390	103,532
Dividends payable	1,563	1,539
Advance payments received	323	674
VAT and other tax payable	7,574	7,311
Social and health insurance payable	14,505	14,703
Wages and salaries payable	24,328	27,158
Other payables and estimated accounts payable	14,327	12,360
Accrued expenses	2,222	187
	190,232	**167,464**

23. INTEREST-BEARING LOANS AND BORROWINGS

Long-term loans and borrowings:

The long-term bank loan is represented by facilities provided by a banking syndicate.

Long-term bank loans	Currency	Effective interest rate	Maturity	31 December 2007	31 December 2006
				EUR'000	EUR'000
Bank loan—facility 1	CZK	3M PRIBOR+1.10%*	2011	58,242	116,077
Bank loan—facility 2	CZK	3M PRIBOR+1.35%	2012	81,897	41,659
Bank loan—facility 3	CZK	3M PRIBOR+1.50%	2013	86,646	27,577
Bank loan—facility 1	EUR	3M EURIBOR+1.10%*	2011	161,729	332,915
Bank loan—facility 2	EUR	3M EURIBOR+1.35%	2012	230,768	119,480
Bank loan—facility 3	EUR	3M EURIBOR+1.50%	2013	171,379	78,763
Total long-term loans				790,661	716,471
of which current portion**				66,823	99,776
Total long-term loans				**723,838**	**616,695**
Long-term liabilities from finance leases				18	200
Total long-term interest-bearing loans				**723,856**	**616,895**

* The margin rate can vary between 0.65% and 1.35% p.a. with respect to the actual leverage ratio.

** Includes also interest accrual for green shoe.

As of 31 December 2006 syndicated loan was secured by shares of companies and by companies OKD, OKD, OKK, a.s., RPG Trading, s.r.o. and Doprava. The guarantee by shares of companies and by companies RPG Trading, s.r.o. and OKD, Doprava, a.s. was terminated during 2007 as a result of a waiver signed. Security by shares of OKD and OKD, OKK, a.s., remained unchanged.

OKD, a.s. is guarantor of green shoe option drawn by the Company in 2007.

3M PRIBOR stands for 3-month Prague interbank offered rate and was 4.110% on 31 December 2007 (31 December 2006: 2.550%). 3M EURIBOR stands for Euro interbank offered rate and was 4.684% on 31 December 2007 (31 December 2006: 3.725%).

The total long-term bank loans exclude the current portion of long-term bank loans. These are included in short-term bank loans. All interest-bearing loans and borrowings are repriced at least once a year.

	31 December 2007	31 December 2006
	EUR'000	EUR'000
up to 31 December 2007	0	99,776
up to 31 December 2008	66,823	99,776
up to 31 December 2009	60,412	99,776
up to 31 December 2010	60,412	99,776
up to 31 December 2011	29,904	49,888
up to 31 December 2012	313,937	161,139
thereafter	259,173	106,340
	790,661	**716,471**

Short-term loans and borrowings:

Short-term bank loans include credit lines that finally mature in 2008—they are operating loans with withdrawal option in the form of an overdraft or revolving that may be repaid whenever before the maturity date.

Short-term bank loans	Currency	Effective interest rate	Maturity	31 December 2007
				EUR'000
Overdraft	CZK	PRIBOR+0.65%	2009**	3,646
Overdraft	CZK	PRIBOR+0.75%	2008	2,014
Credit cards liability	CZK	0%*	N/A	16
Total short-term loans				5,676
Short-term liabilities from finance leases				19
Total short-term interest-bearing loans				**5,695**

* Credit cards.

** 12-month loan agreement with possibility to extension of the loan up to 2009.

Short-term bank loans	Currency	Effective interest rate	Maturity	31 December 2006
				EUR'000
Overdraft	CZK	PRIBOR+0.65%	2008	1,985
Overdraft	CZK	PRIBOR+0.7%	2008	282
Loans to related parties (see note 11)	CZK	3M LIBOR+1.25%	2007	1,819
Bank loan	CZK	not reported	2007	6,913
Total short-term loans				10,999
Short-term liabilities from finance leases				189
Total short-term interest-bearing loans				**11,188**

24. BOND ISSUED

The Company issued a high-yield bond on the stock exchange Euro MTF on 18 May 2007. The aggregate principal amount of the 7.375% Senior notes due 2015 is EUR 300,000 thousand. Issue costs of the notes were EUR 11,320 thousand. Effective interest rate is 8.184%.

25. SHARE CAPITAL AND RESERVES

	31 December 2007	31 December 2006
	EUR'000	EUR'000
Share capital	100,100	100,018
Share premium	3,679	911,840
Special liquidation reserve	0	83,967
Restricted reserve	129,990	122,144
Retained earnings	105,305	97,749
Foreign exchange translation reserve	38,389	38,628
Total	377,463	1,354,346
Minority interests	0	0
Equity total	**377,463**	**1,354,346**

Share Capital

Before the conversion of A shares to B shares the authorized share capital amounted to 350,000,000 ordinary shares of EUR 1 each. Based on the amended Articles of Association of the

Company the number of authorised shares increased to 450,000,000. As of 31 December 2007 the issued capital consisting of 100,096,000 ordinary A shares of EUR 1 each, of which:

- 18,000 A shares were issued and paid-up as per 30 June 2006
- as per 7 September 2006 the Company issued 100,000,000 new ordinary A shares of EUR 1 each, which were paid-up by contributed shares of OKD a.s., RPG Transport, s.r.o. and RPG Gas, s.r.o. (see Note 1a),
- as per 14 December 2007 the Company issued 82,000 new ordinary A shares of EUR 1 each which were paid up
- in connection to the amendment to the Articles of Association of the Company on 21 December 2007, the Company converted 4,000 ordinary (registered) A shares into 4,000 B Shares of EUR 1.00 each (see description below).

Rights, preferences and restrictions attaching to B Shares in the share capital of the Company, restrictions on the distribution of dividends and the repayment of capital

As part of RPG Industries SE policy of separately managing the real estate business, the Company separated the mining business and the real estate business into separate divisions. Each division is legally indivisible within the Group.

The amendment to the Articles of Association was approved on 21 December 2007, whereby the Company converted 4,000 ordinary (registered) shares into 4,000 B Shares of EUR 1.00 each. The amendment states that the divisions are established and separately tracked with effect from 31 December 2007. An amount of EUR 90 million of the general share premium reserve recorded in the standalone financial statements of the Company has been allocated the share premium reserve B on 31 December 2007.

The Real Estate Division's financial performance and any dividends or other distributions in respect of, or attributable to, the performance or Assets of the Real Estate Division will be attributed solely to the holders of the B Shares. Upon adoption of the annual accounts and on an after tax basis the amount of equity available for the pay out of dividends to the holders of the B Shares (''Dividend Reserve B'') shall be credited for an amount equal to the positive result relating to the Real Estate Division and shall be debited for an amount equal to the negative result. The allocation of the result of the divisions and the rules governing the pay out of dividend from the Real Estate Division relate to the period after 31 December 2007, when the Real Estate Division was established.

The Articles of Association include provisions which state, subject to the limitations of applicable law, that the holders of B Shares will be entitled to receive distributions from the Dividend Reserve B (whether in cash or in specie) or the share premium reserve B on their B Shares when declared by the board of directors of the Company upon the proposal of the meeting of the holders of the B Shares. A payment to the holder(s) of B Shares at the expense of a Dividend Reserve B casu quo share premium reserve B can only be made to the extent that the aggregate balance of the entitlement of all Shares of that specific class held by such holder to the share premium reserves and dividend reserves is positive.

The existing distributable reserves (share premium reserve B and Dividend Reserve B) along with future retained earnings will be used in the future to allow the transfer of the Assets of the Real Estate Division via dividends or distributions (whether in cash or in specie) to the holders of the B Shares. It is intended that all of the assets of the Real Estate Division will be paid out in dividends and distributions to the holders of the B Shares until no assets remain in the Real Estate Division.

In addition to the foregoing, the Articles of Association of the Company provide the following rights to the (meeting of) holders of the B Shares:

- Each resolution to issue B Shares shall require the prior or simultaneous approval of the meeting of holders of class B Shares.

- Upon issue of A Shares and B Shares, each holder of A Shares and B Shares shall have a pre-emption right in respect of the A Shares and B Shares to be issued, in proportion to the aggregate amount of his Shares.
- Each resolution to restrict or exclude pre-emptive rights with respect to an issuance of B Shares shall require the prior or simultaneous approval of the meeting of holders of class B Shares.
- The meeting of holders of the B Shares has the right to nominate one director at the Company's general meeting as part of the binding nomination system set out in the Articles of Association.
- Each holder of B Shares has the right to request an investigation into the affairs of the Company with the Enterprise Chamber of the Court of Appeal in Amsterdam.
- The prior or simultaneous approval of the meeting of holders of class B Shares shall be required for resolutions of the Board of Directors:
  a. to acquire any real estate or other assets for the Real Estate Division or to mortgage, charge, grant a license or otherwise encumber the assets of the Real Estate Division (or any of them); and
  b. to finance the Real Estate Division from third party funding sources.
- The prior or simultaneous approval of the General Meeting and the meeting of holders of class B Shares shall be required for resolutions of the Board of Directors to amend, rescind or suspend the part of the Divisional Policy Statements relating to the fundamental and overriding rights of the Mining Division, the payments for use of and access to Real Estate Assets by the Mining Division, the allocation of costs for overhead and support services and the principles contained in the Divisional Policy Statements, or any additions or exceptions thereto. The Board of Directors shall not seek to make any determinations to amend, rescind or suspend any other aspects of the Divisional Policy Statements, or make exceptions to them or adopt additional policies or exceptions unless there shall have been prior consultation between the Board of Directors and the meeting of holders of the B Shares and the Board of Directors shall have given due consideration to any representations made.
- A proposal to amend the Articles of Association changing the authorized share capital B shall be changed requires the prior or simultaneous approval of the meeting of holders of class B Shares.
- A proposal to amend the Articles of Association whereby any change would be made in the rights which vest in the holders of B Shares shall require the prior approval of the meeting of holders of B Shares.
- Following a liquidation of the Company, the remaining balance of assets of the Company shall be distributed in accordance with the entitlements of each class of Shares under the rules agreed upon for the distribution of reserves.

Any restrictions under Dutch corporate law with respect to the reduction of share capital, distribution of dividend and/or reserves and other corporate matters also apply to the (holders of) B Shares.

The B Shares are currently 100% owned by RPG Industries SE, the sole shareholder of the Company.

Rights, preferences and restrictions attaching to A Shares in the share capital of the Company, restrictions on the distribution of dividends and the repayment of capital

As part of the amendment to the Articles of Association, the existing ordinary shares where converted into 100,096,000 A Shares with a nominal value of one euro (EUR 1) each and 4,000 B Shares with a nominal value of one euro (EUR 1) each.

An amount of EUR 90 million of the general share premium reserve recorded in the standalone financial statements of the Company has been allocated the share premium reserve B on 31 December 2007. The remaining part of the share premium reserve has been allocated the share premium reserve A. In case statutory reserves recorded in the standalone balance sheet of the Company as at 31 December 2007, if any, are (partially) released, the amounts thereof shall be credited to the dividend reserve A.

The Mining Division's financial performance and any dividends or other distributions in respect of, or attributable to, the performance or Assets of the Mining Division will be attributed solely to the holders of the A Shares. Upon adoption of the annual accounts and on an after tax basis the amount of equity available for the pay out of dividends to the holders of the A Shares (''Dividend Reserve A'') shall be credited for an amount equal to the positive result relating to the Mining Division and shall be debited for an amount equal to the negative result. The allocation of the result of the divisions and the rules governing the pay out of dividend from the Mining Division relate to the period after 31 December 2007, when the Mining Division was established.

The Articles of Association include provisions which state, subject to the limitations of applicable law, that the holders of A Shares will be entitled to receive distributions from the Dividend Reserve A or the share premium reserve A on their A Shares when declared by the board of directors of the Company. A payment to the holder(s) of A Shares at the expense of a Dividend Reserve A casu quo share premium reserve A can only be made to the extent that the aggregate balance of the entitlement of all Shares of that specific class held by such holder to the share premium reserves and dividend reserves is positive.

In addition to the foregoing, the Articles of Association of the Company provide the following rights to the (meeting of) holders of the A Shares:

- Upon issue of A Shares and B Shares, each holder of A Shares and B Shares shall have a pre-emption right in respect of the A Shares and B Shares to be issued, in proportion to the aggregate amount of his Shares.
- A proposal to amend the Articles of Association whereby any change would be made in the rights which vest in the holders of A Shares shall require the prior approval of the meeting of holders of A Shares.
- Following a liquidation of the Company, the remaining balance of assets of the Company shall be distributed in accordance with the entitlements of each class of Shares under the rules agreed upon for the distribution of reserves.

Any restrictions under Dutch corporate law with respect to the reduction of share capital, distribution of dividend and/or reserves and other corporate matters also apply to the (holders of) A Shares.

The total issued A Shares and other issued class shares constitute the General Meeting of Shareholders. Under the Articles of Association, the Divisional Policy Statements and Dutch (corporate) law, the General Meeting of Shareholders has certain rights with respect to changes to the corporate structure, changes to the Divisional Policy Statements as well as rights relating to changes to the capital structure, repurchase of shares and significant changes in the identity or nature of the Company or its enterprise. As the issued A Shares currently form a majority in the entire issued share capital of the Company, any voting in the General Meeting of Shareholders can be influenced by the holders of the A Shares.

Share Premium

As of 14 December 2007 Share premium was increased by EUR 3,679 thousand by converting payables to RPG Industries SE.

Special liquidation reserve

During the privatization of OKD, a.s. the special liquidation reserve (''the Reserve'') was designated and classified as an equity item in its statutory accounts. In 2007 the Articles of association of OKD, a.s. were amended and by this the reserve became unrestricted and therefore was transferred to retained earnings.

Restricted reserve

In accordance with Czech regulations, joint stock companies (''a.s.'') are required to establish an undistributable statutory reserves for contingencies against possible future losses and other events. Contributions must be a minimum of 20% of after-tax profit in the first year in which profits are made and 5% of after-tax profit each year thereafter, until the fund reaches at least 20% of share capital. The fund can only be used to offset losses.

	1 January 2007– 31 December 2007	29 December 2005– 31 December 2006
Total net profit/(loss) after tax from continuing operations	190,671	79,336
Total net profit/(loss) after tax from discontinued operations	5,821	18,576
Total net profit/loss after tax	196,492	97,912
Weighted average number of shares outstanding during the period	100,021,710	31,344,174
Basic earnings per A share (EUR/share)	1.96	3.12
Diluted earnings per A share (EUR/share)	1.96	3.12
Basic earnings per A share from continuing operations (EUR/share)	1.91	2.53
Diluted earnings per A share from continuing operations (EUR/share)	1.91	2.53
Basic earnings per A share from discontinued operations (EUR/share)	0.05	0.59
Diluted earnings per A share from discontinued operations (EUR/share)	0.05	0.59
Basic earnings per B share (EUR/share)	0.00	N/A
Diluted earnings per B share (EUR/share)	0.00	N/A

26. PROVISIONS

The provision balances are as follows:

	At 1 January 2007	Charged	Utilised	Distribution of subsidiaries	Unwinding of discount	Change in the estimate	Currency translation	At 31 December 2007
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Mining damage	16,067	6,156	(6,879)	0	0	0	497	15,841
Restoration provision	96,921	71	(3,150)	(435)	2,015	(8,334)	3,121	90,209
Dukla Mine closure	2,607	0	(2,438)	0	0	0	(19)	150
Other restoration costs	1,891	6	(54)	0	0	0	60	1,903
Total long-term provisions	**117,486**	**6,233**	**(12,521)**	**(435)**	**2,015**	**(8,334)**	**3,659**	**108,103**
Employee redundancy	19	0	(16)	0	0	0	0	3
Dukla Mine closure	10,302	0	(7,050)	0	0	0	36	3,288
Unpaid vacation	3,499	6,642	(6,253)	(764)	0	0	98	3,222
Buy-out (family houses)	1,275	1,344	(705)	0	0	0	69	1,983
Other	1,825	729	(890)	(994)	0	0	10	680
Total short-term provisions	**16,920**	**8,715**	**(14,914)**	**(1,758)**	**0**	**0**	**213**	**9,176**

	At 29 December 2005	Acquisition and contribution of subsidiaries	Charged	Utilised	Unwinding of discount	Currency translation	At 31 December 2006
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Mining damage	0	17,296	1,604	(3,323)	0	490	16,067
Restoration provision	0	94,322	26	(778)	491	2,860	96,921
Dukla Mine closure	0	2,530	0	0	0	77	2,607
Other restoration costs	0	1,866	1	(32)	0	56	1,891
Total long-term provisions	**0**	**116,014**	**1,631**	**(4,133)**	**491**	**3,483**	**117,486**
Employee redundancy	0	39	19	(40)	0	1	19
Dukla Mine closure	0	9,998	0	0	0	304	10,302
Unpaid vacation	0	3,044	355	0	0	100	3,499
Liquidation of unused fixed assets	0	501	90	0	0	17	608
Buy-out (family houses)	0	2,492	0	(1,268)	0	51	1,275
Other	0	3,054	5	(1,898)	0	56	1,217
Total short-term provisions	**0**	**19,128**	**469**	**(3,206)**	**0**	**529**	**16,920**

The annual review of restoration provision was performed as of 31 December 2007 and resulted in a decrease of provision by EUR 8,334 thousand. Decrease of restoration provision was accounted for in accordance with IFRIC 1 with the effective date 31 December 2007 i.e. carrying amount of property, plant and equipment was reduced by EUR 8,334 thousand. The main reason for the estimate change was the change of discount rate (using state bonds) and inflation estimate. The effect of the changed estimate on depreciation of assets and financial costs will start in 2008.

Annual review of restoration provision as of 31 December 2006 did not result in any change of estimates.

Due to the long-term nature of the restoration provision, the biggest uncertainty in estimating the provision is the costs that will be incurred. The Group has assumed that the site will be restored using technology and materials that are available currently. As of 31 December 2007 the provision has been calculated using discount rates in range between 4.1-4.4% p.a. (31 December 2006: single rate 2.2% p.a.).

On 27 February 2006 the Board of Directors of OKD, a.s. decided to cease coal mining operations at the Dukla site, part of the Paskov Mine, as of 31 December 2006 and to begin physical liquidation of property, plant and equipment and to begin the site restoration of this site on 1 January 2007. The preparatory work to commence restoration of the Dukla site began in 2006. The site restoration and liquidation will continue in 2008 and 2009. As of 31 December 2007 the provision related to preparation of the site for site liquidation, site restoration and social and health-related costs (especially severance and other social disbursements) amounts to EUR 3,438 thousand (31 December 2006: EUR 12,909 thousand). The provision was included in contributed assets of OKD, a.s.

27. DEFERRED REVENUE

	Government grants	Other	Total
	EUR'000	EUR'000	EUR'000
At 1 January 2007	2,633	967	3,600
Distribution of subsidiaries	0	(379)	(379)
Change in the period	(202)	6,904	6,702
Currency translation	78	298	376
At 31 December 2007	**2,509**	**7,790**	**10,299**

	Government grants	Other	Total
	EUR'000	EUR'000	EUR'000
At 29 December 2005	0	0	0
Acquisition and contribution of subsidiaries	2,605	1,490	4,095
Distribution of subsidiaries	0	(655)	(655)
Change in the period	(50)	105	55
Currency translation	78	27	105
At 31 December 2006	**2,633**	**967**	**3,600**

The Group has received government grants to cover environmental improvements. Government grants are being amortised over the expected useful life of the assets acquired with funds from government subsidies.

The change in government grants fully represents the amortization of existing grants. No new grants were received in the period.

28. EMPLOYEE BENEFITS

The Group provides a number of different benefits to its employees—jubilee, loyalty, retirement and special miners' benefits. The Group's net obligation in respect of long-term service benefits is the amount of benefits that are payable 12 months after the balance sheet date and that the employees have earned in return for their service in the current and prior periods.

The Group's employee benefit scheme covers the legal requirements valid for the mining industry and other benefits concluded with the labor union in the general labor agreement. All benefits are unfunded. Most of them are paid annually and the amount depends on the length of working relationship with the employer or is compensating the health problems of the miners. The significant benefits are listed below.

	31/12/2007	31/12/2006
	EUR'000	EUR'000
Special miners benefits	56,534	55,277
Loyalty benefits	12,908	12,174
Employees' jubilee	136	126
Severance payment	14,708	14,841
Other long-term benefits	1,348	4,322
Discontinued operations	0	2,461
Total employee benefits	**85,634**	**89,201**

Decline in employee benefits as of 31 December 2007 compared to 31 December 2006 is a cumulative result of factors as follows (in addition to the effect of disposed subsidiaries in 2007 and currency translation):

- increase of discount rates by approximately 0.9% per annum,
- change in average wage increase from 5% per annum as of 31 December 2006 to 7% per annum as of 31 December 2007.

The following table summarizes the components of net benefit expense recognized in the income statement and the funded status and amounts recognized in the balance sheet for the respective plan:

	1/1/2007– 31/12/2007	29/12/2005– 31/12/2006
	EUR'000	EUR'000
Current service cost	4,541	1,212
Interest cost on benefit obligation	3,633	763
Past service cost	0	5,013
Employment reduction	0	756
Actuarial gain	(4,923)	(428)
Curtailments	0	(2,769)
Net benefit expense	**3,251**	**4,547**

Special miner's benefits

Length-of-service benefit for miners is paid to all employees in mining profession once a year and is based on the length of employment relationship. The benefit is required by current legislation of the Czech Republic.

Special miner benefit is assigned to employees working underground once they achieve 100% of the highest allowable exposure to mine dust, in case of both position transfer or employment termination. Those bonuses are paid monthly, until the pension entitlement arises or the age of 60 is reached. The benefit is required by current legislation of the Czech Republic.

Health-related severance payment is based on the collective agreement of OKD, a.s. and its labor union. Entitled persons are employees whose employment relationship was dissolved owing to their inability for health reasons to continue performing their work and who are not entitled to receive other severance payment. This benefit is one-time payment calculated as multiple of average monthly wage in connection with years of service.

Retirement benefit is based also on collective agreement of OKD, a.s. and its labor union and is paid to employees who terminate their employment contract upon becoming entitled to draw an old age pension. The payment is a multiple of average monthly wage.

Loyalty benefits

Stabilization premiums are defined in the collective agreements of individual Group entities and belong to all current employees who are not entitled to length-of-service benefits for miners. This bonus is paid once a year and the amount is calculated according the length of uninterrupted service.

Length-of-service bonuses are defined in the collective labor agreements of individual Group entities and paid based on the specific provisions of collective agreements, tied to years of uninterrupted service. This benefit is designed as one-time payment.

Severance payments

Severance payments are based on Czech law. Entitled persons are employees whose employment relationship was dissolved owing to having achieved 100% of the highest allowable exposure to mine dust or occupational injury or incidence of occupational illness and inability to find another suitable position for them within entity. The payment is made as one-time disbursement.

Changes in the present value of the defined benefit obligation:

	1/1/2007–31/12/2007	29/12/2005–31/12/2006
	EUR'000	EUR'000
Defined benefit obligation at the beginning of the period	89,201	0
Acquisition and contribution of subsidiaries	0	84,809
Movements in the period—subsidiaries disposed	0	(546)
Discontinued operations	(2,542)	89
Benefits paid	(7,045)	(2,304)
Net benefit expense	3,251	4,547
Currency translation	2,769	2,606
Defined benefit obligation at the end of the period	**85,634**	**89,201**

The principal financial and demographic assumptions used in determining post-employment benefits and other long-term employee benefits are shown below:

Discount rate—Discount rates are derived from the linear approximation of the yield curve of the Czech government bonds as of balance sheet date. Average period of payment is considered. Range of discount rates used for the calculation of employee benefits as of 31 December 2007 is 4.7%-4.9% p.a. (as of 31 December 2006: 3.8%-4.1% p.a.).

Wage increase—This assumption is relevant where the benefit depends on the future wage. In all these cases the Group estimates the steadily average wage increase of 7% per annum as of 31 December 2007 (5% per annum as of 31 December 2006).

Mortality—Model mortality for the relevant benefit calculation is undertaken from the statistical tables published by the Czech statistical office.

Retirement age—The retirement age is according the former and current Czech legislation, as follows: for retirements before 31 December 1995 the retirement age is 60 for men and 57-53 for women (depending on the number of children). The retirement age after the year 2013 is 63 for men and 63-59 for women (depending on the number of children). The retirement age between those two years mentioned above is determined by the linear approximation.

29. DEFERRED TAX

	2007	2006
	EUR'000	EUR'000
Deferred tax asset:		
At 1 January	25,434	0
Deferred tax acquired from acquisitions of subsidiaries at 7 September 2006	0	1,785
Deferred tax charge for the period	(295)	23,133
Impact of changed deferred tax rate	(4,289)	0
Deferred tax movements—discontinued operations	0	0
Currency translation	640	516
At 31 December	**21,490**	**25,434**
Deferred tax liability:		
At 1 January	161,654	0
Deferred tax acquired from acquisitions of subsidiaries at 7 September 2006	0	130,383
Deferred tax charge for the period	(5,962)	26,485
Impact of changed deferred tax rate	(28,796)	0
Deferred tax movements—discontinued operations	(7,147)	0
Deferred tax movements—subsidiaries sold	0	290
Currency translation	3,823	4,496
At 31 December	**123,572**	**161,654**
Deferred tax liability net	**102,082**	**136,220**
out of which		
Deferred tax asset	**2,438**	**1,453**
Deferred tax liability	**104,520**	**137,673**

Deferred tax presented in the balance sheet is stated net of liability and asset per individual consolidated entities. Deferred tax presented in the above table is stated per individual items.

Deferred tax asset relates to the following:

	31/12/2007	31/12/2006
	EUR'000	EUR'000
Fixed assets	1,399	1,037
Allowances, adjustments and provisions	3,880	2,772
Employee benefits	16,050	21,199
Tax losses carried forward (see below)	160	374
Other	1	52
	21,490	**25,434**

Deferred taxes liability relates to the following:

	31/12/2007	31/12/2006
	EUR'000	EUR'000
Fixed assets	120,624	159,894
Allowances, adjustments and provisions	2,934	1,440
Other	14	320
	123,572	**161,654**

	Tax loss	Year of expiry
	EUR'000	
The Czech Republic:		
Tax losses arising in 2002	553	2009
Tax losses arising in 2003	209	2008
Total available amount of tax losses carried forward	**762**	
Deferred tax at the applicable rate of 21%	160	
The Netherlands:		
Tax losses arising in 2006	342	
Tax losses arising in 2007	39,798	
Total tax losses	**40,140**	

Tax losses to be carried forward and offset against future taxable income are available in OKD, BASTRO, a.s., a subsidiary of OKD, a.s. Due to insufficient taxable revenues of the Company, deferred tax asset is not recognised from incurred tax losses.

Amendment of Czech Income tax legislation lead to the change of the income tax rates as follows:

- 2008: 21%
- 2009: 20%
- from 2010 onwards: 19%

Deferred tax was calculated by using above stated rates based on expected period of settlement of deferred tax.

30. FUTURE COMMITMENTS

The Group has the following commitments in respect of:

	2007	2006
	EUR'000	EUR'000
Non-cancellable operating leases		
Instalments due within one year	1,744	2,757
Instalments due between two and five years	5,550	9,742
	7,294	**12,499**
Acquisition of property, plant and equipment		
From third parties	25,731	17,438

The majority of operating lease contracts are concluded as indefinite term and short notice period. Leased items include equipment, land and buildings. There are none with term exceeding 5 years. Operating lease expense in 2007 was EUR 1,487 thousand (2006: EUR 1,015 thousand).

31. CONTINGENT ASSETS AND LIABILITIES

The Group has following significant contingent assets and contingent liabilities as of 31 December 2007:

a) Promissory notes and guarantees

OKD, BASTRO, a.s.

The company has a credit line from the bank secured by receivables, blank promissory note and oral guarantee given by OKD, a.s.

Transfer of certain old mines

Until 2000, OKD had concentrated all discontinued mines into a division called Odra Mine. The main purpose of this division was to supervise reclamation works at the closed mines and to administer claims and obligations towards current and former employees of the discontinued mining units. Effective 2002 OKD sold closed mines administration. Effective 2004, OKD sold mine Barbora to DIAMO s.p. At this time DIAMO, s.p. also assumed all of OKD's obligations vis-'a-vis all its former employees. Simultaneously, ČMD sold its closed mines in the Kladno area to state owned Palivový kombinát Ústí, s.p. (''PKU'') in a similar transaction. By operation of law, OKD is the statutory guarantor of the obligations assumed by DIAMO and PKU existing at the time of the transfer.

b) Environmental issues

(i) OKD, a.s.:

In accordance with privatizations projects, the National Property Fund of the Czech Republic (''NPF'') reimburses acquirers of privatized assets in respect of expenses incurred for the clean-up of environmental damage relating to the pre-privatization period. In 1993, OKD, a.s. asked NPF to reimburse its expenses for cleaning-up damages in accordance with government decision No. 123 dated 17 March 1993. On 18 April 1996 contract no. 131/96 was concluded between NPF and OKD, a.s. relating to environmental issues in the area in the entity's ownership.

(ii) OKD, OKK, a.s.:

The entity's assets include the grounds of the former ČSA coking plant located in Karviná-Doly. Coking operations were discontinued at 30 June 1997 and the grounds were classified by the Czech Ministry of the Environment as an old source of environmental burden. For this reason, an *Old environmental burden risk analysis* addressing the scope of contamination and restoration work was drawn up for this site in 1997-1998. Restoration works should be financed by Czech Ministry of Finance (MF), which overtook liabilities of NPF (NPF ceased its activities). To date, no addendum to Environmental Contract No. 131/96 between the NPF (respectively MF) and OKD, a.s. on the updating of this risk analysis and the holding of a tender for an improvement work contractor has been executed.

Entity's assets include the grounds of the former Trojice coking plant in Slezská Ostrava. These grounds were classified as an old source of environmental burden and an *Old environmental burden risk analysis* is being drafted for it. Decontamination of the grounds is contingent on the conclusion of an addendum to Contract No. 131/96 between the NPF and OKD, a.s.

The entity operates the grounds of the Svoboda and Šverma coking plants for which risk analyses are being drafted to address post-operations improvement work. The exact time-frame, percentage share of the state in eradicating past damage and the value and duration of the contingent liabilities accrual are not yet known.

(iii) In 2007, by performing de-merger of part of assets of OKD, a.s., as of 1 July 2007, fixed assets to which environmental issues relate, were concentrated in OKD, OKK, a.s. and NWR Coking, a.s.

c) Claims and litigations

OKD, a.s.

— In connection with purchases of certain minority shares in ČMD, a.s., METALIMEX a.s. (former subsidiaries of OKD, a.s.) and OKD, a.s., made by entities related to the Group, the following court proceedings, to which OKD, a.s. is a party, are in progress:

  — Petition to review the appropriateness of consideration for shares of ČMD, a.s., the petitioner Ing. Tomáš Klesňák, OKD, a.s. being a party to proceedings as legal successor of ČMD, a.s. and K.O.P. The statement and legal succession notification were submitted. New independent expert evidence was prepared, completed and submitted to the court in 2007. No proceedings were ordered by the court so far.

  — Petition to review the appropriateness of consideration for shares of OKD, a.s., the petitioner Ing. Tomáš Klesňák, Tomáš Veichart. OKD, a.s. being a party to proceedings together with RPG INDUSTRIES SE as legal successor of KARBON INVEST, a.s. The statement and legal succession notification were submitted. There was prepared new independent expert evidence, which was completed and submitted to the court in 2007. No proceedings were ordered by the court so far.

  — Petition to review the appropriateness of consideration for shares of METALIMEX a.s., the petitioner OSDA—ČR—METALIMEX, OKD, a.s. being a party to proceedings as legal successor of K.O.P., a.s. The Municipal Court in Prague asked OKD, a.s. to prove the legal succession. The statement and legal succession notification were submitted on 13 July 2007. On 26 September 2007 court resolution of legal succession was received. No proceedings were ordered by the court so far.

— Litigation between claimants, Prague Investment Holdings (Cyprus), Prague Capital Partners Limited, Blanet-Shop, s.r.o. and defendants, OKD, a.s. and Prosper Trading, a.s. concerning action for damages at the amount of EUR 258 thousand and EUR 541 thousand. The damage was caused by acting in concert in 1997 when defendants purchased shares of company Moravskoslezské teplárny at lower price (CZK 800 per shares) than at price for which the shares would be sold when offered publicly to shareholders. The last court proceeding from 18 December 2007 was recessed without date as according to the subject new judge must be designated.

— Litigation between claimant, Ing. Vilém Sikora and defendant, OKD, a.s. from February 2006 concerning action for damages of claimant's properties caused by mining activity in Karviná—Doly. The last court proceeding from November 2007 was recessed without date in order to appoint an expert. Mr Sikora claims EUR 451 thousand as compensation for the damage.

— Mr and Mrs Macura filed an action for damages caused by mining activity of OKD, a.s. Subjects of this litigation are sewage water purification plant which needs to be repaired and also loss on rent of non-residential rooms. The value of the claim is EUR 2,360 and EUR 1,341. It might be increased to EUR 376 thousand in respect of damages on property. Several proceedings already took place. At the moment an expert opinion is being processed.

— Litigation in respect of certain equity securities with a value of EUR 800 thousand, including related interest against OKD, a.s., and a co-defendant for damage caused by acting in concert. Up to the date of the financial statements, the relevant court in Ostrava did not issue any document and the court hearing has not yet been scheduled. An attempt for out-of-court settlement was unsuccessful and the proceedings continue.

— Litigation between the claimant, OKD, a.s., and the defendant, Slovenský Investiční Holding, a.s. (currently Slovenské investičné družstvo, formerly VSŽ Košice, a.s.), concerning guaranteed payments of coal deliveries. OKD, a.s. is a party to disputes relating to promissory notes and arbitration proceedings in respect of letter of guarantee of VSŽ Košice, a.s. and filed a claim for a compensation of damage potentially incurred if guarantee of VSŽ Košice, a.s. was rendered invalid by the court in the preceding proceedings due to an absence of a foreign exchange permit, the case has been terminated during 2007.

— Litigation between the defendant, OKD, a.s., and the claimant, Slovenský Investiční Holding, a.s. (currently Slovenské investičné družstvo, formerly VSŽ Košice, a.s.), concerning guaranteed payments of coal deliveries. VSŽ Košice, a.s. filed an action against OKD, a.s. with the Regional Court in Bratislava for the annulment of promissory notes, coal purchase contracts and the letter of guarantee of VSŽ Košice, a.s., the case has been terminated during 2007.

— Above stated litigations with Slovenský Investiční Holding, a.s. are subject to the Master Settlement Agreement concluded on 15 August 2005. The parties agreed on a conditional settlement of various contentious and doubtful claims between the parties to the Master Settlement Agreement or with other entities. The Master Settlement Agreement includes, inter alia, the settlement of disputes whose parties are also OKD, a.s. and KOP, a.s. (subsidiary of OKD, a.s. already dissolved by merger with OKD, a.s. already dissolved by merger with OKD, a.s.). In line with this Master Settlement Agreement, relevant actions were undertaken by all involved parties to terminate all law proceedings. All disputes were closed until October 2007.

No provision has been set up as of 31 December 2007 for the litigations. At the financial statements' preparation date, based on advise of counsel, the management of the Group believes that the litigations have no significant impact on the Group's financial position as of 31 December 2007.

32. OTHER MATERIAL MATTERS

a) Dominance agreement

Dominance agreements were concluded for indefinite period between RPG Industries, a.s. as the ''Controlling person'' and OKD, a.s., OKD, Doprava, akciová společnost, OKD, DPB, a.s. as the ''Controlled person'' and dominance agreement between OKD as the ''Controlling person'' and OKD, OKK, a.s. as the ''Controlled person''.

Under this agreement, the Controlled person, to the extent permitted by law, is subject to the sole control of the Controlling person. The Controlling person is authorized to impose written instructions on the Controlled person in all matters within the remit of the statutory body, even instructions that may be disadvantageous to the Controlled person, if they are in the interest of the Controlling person or another person with which the Controlling person forms a concern. Instructions from the Controlling person may not contravene the legal regulations or the Articles of Association of the Controlled person. The dominance agreement includes the obligation of indemnification and the obligation to settle losses if, for duration of the agreement's validity, the Controlled person finishes a year with a loss according to its financial statements that have been independently audited and then approved by the sole shareholder (acting in the capacity of the General Meeting).

No direct benefits arise to the Controlling person from the dominance agreement.

On 30 October 2007 the dominance agreement between RPG Industries, a.s. and OKD was terminated.

b) Review of the coke selling prices appropriateness

In June 2007 OKD, a.s. received rulings for two related cases from the Financial Directorate in Ostrava, the relevant regional financial authority of the Czech Republic responsible for enforcement of the Czech Act on Prices (regulation no. 526/1990 Coll.). The two related rulings imposed fines on OKD, a.s. in the aggregate amount of EUR 15.6 million. These related rulings were based on allegations that OKD, a.s. had obtained ''unjustified economic benefit'' from the sale of its coke by charging prices in excess of the ''usual price,'' defined under Czech law as to reflect, among other things, the consideration of the cost basis and fair profit. Based on OKD's appeal the Financial Directorate has reversed on procedural grounds both rulings.

c) Repayment of syndicated loan

On 2 July 2007 the Group executed extraordinary repayment of EUR 112,440 thousands and CZK 1,077,972 thousands (total CZK 4,306,687 thousands) for the Syndicated Loan according to Waiver, Consent and Amendment Request from 22 June 2007.

d) Draw-down of Green Shoe option

The Company decided in August 2007 to request drawdowns under the Additional Loan Option available under the Senior Secured Facilities Agreement dated 14 February 2006. The amount of the draw-down was the equivalent of EUR 275 million. The Company paid a dividend in the amounts drawn down as part of the second part of the dividend recapitalization. On 27 November 2007 the Company drew down an additional amount equivalent to EUR 25 million (CZK 687,000 thousand).

e) Restructuring of OKD, OKK, a.s.

The board of directors of OKD, a.s. approved a de-merger of shares of OKD, a.s. in OKD, OKK, a.s. and land into NWR Coking, a.s. The Company has 100% share in NWR Coking, a.s. Through this de-merger there was no change in control within Company's consolidation group. The Czech Commercial code enables retrospective decisive date. As the result of this, the decisive date of the de-merger was 1 July 2007.

f) Personal changes in the statutory bodies

On 1 September 2007 Mr. Miklos Salomon was appointed Chairman of the Company's Board of Directors.

Effective as of 11 September 2007, Hans-Jörg Rudloff, Bessel Kok and Pavel Telička were elected to the Board of Directors of the Company.

Effective as of 20 November 2007, Steven Schuit, Barry Rourke and Paul Everard were elected to the Board of Directors of the Company.

g) Agreement in principle to issue tracking stock over certain real estate assets in the Company

In addition to mining assets, the Company, through OKD and other subsidiaries, is the owner of a significant portfolio of real estate on which its mines have been developed. Under Czech mining laws any real estate necessary for the mining activities of OKD must remain under OKD's ownership for the duration of all mining activities.

In order to provide higher transparency to the mining and real estate assets, the Company decided to separate the real estate of the Group into a new division and to issue a new security—B Class shares—to track the financial performance of the Real Estate Division as of 31 December 2007. Procedures and safeguards will be built-in to the provisions of the A and B shares in the Company to ensure that each shareholder class is fairly treated. From 1 January 2008 the divisions are operated separately for accounting and reporting purposes to reflect the results of operations and the financial position of each division and provide relevant information to the holders of the A and B Class share. The chief operating decision maker for the two reportable segments is the board of directors of the Company, advised by a separate committee of the board composed of independent directors. All of the B shares were issued to RPG Industries SE. See also Note 3 and Note 25.

33. SUBSEQUENT EVENTS

a) Sale of „KARBONIA PL'' Sp. z o.o.

Ownership interest transfer agreement between OKD as a seller of its 100% share in „KARBONIA PL'' Sp. z o.o. and the Company as a buyer was signed on 16 January 2008. The sale was executed on 25 January 2008. This transfer of ownership has no impact on consolidated financial statements of the Company because after the transfer „KARBONIA PL'' Sp. z o.o. remains under the control of the Company.

b) Merger OKD, OKK, a.s. and NWR Coking, a.s.

Process of merger of OKD, OKK, a.s. and NWR Coking, a.s. with effective date for the merger as of 1 January 2008 is in progress and its finalization is expected in the first half of the 2008. OKD, OKK, a.s will be legal successor.

c) Program POP 2010

New World Resources BV plans a major capital investment programme of approximately EUR 300 million at its wholly-owned subsidiary OKD, a.s. The capital investment programme involves the acquisition of 10 new systems of long wall mining equipment and 12 new sets of gate road development equipment which are expected to be purchased and rolled out in phases over the coming 24 months. A Letter of Intent to purchase the equipment has been signed with suppliers.

d) OKD Foundation

OKD established its foundation in January 2008. The foundation will support educational, health, cultural projects and other beneficial activities for public. OKD plans to support the Foundation from 2008 by donating 1% of its profit before tax.

e) Increase of share capital in OKD, a.s.

The Company, as the only shareholder of OKD, a.s. has increased the share capital of OKD, a.s. by issuing 371 shares of nominal value CZK 200 thousand each, in total EUR 2,914 thousand. The increase of the share capital is effective from 17 March 2008.

f) Payment of a dividend

The Company approved the pay out of a dividend out of A share premium in the amount of CZK 2,200,000 thousand in March 2008. The dividend was paid out on 27 March 2008. Dividend per share amounts CZK 21.98.

g) Hedge accounting for foreign exchange derivatives

In the period beginning on 1 January 2008 the Group applies hedge accounting for forward exchange rate contracts. According to the hedge accounting policy realized gains or loses from forward exchange rate contracts are accounted for in revenues. Unrealized gains or losses from foreign exchange forward contracts are fair valued at the balance sheet date and any gain or loss is recognized directly in equity.

CARVE-OUT FINANCIAL STATEMENTS OF MINING OPERATION OF RPG INDUSTRIES SE

Prepared in accordance with
International Financial Reporting Standards as adopted by the
European Union

for the years ended 31 December 2006 and 2005

Auditor's report to the Board of Directors of New World Resources B.V.

To: the Board of Directors of New World Resources B.V.

Auditor's report

Report on the carve-out financial statements

We have audited the accompanying carve-out financial statements of the mining operations of RPG Industries SE, which represent eleven commonly controlled entities (OKD, a.s. and its subsidiaries) and that together make up the ''Mining operations'', which comprise the balance sheets as at 31 December 2006 and 2005, the profit and loss accounts, statements of changes in equity and cash flow statements for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

The carve-out financial statements have been prepared from the books and records maintained by the carve-out entities and the adjustments maintained by RPG Industries SE, as described in Note 1 to the carve-out financial statements.

Management is responsible for the preparation and fair presentation of the-carve out financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the carve-out financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the carve-out financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the carve-out financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's report to the Board of Directors of New World Resources B.V. (Continued)

Opinion

In our opinion, the carve-out financial statements give a true and fair view, for the purpose of the prospectus, of the financial position of the Mining operations as at 31 December 2006 and 2005, and of its results and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Amstelveen, 12 February 2008

KPMG ACCOUNTANTS N.V.
J. Humme RA

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CARVE-OUT FINANCIAL STATEMENTS OF MINING OPERATION OF RPG INDUSTRIES SE PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

CARVE-OUT INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2006 and 2005

	Note	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
		thousands CZK	thousands CZK
Revenues	3	35,002,143	38,741,047
Change in inventories of finished goods and work-in-progress		(264,688)	744,175
Consumption of material and energy		(9,028,718)	(11,796,675)
Service expenses		(7,587,308)	(6,054,483)
Personnel expenses	4	(9,648,473)	(9,545,677)
Depreciation	11	(6,102,854)	(5,922,652)
Amortization	12	(270,350)	(262,732)
(Impairment) / Reversal of impairment of property, plant and equipment	11	1,438,221	(2,907,354)
Reversal of impairment of receivables		43,292	196,560
Net gain from material sold		135,430	113,012
Gain from sale of property, plant and equipment		11,498	115,688
Other operating income	5	237,530	92,419
Other operating expenses	5	(895,792)	(489,672)
SUB-TOTAL		3,069,931	3,023,656
Financial income	7	1,878,273	1,272,063
Financial expense	7	(1,251,539)	(883,630)
PROFIT BEFORE TAXATION		3,696,665	3,412,089
Income tax expense	8	(844,171)	(848,063)
PROFIT AFTER TAX FOR THE PERIOD		**2,852,494**	**2,564,026**
Attributable to:			
Minority interest		0	63,080
Shareholders of carved-out entities		2,852,494	2,500,946

CARVE-OUT FINANCIAL STATEMENTS OF MINING OPERATION OF RPG INDUSTRIES SE
PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

CARVE-OUT BALANCE SHEET

AS OF 31 DECEMBER 2006 and 2005

	Note	31 December 2006	31 December 2005
		thousands CZK	thousands CZK
ASSETS			
Property, plant and equipment	11	29,563,110	31,917,889
Mining licences	12	5,015,473	5,285,823
Other financial investments	13	95,625	89,757
Long-term receivables	14	83,946	59,081
Restricted cash	15	489,129	264,294
TOTAL NON-CURRENT ASSETS		35,247,283	37,616,844
Inventories	16	1,141,254	1,673,221
Accounts receivable and prepayments	17	4,046,340	4,481,036
Derivatives	18	938,415	2,030
Income tax receivable	8	408,752	660,470
Cash and cash equivalents	19	27,354,481	11,573,528
TOTAL CURRENT ASSETS		33,889,242	18,390,285
TOTAL ASSETS		**69,136,525**	**56,007,129**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	22	2,500,000	24,300,000
Capital reserve		0	5,741,805
Special liquidation reserve	22	2,378,798	2,378,798
Foreign exchange translation reserve	22	(3,790)	1,171
Restricted reserve	22	3,460,348	2,309,198
Retained earnings	22	26,262,572	5,667,121
EQUITY ATRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		34,597,928	40,398,093
Minority interest		0	0
TOTAL EQUITY		34,597,928	40,398,093
LIABILITIES			
Provisions	23	3,218,332	3,132,488
Long-term loans	21	16,956,688	4,560
Employee benefits	25	2,384,913	2,133,338
Deferred revenue	24	88,062	85,015
Deferred tax liability	26	3,551,006	4,263,224
Other long-term liabilities	27	6,582	11,532
TOTAL NON-CURRENT LIABILITIES		26,205,583	9,630,157
Provisions	23	425,090	198,112
Accounts payable and accruals	20	4,305,836	5,006,387
Derivatives	18	49,747	0
Income tax payable	8	753,319	664,500
Current portion of long-term loans	21	2,743,344	0
Short-term bank loans	21	55,678	109,880
TOTAL CURRENT LIABILITIES		8,333,014	5,978,879
TOTAL LIABILITIES		34,538,597	15,609,036
TOTAL EQUITY AND LIABILITIES		**69,136,525**	**56,007,129**

CARVE-OUT FINANCIAL STATEMENTS OF MINING OPERATION OF RPG INDUSTRIES SE PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

CARVE-OUT STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Share capital	Special liquidation reserve	Foreign exchange translation reserve	Restricted reserve	Retained earnings	Total
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
1 January 2006		**2,500,000**	**2,378,798**	**1,171**	**3,120,954**	**32,397,170**	**40,398,093**
Currency translation		0	0	(4,961)	0	0	(4,961)
Additions to reserves		0	0	0	0	1,065	1,065
Total income and expense for the period recognised directly in equity		0	0	(4,961)	0	1,065	(3,896)
Net profit for the period		0	0	0	0	2,852,494	2,852,494
Total income and expense for the period		0	0	(4,961)	0	2,853,559	2,848,598
Allocation of profit		0	0	0	339,394	(339,394)	0
Dividends		0	0	0	0	(8,547,905)	(8,547,905)
Movement in investments in the non-mining operation	22					335,028	335,028
METALIMEX—fuel division—distribution to the shareholder		0	0	0	0	(435,886)	(435,886)
31 December 2006		**2,500,000**	**2,378,798**	**(3,790)**	**3,460,348**	**26,262,572**	**34,597,928**

CARVE-OUT FINANCIAL STATEMENTS OF MINING OPERATION OF RPG INDUSTRIES SE PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

CARVE-OUT STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Share capital	Capital reserve	Special liquidation reserve	Foreign exchange translation reserve	Restricted reserve	Retained earnings	Total	Minority interest	Total equity
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
1 January 2005		**24,300,000**	**5,741,805**	**2,378,798**	**0**	**2,053,843**	**6,930,782**	**41,405,228**	**1,040,919**	**42,446,147**
Currency translation		0	0	0	1,171	0	0	1,171	0	1,171
Total income and expense for the period recognised directly in equity		0	0	0	1,171	0	0	1,171	0	1,171
Net profit for the period		0	0	0	0	0	2,500,946	2,500,946	63,080	2,564,026
Total income and expense for the period		0	0	0	1,171	0	2,500,946	2,502,117	63,080	2,565,197
Allocation of profit		0	0	0	0	255,355	(255,355)	0	0	0
Dividends		0	0	0	0	0	(5,151,600)	(5,151,600)	(22,285)	(5,173,885)
Changes in the minority share	22	0	0	0	0	0	0	0	(1,081,714)	(1,081,714)
Movement in investments in the non-mining operation .	22	0	0	0	0	0	1,642,348	1,642,348		1,642,348
31 December 2005		**24,300,000**	**5,741,805**	**2,378,798**	**1,171**	**2,309,198**	**5,667,121**	**40,398,093**	**0**	**40,398,093**
OKD demerger—change of capital structure		(21,800,000)	(5,741,805)			811,756	26,730,049	0	0	0
1 January 2006		**2,500,000**	**0**	**2,378,798**	**1,171**	**3,120,954**	**32,397,170**	**40,398,093**	**0**	**40,398,093**

CARVE-OUT FINANCIAL STATEMENTS OF MINING OPERATION OF RPG INDUSTRIES SE PREPARED IN ACCORDANCE WITH IFRS AS ADOPTED BY THE EUROPEAN UNION

CARVE-OUT CASH FLOW STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2006 and 2005

	Note	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
		thousands CZK	thousands CZK
Cash flows from operating activities			
Net profit before taxation and minority interest		3,696,665	3,412,089
Adjustments for:			
Depreciation	11	6,102,854	5,922,652
Amortization	12	270,350	262,732
Charge/(reversal) of impairment of assets	11	(1,438,221)	2,907,354
Changes in provisions		509,280	388,220
Profit on disposal of property, plant and equipment		(11,498)	(115,688)
Interest expense, net		(126,239)	(154,953)
Change in fair value of derivatives		(888,668)	0
Unrealized foreign exchange gains on long term borrowings		(293,468)	0
Operating profit before working capital changes		7,821,055	12,622,406
(Increase)/Decrease in inventories		531,967	(576,580)
(Increase)/Decrease in receivables		664,440	(458,064)
(Decrease)/Increase in payables		(1,030,610)	(774,435)
Changes in deferred revenue		3,046	(7,321)
(Increase)/Decrease in restricted cash		(224,835)	(264,294)
Other non-cash movements		(7,371)	(68,777)
Cash generated from operating activities		7,757,692	10,472,935
Interest paid		(17,315)	(21,177)
Corporate income tax paid	8	(1,222,924)	(3,124,577)
Net cash flows from/(used in) operating activities		**6,517,453**	**7,327,181**
Cash flows from investing activities			
Interest received		287,314	232,262
Purchase of land, property, plant and equipment		(2,324,162)	(2,537,266)
Acquisitions of subsidiaries, net of cash acquired		0	(1,067,258)
Cash inflows from non-mining operations		335,028	1,642,348
Proceeds from sale of property, plant and equipment		13,122	121,957
Net cash flows from/(used in) investing activities		**(1,688,698)**	**(1,607,957)**
Cash flows from financing activities:			
Repayments of long-term borrowings		0	(101,046)
Proceeds from long-term borrowings		17,204,721	0
Repayments of short-term borrowings		(104,147)	(23,444)
Proceeds from short-term borrowings		2,835,416	0
METALIMEX fuel division—distribution to the shareholder		(435,886)	0
Dividends paid		(8,547,905)	(5,137,721)
Net cash flows from/(used in) financing activities		**10,952,199**	**(5,262,211)**
Net increase in cash and cash equivalents		**15,780,953**	**457,014**
Cash and cash equivalents at the beginning of period		11,573,528	11,116,514
Cash and cash equivalents at the end of period	19	**27,354,481**	**11,573,528**

1. GENERAL INFORMATION

a) Purpose of the carve-out financial statements

The company RPG Industries SE (formerly RPG Industries Public Limited) incorporated in Cyprus is a sole shareholder of New World Resources B.V. (''NWR''). NWR is a corporation organized under Dutch law, it is a company engaged in the business of coal mining and coke production. NWR has been incorporated on 29 December 2005. It did not have any operations until 7 September 2006 (see information further in this note). Its principal operating subsidiaries are OKD, a.s. (''OKD''), a Czech corporation in the coal mining business, and OKD, OKK, a.s. (''OKK''), a Czech corporation in the coking business. Ultimate shareholders currently controlling NWR are the same as those controlling its predecessor (see information further in this note) as from the date of acquisition on 24 October 2004. NWR is currently in the process of initial public offering of its shares which is planned for December 2007.

Due to the restructuring outlined later in this note the current business of NWR i.e. the coal mining and coke production is not represented in the historical financial information of this company for 2005 and 2006. Information relating to the coal mining and coke production in 2005 and 2006 is included in the consolidated financial information of other entities—RPG Industries SE and/or OKD.

As a result NWR prepared the carve-out financial statements of the mining operation of its shareholder, RPG Industries SE, which include relevant entities and assets related to the mining business owned by NWR as of 30 June 2007 (''mining operation''). The purpose of the carve-out financial statements is to present the historical financial information of the mining operation for the years ended 31 December 2006 and 2005.

These carved-out financial statements were approved by the board of directors of New World Resources B.V. and authorised for issue effective on 12 February 2008.

b) Entities comprising the mining operation

The carve-out financial statements comprise of the following companies and businesses controlled by NWR as of 30 June 2007 which together make up the mining operation (''carve-out entities''):

Parent company	% Equity = voting	Nature of Activity	Note
OKD, a.s.	100%	Coal mining	—Excluding non-mining real estate division disposed by de-merger of OKD on 1 January 2006; —Excluding financial investments in non-mining operation
Entities directly owned by OKD:			
OKD, Báňské stavby Ostrava, a.s.	100%	Rentals (inactive company)	
OKD, BASTRO, a.s.	100%	Engineering	
OKD, HBZS, a.s.	100%	Emergency services	
OKD, OKK, a.s.	100%	Coke plant	
OKD, PILA-SALMA, a.s.	100%	Processing of wood	Merged with OKD as of 1 July 2006
CZECH-KARBON s.r.o.	100%	Trade	
OKD, Rekultivace, a.s.	100%	Restoration activities	
''KARBONIA PL'' Sp. z.o.o	100%	Electricity selling	Acquired in July 2005
EKO-KARBO, a.s.	100%	Waste processing	
METALIMEX—fuel trading division	100%	Trade	

All entities are incorporated in the Czech Republic with exception of ''KARBONIA PL'' Sp. Z.o.o., which is incorporated in Poland. All entities, except for METALIMEX—fuel trading division were included in the mining operation for the period from January 1, 2005 to December 31, 2005 and for the period from January 1, 2006 to December 31, 2006. Inclusion of METALIMEX—fuel trading division is explained in point 1c).

NWR, its predecessor RPG Industries SE, and other holding companies which existed in 2005 and 2006 (KARBON INVEST a.s. and Charles Capital a.s.) are not considered as being an integral part of the mining operation. Therefore these entities are not included in the carve-out financial statements. OKD is therefore presented as the parent company of the mining operation.

RPG Industries, a.s., 100% owned subsidiary of NWR has a controlling agreement over OKD for indefinite period (see Note 29d)). This subsidiary is also not considered as being an integral part of the mining operation.

c) History of RPG group

In October 2004, RPG Partners Limited (''RPGP''), via its investment vehicle, Charles Capital a.s., acquired KARBON INVEST a.s. which owned OKD, a.s. (hereinafter called ''Former OKD''), a predecessor company to the current OKD, a.s. RPGP over past three years transformed Former OKD into a focused coal producer with a simplified corporate structure and separated the mining operation from other, non-mining activities.

The transformation and restructuring had objectives to (i) separate the mining operation, the logistics business and the gas exploitation business from various unrelated activities that were then undertaken by Former OKD and its subsidiaries, (ii) simplify the holding structure and (iii) move the holding entity for the core businesses to the Netherlands so as to better position it for access to international capital markets.

In the period until 30 June 2007 the following relevant restructuring steps took place:

K. O. P., a. s., ČMD, a. s. and OKD, Podnikatelská, a. s. ceased to exist (being wound up without liquidation) as of 30 June 2005 in connection with their merger with Former OKD. As a result of the merger, Former OKD acquired interests originally owned by K. O. P., a. s. and ČMD, a. s. as of 1 July 2005. These companies are included in the carve-out financial statements.

In July 2005 OKD acquired a 100% interest in ''KARBONIA PL'' Sp. z o.o. with its registered office located in Kaczyce, Poland, which is engaged in distribution of power, mining gas and other trading activities. ''Karbonia PL'' Sp. Z o.o. is included in the carve-out financial statements.

In 2005, interests in Hornický penzijní fond Ostrava, a.s., OKD, Tatranský Permon, a.s., ČM kapitálová, a.s. and AL INVEST Břidličná, a.s. were sold. These companies are not included in the carve-out financial statements.

As of 1 January 2006 Former OKD has been de-merged into seven successor entities, resulting in the separation of businesses as follows:

- The mining operation was transferred into OKD, Mining, a.s. and subsequently renamed to OKD, a.s.
- The fuel and metals trading business, represented by METALIMEX a.s., were transferred to a new holding company RPG Trading. The fuel trading business was transferred into OKD on 1 June 2006.
- The coal bed methane extraction and heat and electricity production businesses, represented by OKD, DPB, a.s. were transferred to a new holding company RPG Gas, s.r.o..
- The logistics and transportation business, represented by OKD Doprava, akciová společnost was transferred to a new holding company RPG Transport s.r.o.

- Most real estate owned by Former OKD was transferred into three real estate companies, RPG RE Byty, s.r.o. (previously RPG RE Residential, s.r.o.), RPG RE Commercial, s.r.o. and RPG RE Land, s.r.o.

As a result of the de-merger the legal structure of OKD's equity has changed at 1 January 2006—see statements in changes in equity at 1 January 2006.

In August 2006, the immediate owner of OKD, KARBON INVEST together with Charles Capital merged into RPG Industries Public Limited in a European cross-border merger, resulting in the creation of RPG Industries SE. Upon completion of this phase, RPG Industries SE was the immediate direct 100% shareholder of all successor entities to Former OKD resulting from the above de-merger.

On 7 September 2006, RPG Industries SE contributed all shares of OKD to NWR.

In order to consolidate the mining operation, the fuel trading division of METALIMEX a.s. was sold to OKD on 1 June 2006. In the period until 31 May 2006 coal sales outside of the Czech Republic and Slovakia were carried out by METALIMEX a.s. Thereafter the fuel division of METALIMEX a.s. was acquired and since then OKD has been selling coal directly to customers abroad. The financial performance of the fuel division is included in the carve-out financial statements.

In 2006, interests in KOVONA KARVINÁ, a.s., VOKD, a.s. and SLOVENERGO, spol. s r.o. were divested from OKD. These companies are not included in the carve-out financial statements.

d) Basis of preparation of the carve-out financial statements

The carve-out financial statements comprise of mining entities and businesses currently controlled by NWR at 30 June 2007.

On 1 June 2006 the fuel division of METALIMEX a.s. was acquired by OKD. In order to completely present the financial performance of the mining operation, financial performance of the fuel division is included in the carve-out financial statements.

The financial information of the fuel division has been prepared by splitting the financial information of METALIMEX a.s. into the fuel division and the metal trading division. Overheads were allocated between these two divisions on a reasonable and consistent basis. On 1 June 2006, the net assets of the fuel division were acquired without cash and cash equivalents resulting from the financial performance of the fuel division. Therefore the carve-out financial statements present a distribution to the shareholder in the amount of the corresponding cash and cash equivalents.

Real estates not relating to the mining operation but owned by OKD has been transferred to separate real estate entities during the period until 1 January 2006. As these real estate do not relate to the mining operation the carve-out financial statements assume the transfers had been made before 1 January 2005.

In 2005 and 2006 OKD had financial investments in subsidiaries that do not belong to the mining operation. These investments were either sold in 2005 and 2006 or demerged on 1 January 2006. These investments are eliminated from the carve-out balance sheet against the equity. Any net gain/(loss) related to the sale of these financial investments, including any dividend income, change in provision for these financial investments are presented within the statements of changes in equity together with relevant tax effect in the line ''Movement in financial investments in non-mining operation''.

The carve-out financial statements were prepared as a total of the reporting packages of the carve-out entities adjusted for elimination of ''intra-group'' transactions made in the reported periods between the carve-out entities. The carve-out financial statements are prepared on the historical cost basis except for derivative financial instruments which are stated at their fair value.

The reporting packages reflect ''push-down'' entries of the purchase price allocation from the acquisition by RPGP on 24 October 2004. The purchase price allocation has been carried out using external expert valuation.

The accounting policies have been applied consistently by the carve-out entities.

e) Statement of compliance

The carve-out financial statements have been prepared in accordance with International Financial Reporting Standards (''IFRS'') issued by the International Accounting Standards Board as adopted by the European Union effective as of 31 December 2006.

f) Presentation currency

The carve-out financial statements are presented in Czech Crowns (CZK), rounded to the nearest thousand, which is the functional currency of all carve-out entities (see definition below). except for ''KARBONIA PL'' Sp. z o.o. Functional currency of ''KARBONIA PL'' Sp. z o.o. is Polish zloty (PLN).

g) Estimation uncertainty

The preparation of financial statements in conformity with 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 11—Property, plant and equipment,
- Note 18—Financial instruments,
- Note 23—Provisions,
- Note 25—Employee benefits, and
- Note 29—Contingent assets and liabilities

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) New IFRS

New standards and interpretations adopted

In 2006 the carve-out entities adopted the following International Financial Reporting Standards and IFRIC Interpretations, which were relevant for the carve-out entities:

- IAS 19 Amendment—Employee Benefits
- IAS 21 Amendment—The Effect of Changes in Foreign Exchange Rates
- IAS 39 Amendments—Financial Instruments: Recognition and Measurement
- IFRS 6 Exploration for and Evaluation of Mineral Resources
- IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease

- IFRIC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The principal effects of these changes are as follows:

IAS 19 Employee Benefits

As of 1 January 2006, the carve-out entities adopted the amendments to IAS 19. As a result, additional disclosures are made providing information about trends in the liabilities in the defined benefit plans and the assumptions underlying the components of the defined benefit cost. This change has resulted in additional disclosures being included for the year ending 31 December 2006 but has not had a recognition or measurement impact, as management chose not to apply the new option offered to recognize actuarial gains and losses outside of the income statement.

IAS 21 The Effects of Changes in Foreign Exchange Rates

As of 1 January 2006, the carve-out entities adopted the amendments to IAS 21. As a result, all exchange differences arising from a monetary item that forms part of the carve-out entities' net investment in a foreign operation are recognised in a separate component of equity in the carve-out financial statements regardless of the currency in which the monetary item is denominated. This change has had no significant impact as at 31 December 2006.

IAS 39 Financial Instruments: Recognition and Measurement

Amendment for financial guarantee contracts (issued August 2005)—amended the scope of IAS 39 to require financial guarantee contracts that are not considered to be insurance contracts to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue. This amendment did not have an effect on the financial statements.

Amendment for hedges of forecast intragroup transactions (issued April 2005)—amended IAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the income statement. As the carve-out entities currently has no such transactions, the amendment did not have an effect on the financial statements.

Amendment for the fair value option (issued June 2005)—amended IAS 39 to restrict the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The carve-out entities had not previously used this option, hence the amendment did not have an effect on the financial statements.

IFRS 6 Exploration for and Evaluation of Mineral Resources

The carve-out entities adopted IFRS 6 as of 1 January 2006, which requires to describe the accounting policy for expenditures incurred in the exploration and evaluation of mineral resources. The carve-out entities did not change its accounting policy and the application of IFRS 6 has had no impact on the financial statements.

IFRIC 4 Determining Whether an Arrangement contains a Lease

The carve-out entities adopted IFRIC Interpretation 4 as of 1 January 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This change in accounting policy has not had a significant impact on the carve-out entities as at 31 December 2006.

IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The carve-out entities adopted IFRIC Interpretation 5 as of 1 January 2006, which establishes the accounting treatment for funds established to help finance decommissioning for an entity's assets. This interpretation has had no impact on the financial statements.

New IFRS Standards and IFRIC Interpretations issued but not yet effective

The carve-out entities are currently assessing the potential impacts of the new and revised standards that will be effective from 1 January 2007 or later. Most relevant to the carve-out entities' activities are IAS 1 Amendment Presentation of Financial Statements—Capital Disclosures, IFRS 7 Financial Instruments: Disclosures and IFRS 8 Operating Segments. Management currently does not expect that the new standards and interpretations will have a significant effect on the carve-out entities' results and financial position, although they may expand the disclosures in certain areas.

The principal effects of these changes are expected as follows:

IFRS 7 Financial Instruments: Disclosures

The carve-out entities did not apply the standard, which is effective from 1 January 2007. The Standard will require increased disclosure in respect of the carve-out entities' financial instruments. It supersedes IAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial Institutions* and is applicable to all entities that prepare financial statements in accordance with IFRS. Management considers that the significant additional disclosures required will relate to its financial risk management objectives, policies and processes.

Amendment to IAS 1 Presentation of Financial Statements—Capital Disclosures

The carve-out entities did not apply the amendment to IAS 1 *Presentation of Financial Statements—Capital Disclosures,* which is effective from 1 January 2007. As a complementary amendment arising from IFRS 7 (see above), the Standard will require increased disclosure in respect of the carve-out entities and its capital structure.

IFRS 8 Operating Segments

The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The carve-out entities expect the new Standard to alter the presentation and disclosure of its operating segments in the financial statements. The standard is effective for the annual period from 1 January 2009.

Furthermore, there are the following new IFRS Standards and IFRIC Interpretations were issued but are not yet effective and are currently evaluated and no impact on the financial statements is expected:

IAS 23 Amendment—Borrowing Costs

The revised IAS 23 Borrowing Costs is effective for financial years beginning on or after 1 January 2009 and requires capitalisation of borrowing costs that relate to a qualifying asset. The transmittal requirements of the standard require it to be adopted as a prospective change from the effective date.

IFRIC 8—Scope of IFRS2

The IFRIC Interpretation 8 requires IFRS 2 to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value.

IFRIC 9—Reassessment of Embedded Derivatives

IFRIC 9 is effective for financial years beginning on or after 1 June 2006 and establishes that the due date to assess the existence of an embedded derivative is the date on which an entity first becomes party to the contract, with reassessment only if there is a change that significantly modifies the cash flows.

IFRIC 10—Interim Financial Reporting and Impairment

IFRIC 10 is effective for financial years beginning on or after 1 November 2006 and establishes that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

IFRIC 11—Group and Treasury Share Transactions

IFRIC 11 was issued in November 2006 and becomes effective for financial years beginning on or after 1 March 2007.

IFRIC 13—Customer Loyalty Programs

IFRIC 13 was issued in June 2007 and becomes effective for financial years beginning on or after 1 July 2008. This Interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted.

IFRIC 14—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 was issued in July 2007 and becomes effective for financial years beginning on or after 1 January 2008. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 *Employee Benefits*.

b) Basis of consolidation

(i) Consolidated group

The financial statements include the financial statements of entities representing the mining operation of RPG Industries SE. (the Group)

(ii) Subsidiaries

Subsidiaries are those entities controlled by RPG Industries SE. Control exists when RPG Industries SE has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of mining operation subsidiaries are included in the consolidated statements from the date that control commences until the date that control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions and unrealized gains arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(iv) Business combination involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and whereby control is not transitory.

In the absence of more specific guidance, management consistently applied the book value measurement method to all common control transactions. These book values were recorded in accordance with IFRS. Differences between the consideration paid and the carrying value of acquired net assets are recognized as a change in consolidated equity.

c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Czech Crowns (CZK) at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to CZK at the foreign exchange rates ruling at the dates the values were determined. Foreign exchange differences arising on translation are recognised in the income statement.

(ii) Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to CZK at the exchange rate at the reporting date; income statement items of foreign operations are translated at exchange rates approximating the rates at the dates of the transactions. Equity items are translated at historical exchange rates. The exchange differences arising on the translation are recognized directly in equity. On disposal of a foreign operation (in full or in part), the relevant amount of accumulated exchange differences is transferred to the income statement.

d) Derivative financial instruments

The carve-out entities use derivative financial instruments (such as forward currency contracts, interest rates swaps and interest rates collar contracts) to hedge its exposure to foreign exchange risks. In accordance with its internal strategy, the carve-out entities do not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments and consequently classified as current assets.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair value is the amount determined based on the market price or an expert appraisal.

Hedge accounting has not been applied by carve-out entities with respect to their derivative financial instruments. Consequently, any gains or losses arising from changes in fair value on derivatives are recognized in the income statement. Any resulting receivable or liability is classified as current in the balance sheet.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is the estimated amount that the carve-out entities would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy l). Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. The cost also includes the estimated cost of dismantling and removing the asset and restoring the site, to the extent that it is recognised as a provision under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

Where an item of property, plant and equipment is comprised of major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

(ii) Leased assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

(c) There is a change in the determination of whether fulfilment is dependant on a specified asset; or

(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and at the date of renewal or extension period for scenario b).

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Finance leases, which transfer to the carve-out entities substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

(iii) Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the carve-out entities and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. Land and construction-in-progress are not depreciated.

The estimated useful lives are as follow:

• Buildings	30-45 years
• Plant and equipment	4-15 years
• Other	4 years

Mining works are depreciated on a straight-line basis based on their estimated useful life and are included in category Buildings.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the carve-out entities will obtain ownership by the end of the lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

f) Intangible assets

(i) Licenses

Licenses represent the coal reserve license owned by OKD, a.s. The coal reserve is the exclusive deposit and creates the mineral wealth of the Czech Republic and the licenses allow OKD, a.s. to extract coal from this deposit.

When determining at acquisition fair value of the coal reserve license OKD, a.s. used an income approach, specifically the Multi-period excess earning method (MEEM), taking into account specific finite horizon of OKD, a.s. coal-mining operations. Amortisation for the period was calculated as a proportion of the coal amount actually mined in this period to the total economically exploitable coal reserves as estimated by management.

The plan used for valuation comprises the whole projected period of future OKD coal-mining operations, i.e. from the year 2004 until the year 2033 and is based on estimated quantities of coal extraction and sales in particular years based on available geological information.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the carve-out entities have sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses

(iii) Other intangible assets

Other intangible assets that are acquired by the carve-out entities are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy l). Expenditure on internally generated goodwill and brands are recognised in the income statement as an expense as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use.

(v) Emission rights

Emission rights represent the right of the owner of a facility, which in the course of its operation emits greenhouse gases, to emit during the calendar year equivalent of one ton of carbon dioxide. Based on the National Allocation Plan in 2006 and 2005 certain companies have been granted emission rights free of charge. These companies are responsible for determining and reporting the amount of greenhouse gases produced by its facilities in the calendar year and this amount has to be audited by an authorized person.

At April, 30, of the following year, at latest, these companies are required to remit a number of certificates representing the number of tones of CO_2 actually emitted. If a company does not fulfill this requirement and does not remit necessary number of emission rights, then the company has to pay a penalty in the amount of EUR 40 per 1 ton of CO_2.

Emission rights are accounted for using the net liability method (EFRAG). Under this method, emission rights allocated from the Government are measured at their nominal amount, which is nil. Purchased emission rights (acquired when the number of rights on hand is insufficient to cover the actual emissions made) are recognised as intangible assets, measured at cost and charged to the income statement when disposed of. Emission rights are not amortised.

The carve-out entities recognises a provision equal to the fair value of emission rights that would be needed if the actual emissions made could not be settled by emission rights on hand.

(vi) Exploration for and Evaluation of Mineral Resources

Expenditures on exploration for and evaluation of mineral resources are expensed as incurred.

g) Investments

Investments in equity securities held by the carve-out entities are classified as being available-for-sale.

Available-for-sale investments are recognised/de-recognised by the carve-out entities on the date it commits to purchase/sell the investments.

After initial measurement, available for sale financial assets are measured at fair value with unrealized gains or losses being recognised directly in equity, except in the case of impairment losses. Where the fair value cannot be reliably determined, investments are stated at cost.

When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognised in the income statement. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognised in the income statement as 'Dividends received' when the right of payment has been established.

h) Trade and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement receivables are subsequently carried at their amortised cost using the effective interest method less any allowance for impairment (see accounting policy l).

i) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of merchandise is the acquisition cost on the weighted average basis. The cost of raw materials is the purchase cost on a weighted average basis. The cost of work-in-progress and finished goods is a standard cost based on the cost of direct materials and labour plus attributable production overheads based on a normal level of activity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and investments in marketable securities that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (with original maturity of three months and less).

k) Restricted cash

Restricted balances of cash, which are shown under non-current financial assets as restricted funds (see Note 15), relate to mining damages and restoration expenses. The non-current classification is based on the expected timing of the release of the funds of OKD, a.s.

l) Impairment

The carrying amounts of the carve-out entities' assets, excluding inventories (see accounting policy i) and deferred tax assets (see accounting policy s), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. The recoverable amount of receivables is calculated as the present value of expected future cash flows, discounted to their present value using the financial asset's original effective interest rate. Receivables with a short duration are not discounted. The recoverable amount of other assets is the greater of their net selling price and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

(i) Reversals of impairment

An impairment loss in respect of receivables carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed. For other assets, impairment losses recognized in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exist.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

m) Minority interest

The minority interest in the balance sheet and income statement represents the minority proportion of the net assets of the carved out but not wholly owned subsidiaries at the year-end and the share of results for the year, which is attributable to the minority shareholders.

n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Related gains and losses are recognised in the income statement at the settlement date.

o) Employee benefits

The carve-out entities provide a number of different benefits to its employees—jubilee, loyalty, retirement and special miners' benefits.

The carve-out entities' net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on Czech government bonds that have maturity dates approximating the terms of the carve-out entities' obligations.

p) Provisions

A provision is recognised in the balance sheet when a carved out entity has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Restoration and mining damages provisions

The carve-out entities are liable for all environmental damage caused by mining activities. These future costs can generally be split into two categories—restoration costs and mining damages costs. Restoration costs and clean-up of land used for mining activities are liabilities to restore the land to the condition it was in prior to the mining activities or as stated in the exploration project.

Provisions for restoration costs are recognised as the net present value of the estimated outflow of economic resources to settle the obligation. Restoration costs represent a part of the acquisition cost of fixed assets and such assets are depreciated over the useful life of the mines using the sum of the digits method. Any change in the estimate of restoration costs is recognised within fixed assets and is depreciated over the remaining useful life of the mines.

The effects of changes in estimates relating to decommissioning liabilities, arising as a result of change of estimated cash flows that would be required to settle these liabilities or as a result of discount rate changes, are added to (or deducted from) the amount recognized as the related asset.

Mining damages costs are liabilities to reimburse all immediate damages caused by mining activities to third party assets. Mining damages costs are assessed by the carve-out entities for each individual exploration project. This assessment is reviewed and approved by the Czech Mining Authority.

(ii) Restructuring provision

A provision for restructuring including direct costs relating to restructuring is recognised when the carve-out entities have approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

q) Trade and other payables

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether or not invoiced by the supplier. Trade and other payables are stated at amortized cost.

r) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue is stated net of value added tax and excise duties and comprises the value of sales of own products, goods and services made in the normal course of business.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. In instances where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses incurred that are recoverable.

(ii) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

OKD, a.s. receives operating subsidies to cover the social costs related to the closure of mines and incurred before privatisation of OKD, a.s. in 1993. The subsidies are recognised in the income statement on the accrual basis with related expenses.

s) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy d).

Revenue is recognized as interest accrues (using the effective interest method which uses the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Dividend income is recognised in the income statement on the date that the dividend is declared.

Borrowing costs are expensed when they are incurred. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(iii) Income tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability is calculated in accordance with the tax regulations of the states of residence of the carve-out entities and is based on the income or loss reported under local accounting regulations, adjusted for appropriate permanent and temporary differences from taxable income. Income taxes are calculated on an individual carved out entity basis as the tax laws do not permit combined tax returns.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

t) Segment reporting

A segment is a distinguishable component of the carve-out entities that is engaged in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment information is presented in respect of he geographical segments. Inter-segment pricing is determined on an arm's length basis.

u) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

3. SEGMENT INFORMATION

The primary segment reporting format is based on the business segments as the carve-out entities' risks and rates of return are predominantly determined by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The carve-out financial statements represent itself only one integral coal and coke business segment, which relates to coal extraction and coke production, therefore no primary segment information is presented in the notes to financial statements. Financial information for business segment is therefore equal to total figures presented in the geographical segment analysis, income statement and balance sheet.

Geographical Segments	Czech Republic 1/1/2006 - 31/12/2006	European Union "old 15"* 1/1/2006 - 31/12/2006	European Union "new10"** 1/1/2006 - 31/12/2006	Middle and Eastern Europe 1/1/2006 - 31/12/2006	Total 1/1/2006 - 31/12/2006
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Segment revenue					
External revenue	21,457,196	6,508,512	6,461,486	574,949	**35,002,143**
Total assets	67,238,813	883,720	918,710	95,282	**69,136,525**
Capital expenditure	2,319,758	0	4,404	0	**2,324,162**

* Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy, Louxemburg, Netherland, Portugal, Spain, Sweden

** Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia

Geographical Segments	Czech Republic 01/01/2005 - 31/12/2005	European Union "old 15"* 01/01/2005 - 31/12/2005	European Union "new10"** 01/01/2005 - 31/12/2005	Middle and Eastern Europe 01/01/2005 - 31/12/2005	Total 01/01/2005 - 31/12/2005
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Segment revenue					
External sales	16,012,431	13,499,502	8,146,659	1,082,455	**38,741,047**
Segment Assets	53,963,615	951,531	834,129	257,855	**56,007,130**
Capital expenditure	2,534,146	0	3,120	0	**2,537,266**

* Austria, Belgium, Denmark, Finland, France, Germany, Great Britain, Greece, Ireland, Italy, Louxemburg, Netherland, Portugal, Spain, Sweden

** Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia

The split of revenues between Sales and Services rendered is as follows:

	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
	CZK'000	CZK'000
Sales	33,341,765	37,062,366
Services rendered	1,660,378	1,678,681
	35,002,143	38,741,047

4. PERSONNEL EXPENSES

	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
	CZK'000	CZK'000
Wages and salaries	6,337,249	6,170,470
Social insurance costs	2,307,182	2,227,524
Net benefit expense (see Note 25)	510,106	657,559
Social security and other payroll costs	493,936	490,124
	9,648,473	**9,545,677**

Average number of employees in the period:

Managers	97	163
Staff	19,917	21,528
	20,014	**21,691**

The total remuneration and variable benefits received by the management in 2006 and in 2005 were CZK 205,872 thousand and CZK 177,033 thousand, respectively, out of which the social and health insurance were CZK 45,069 thousand and CZK 43,699 thousand, respectively.

Management comprises members of the board of directors and supervisory board, senior management, mine managers, mine operation managers, managers of non-mining internal organizational units.

5. OTHER OPERATING INCOME AND EXPENSES

Other operating income comprise:

	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
	CZK'000	CZK'000
Settlement agreement	59,280	0
Contractually agreed penalties charged	6,808	5,245
Bonuses granted by suppliers of material and spare parts	33,088	30,057
Revenues from rental of assets	7,985	5,765
Compensation received from insurance policies	2,676	571
Other	127,693	50,781
Total other operating income	**237,530**	**92,419**

Other operating expenses comprise:

	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
	CZK'000	CZK'000
Net loss on receivables sold / written-off	41,565	7,615
Compensation for mining damages	301,273	334,205
Settlement agreement	0	70,000
Assets under construction written-off	43,154	5,690
Property taxes and government fees	148,631	167,258
Gifts	12,185	11,579
Change in provisions	256,238	(146,418)
Other	92,746	39,743
Total other operating expenses	**895,792**	**489,672**

6. OWN WORK CAPITALIZED

Own work capitalized in the amount of CZK 752,767 thousand and CZK 643,452 thousand is not recognised in the revenues in 2006 and in 2005 respectively. It reduces expenses as follows:

	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
	CZK'000	CZK'000
Consumption of material and energy	558,118	457,313
Service expenses	63,398	61,106
Personnel expenses	116,868	108,733
Other operating expenses	14,383	16,300
Total	**752,767**	**643,452**

7. FINANCIAL INCOME AND EXPENSES

Financial income comprise:

	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
	CZK'000	CZK'000
Bank interest received	286,414	229,738
Other interest received	900	2,523
Realized and unrealized foreign exchange gains	480,129	818,413
Gain on derivative instruments	1,083,571	130,016
Other	27,259	91,373
Total financial income	**1,878,273**	**1,272,063**

Financial expenses comprise:

	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
	CZK'000	CZK'000
Bank interest expense	97,033	2,811
Interest on finance leases	551	1,238
Other interest expense	63,490	73,261
Realized and unrealized foreign exchange losses	627,258	610,846
Loss on derivative instruments	183,265	157,017
Bank fees	5,697	6,200
Other	274,245	32,257
Total financial expenses	**1,251,539**	**883,630**

8. INCOME TAX EXPENSE

The corporate income tax is calculated in accordance with tax regulations applied in the country of the entity's residence, (i.e. for the Czech entities at the rate of 24% and Polish entity 19% in 2006 and 2005).

Components of tax expense:

	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
	CZK'000	CZK'000
Income statement:		
Current tax expense	1,556,389	2,355,646
Deferred tax benefit	(712,218)	(1,507,583)
Income tax expense	**844,171**	**848,063**

Reconciliation of the statutory and effective tax rates:

	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
	CZK'000	CZK'000
Profit before tax	3,696,665	3,412,089
Tax at the applicable rate of 24% in 2006 and 26% in 2005	**887,200**	**887,143**
Tax effect of:		
—Non-deductible expense	454,692	291,773
—Tax exempt income	(305,697)	(385,710)
—Non-taxable allowances and provisions	0	(1,508)
—Other tax allowable credits	(10,825)	(13,214)
Change in statutory tax rates	(68,242)	(17,915)
Change in unrecognised deferred tax asset	(112,957)	87,494
Tax expense	844,171	848,063
Effective tax rate	23%	25%

The movement in the corporate income tax receivable/(liability) is as follows:

	01/01/2006 - 31/12/2006	01/01/2005 - 31/12/2005
	CZK'000	CZK'000
Net tax receivable/(liability) at the beginning of the period	(4,030)	(697,186)
Current and supplementary tax due	(1,556,389)	(2,355,646)
Tax paid, net	1,222,924	3,124,577
Elimination of non-mining operations	(7,072)	(75,775)
Net tax liability at the end of the period	**(344,567)**	**(4,030)**

9. DIVIDENDS

In 2006 and in 2005, OKD, a.s. paid dividends to the shareholder of CZK 8,547,905 thousand and CZK 5,151,600 thousand, respectively. Dividend per share in 2006 and in 2005 was CZK 683,832 and CZK 212, respectively.

10. RELATED PARTY DISCLOSURES

During the period the carve-out entities had transactions in the normal course of operations with related parties. These represent transactions with the parent company, entities included in other investments, shareholders and senior management of the carve-out entities, and companies of which they are principal owners. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions:

Transactions with related parties included in the balance sheet and the income statement are as follows (in thousand CZK):

Balance sheet	31/12/2006	31/12/2005
	CZK'000	CZK'000
Receivables from related parties under common control		
OKD, Doprava, akciová společnost	34,517	49,991
RPG Byty, s.r.o.	29,293	5,457
METALIMEX a.s.	26,082	15,007
OKD, DPB, a.s.	23,417	20,149
Depos Horní Suchá, a.s.	17,828	1,126
RPG RE Commercial, s.r.o.	4,230	354
Other related parties	1,788	4,130
VOKD, a.s.	0	33,135
Receivables from related parties in total	**137,155**	**129,349**
Payables to related parties under common control		
OKD, Doprava, akciová společnost	277,385	264,090
METALIMEX a.s.	215,770	201,331
RPG Advisors, a.s.	49,320	114,001
OKD, DPB, a.s.	29,177	26,330
RPG Byty, s.r.o.	21,507	1,932
RPG Industries SE	20,230	53,992
RPG RE Commercial, s.r.o.	5,123	0
Other related parties	1,501	65,353
VOKD, a.s.	0	282,360
New World Resources B.V.	0	13,877
Payables to related parties in total	**620,013**	**1,023,266**

The carve-out entities have no loans receivable from / payable to related parties under common control.

Income statement	**01/01/2006 - 31/12/2006**	**01/01/2005 - 31/12/2005**
	CZK'000	**CZK'000**
Sales to related parties		
RPG Byty, s.r.o.	469,540	18,656
OKD, Doprava, akciová společnost	149,294	219,094
METALIMEX a.s.	129,396	90,932
OKD, DPB, a.s.	128,369	116,079
RPG RE Commercial, s.r.o.	56,424	360
VOKD, a.s.	40,390	5,901
Depos Horní Suchá, a.s.	22,577	4,657
Other related parties	127,615	153,041
Sales to related parties in total	**1,123,605**	**608,720**
Purchases from related parties		
OKD, Doprava, akciová společnost	1,352,763	1,186,753
METALIMEX a.s.	317,578	616,091
VOKD, a.s.	339,168	802,882
RPG Advisors, a.s.	282,919	191,598
OKD, DPB, a.s.	158,740	143,142
Polské uhlí, a.s.	0	659,518
Karbon Invest, a.s.	0	465,970
Other related parties	140,077	159,263
Purchases from related parties in total	**2,591,245**	**4,225,217**

All disclosed related parties are owned, controlled or by other means related to RPG Industries SE. The sales to RPG Byty, s.r.o. relate to heating. The purchases from RPG Advisors, a.s. relate to consultancy fees. The purchases from OKD, Doprava represent transportation and logistic services related with coal and coke, whereas the sales relate to coal and coke. Purchases from VOKD, a.s. relate to supplies of mine works.

The transactions with METALIMEX a.s. exclude sales of coal and coke which are eliminated in the income statement. Sales therefore relate to metal scrap and purchases relate to material and spare parts.

Compensation of key management personnel is stated in note 4.

In additions to these transactions the Group entered into other related party transactions as described in note 1c. There were no transactions of the carve-out entities between other personally related parties.

11. PROPERTY, PLANT AND EQUIPMENT

Cost:	Land and Buildings	Plant and Equipment	Other assets	Construction in Progress	Total
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
At 1 January 2006	32,439,405	9,978,587	48,545	1,144,174	43,610,711
Additions	342,787	1,295,853	48,358	686,691	2,373,689
Disposals	(504,633)	(97,377)	(989)	(43,662)	(646,661)
Transfers	431,533	307,818	0	(739,351)	0
At 31 December 2006	32,709,092	11,484,881	95,914	1,047,852	45,337,739
Accumulated depreciation and impairment losses:					
At 1 January 2006	6,256,177	5,241,099	22,434	173,112	11,692,822
Depreciation charge for the year	4,012,715	2,041,826	48,313	0	6,102,854
Disposals	(486,066)	(95,771)	(989)	0	(582,826)
Reversal of impairment	(855,130)	(451,232)	(93)	(131,766)	(1,438,221)
At 31 December 2006	8,927,696	6,735,922	69,665	41,346	15,774,629
Net book value at 31 December 2006	**23,781,396**	**4,748,959**	**26,249**	**1,006,506**	**29,563,110**
Net book value at 1 January 2006	26,183,228	4,737,488	26,111	971,062	31,917,889

The net book value of plant and equipment as of 31 December 2006 and 31 December 2005 includes CZK 44,866 thousand and CZK 62,514 thousand, respectively, in respect of assets held under finance leases.

On 27 February 2006, the Board of Directors of OKD, a.s. decided to cease coal mining operations at the Dukla site, an internal organisational unit of Paskov Mine, on 31 December 2006 and to begin physical liquidation of property, plant and equipment and to begin the site restoration of this plant on 1 January 2007. The preparatory work to commence liquidation of the Dukla site began in 2006. The site restoration and liquidation will be carried out in the years 2007 to 2009. OKD, a.s. identified redundant tangible fixed assets of the Dukla mine and recognized additional depreciation of CZK 1,138,561 thousand. As at 31 December 2006, net book value of redundant tangible fixed assets of the Dukla mine amounts to zero.

Impairment

The 2005 impairment loss related to subsidiaries OKD, OKK, a.s., OKD, Bastro, a.s., OKD, HBZS, a.s., OKD, Rekultivace, a.s. was a result from drop in coke prices and changes in the Group entities' operations. The recoverable amount was quantified for the relevant cash generating units (''CGU'') by the estimation of recoverable amount from operation of cash generating units (using discounted cash flow method).

Value in use as estimated for CGU	01/01/2005 - 31/12/2005	Discount rates used
	CZK'000	
OKD, Bastro, a.s.	81,640	10.21%
OKD, HBZS, a.s.	46,101	11.99%
OKD, Rekultivace, a.s.	197,262	11.99%
OKD, OKK, a.s.	0	not discounted*
	325,003	

* not discounted because of negative cash flows

Impairment loss reversal—OKD, OKK, a.s.

Based on the 2006 impairment test update, the CGU OKD, OKK, a.s. reversed part of its impairment recognised in 2005. The result of updated impairment test of OKD, OKK, a.s was positively influenced by internal and external factors that were included in business plan of this CGU. The major external factor influencing the business plan is the increase in coke prices in 2006. Estimated development of coke prices for the period 2007-2015 was based on actual coke prices. The reversal of impairment in 2006 for this CGU was CZK 1,438,221 thousand. The remaining impairment loss of this CGU as at 31 December 2006 is CZK 1,118,974 thousand. The recoverable amount as of December 31, 2006 was quantified for the CGU using the pre-tax discount rate 9% p.a., which represents the weighted average cost of capital of the CGU.

Cash flow projections were made for the period from 2007 to 2020 in order to reflect the life cycle of coking batteries existing at 31 December 2006. Cash flow projections for the period from 2007 to 2015 are based on detailed business plans for each year. Cash flow projections for the period from 2016 to 2020 were made by extrapolating the 2015 cash flows and applying a declining factor of 0.99 in each year.

Impairment in OKD, Bastro, a.s., OKD, HBZS, a.s. and OKD, Rekultivace, a.s. remained unchanged.

The reversals of impairment losses are recognised in the income statement in line Reversal of impairment of property, plant and equipment.

Construction of mine ''Frenštát''

Assets relating to the construction of the mine ''Frenštát'' relate to geological survey work. These assets are maintained by OKD, a.s. but are not reflected in its books. The original cost of these assets amounts to CZK 920,904 thousand of which CZK 815,139 thousand is the value of assets located in the mine and CZK 105,765 thousand is the value of assets located on the surface.

Cost:	Land and Buildings	Plant and Equipment	Other assets	Construction in Progress	Total
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
At 1 January 2005	31,510,098	8,168,502	19,444	1,395,976	41,094,020
Additions	627,864	1,590,659	25,521	687,550	2,931,594
Additions through acquisition of subsidiaries	29,695	32,757	3,650	6,169	72,271
Disposals	(299,853)	(114,310)	(70)	(72,941)	(487,174)
Transfers	571,601	300,979	0	(872,580)	0
At 31 December 2005	32,439,405	9,978,587	48,545	1,144,174	43,610,711
Accumulated depreciation and impairment losses:					
At 1 January 2005	1,926,199	1,197,434	4,315	0	3,127,948
Additions through acquisition and contribution of subsidiaries	4,125	13,948	1,226	0	19,299
Depreciation charge for the year	2,848,431	3,057,596	16,625	0	5,922,652
Disposals	(189,795)	(94,566)	(70)	0	(284,431)
Transfers	0	0	0	0	0
Recognized impairment	1,667,217	1,066,687	338	173,112	2,907,354
At 31 December 2005	6,256,177	5,241,099	22,434	173,112	11,692,822
Net book value at 31 December 2005	**26,183,228**	**4,737,488**	**26,111**	**971,062**	**31,917,889**
Net book value at 1 January 2005	29,583,899	6,971,068	15,129	1,395,976	37,966,072

12. LICENSES

	Cost	Accumulated amortization	Net book value
	CZK'000	CZK'000	CZK'000
At 1 January 2005	5,592,344	(43,789)	5,548,555
Movements in the period	0	(262,732)	(262,732)
At 31 December 2005	**5,592,344**	**(306,521)**	**5,285,823**
At 1 January 2006	5,592,344	(306,521)	5,285,823
Movements in the period	0	(270,350)	(270,350)
At 31 December 2006	**5,592,344**	**(576,871)**	**5,015,473**

Amortisation for the year was calculated as a proportion of the coal amount actually mined in this period to the total economically exploitable coal reserves from the year 2004 till the year 2033.

13. OTHER FINANCIAL INVESTMENTS

Other investments consist of equity securities available-for-sale.

	31/12/2006	31/12/2005
	CZK'000	CZK'000
Garáźe Ostrava a.s.	80,600	80,600
ČSOB	13,000	0
Other investments	2,025	9,157
	95,625	**89,757**

These equity securities are carried at cost as they are not traded on any quoted market.

14. LONG-TERM RECEIVABLES

	31/12/2006	31/12/2005
	CZK'000	CZK'000
Trade receivables	20,493	21,637
Long-term advances granted	47,333	17,128
Other	16,120	20,316
	83,946	**59,081**

The maturity dates of these receivables do not exceed 5 years.

15. RESTRICTED CASH

As of 31 December 2006 and 31 December 2005, OKD, a.s. had restricted cash of CZK 489,129 thousand and CZK 264,294 thousand, respectively, kept in relation to mining damages and restoration expenditures. The amount of restricted cash corresponds to mining and restoration provision created in cash by OKD, a.s. since 1 January 2004 according to Czech legal requirements and can be used only to settle the mining damages and restoration expenditures.

16. INVENTORIES

	31/12/2006	31/12/2005
	CZK'000	CZK'000
Raw materials and spare parts	451,090	540,319
Work-in-progress and semi-finished goods	174,083	325,459
Finished goods	438,584	586,128
Merchandise	77,497	221,315
	1,141,254	**1,673,221**

The inventories as at 31 December 2006 and 31 December 2005 are disclosed net of write-downs for slow-moving and obsolete inventories of CZK 75,502 thousand and CZK 227,379 thousand, respectively. Write-downs are included in consumption of material and energy.

17. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31/12/2006	31/12/2005
	CZK'000	CZK'000
Trade accounts and notes receivable	3,681,281	3,888,950
Advance payments for inventories	8	1,301
Other advance payments	17,803	7,028
VAT and other tax receivables	86,050	403,028
Other receivables, estimated accounts receivables	204,535	144,251
Prepayments and accrued revenue	56,663	36,478
Total accounts receivable and prepayments	**4,046,340**	**4,481,036**

The accounts receivable and prepayments include related party balances that are disclosed in note 10. Total receivables as at 31 December 2006 and 31 December 2005 are stated net of a provision of CZK 74,055 thousand and CZK 124,089 thousand, respectively.

As at 31 December 2005 receivables in nominal value of CZK 125,391 thousand were pledged as security for loans. No receivables were pledged as at 31 December 2006.

18. FINANCIAL INSTRUMENTS

Risk management and financial instruments

The most significant risks that the carve-out entities are exposed to are foreign exchange risks on sales in foreign currencies, interest rates tied to all variable interest rates volatility risk and credit risk as an increase in secondary insolvency of key Czech and Slovak customers, especially in the steel industry has occurred.

These risks are managed by a variety of mechanisms implemented by the carve-out entities.

Credit (Customer) Risk

Credit risk arises from the potential inability of debtors to meet their obligations as they fall due. Credit risks are addressed by top management through efficient operation of the sales and related departments to prevent excessive bad debts. At the balance sheet date there are concentrations of credit risk to steel producers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Market risk

Market risk arises from the possible variations in the value of assets and liabilities due to fluctuations in foreign exchange rates, interest rates and operating results of subsidiaries. The carve-out entities have implemented policies and methods of monitoring these risks.

Foreign exchange rate risk

The carve-out entities are exposed to foreign exchange risks arising from sales, purchases, receivables and loans that are denominated in currencies other than CZK. The foreign currency exposure risks OKD, a.s. decreases by closing its open position by entering into forward exchange rate contracts ''par forwards'' with bank institutions. Forward contracts are concluded up to 2013 and they cover approx. 50% of the expected open position.

As at 31 December 2006 and 31 December 2005, the carve-out entities had the following EUR-denominated balances:

	31/12/2006 EUR'000	31/12/2006 CZK'000	31/12/2005 EUR'000	31/12/2005 CZK'000
Receivables	45,070	1,239,200	36,086	1,046,674
Payables	8,334	229,143	7,682	222,816
Loans	538,473	14,805,315	0	0

Interest rate risk

The carve-out entities' exposure to the risk of changes in market interest rates relates primarily to the carve-out entities' syndicated bank loan with floating interest rates. To manage this, the carve-out entities enter primarily into interest rate swaps and interest rate collars. At 31 December 2006 approximately 93% of the carve-out entities' long-term loans including the current portion are secured.

The following derivative financial instruments were entered into to mitigate the above risks:

	31/12/2006		31/12/2005	
Fair value of derivative instruments	Assets CZK'000	Liabilities CZK'000	Assets CZK'000	Liabilities CZK'000
Forward exchange contracts	816,661	0	2,030	0
Interest rates swap contracts	117,217	38,440	0	0
Interest rates collar contracts	4,537	11,307	0	0
	938,415	49,747	2,030	0

	31/12/2006			31/12/2005	
Nominal value of derivative instruments	Czech crown denominated contracts CZK'000	Euro denominated contracts EUR'000	Euro denominated contracts translated to functional currency CZK'000	Czech crown denominated contracts CZK'000	Euro denominated contracts EUR'000
Forward exchange contracts	0	703,373	19,339,241	1,065,517	0
Interest rates swap contracts	4,253,995	451,500	12,413,993	0	0
Interest rates collar contracts	505,225	52,500	1,443,488	0	0
	4,759,220	1,207,373	33,196,721	1,065,517	0

Gains or losses arising from changes in fair value on the derivatives during the period do not qualify for hedge accounting and are taken directly to the income statement.

Liquidity risk

Liquidity risk refers to the possibility of the carve-out entities being unable to meet its cash obligations mainly in relation to the settlement of amounts due to suppliers and bank loans and facilities. The carve-out entities manages risk by constant monitoring of the amount of current liabilities against the amount of cash and liquid assets.

Fair value

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, current investments

The carrying amount of cash and other current financial assets approximates fair value due to the relatively short-term maturity of these financial instruments.

Investments

For equity instruments for which there are no quoted market prices and which are carried at cost, the fair values cannot be estimated.

Receivables and Payables

The carrying amount of short-term receivables and payables approximates fair value due to the short-term maturity of these financial instruments.

Short-term loans

The carrying amount approximates fair value because of the floating interest rate and the short period to maturity of those instruments.

Long-term debt

The carrying amount of long-term debt and other payables with variable interest rates approximates their fair values as interest re-prices at a minimum each twelve months.

Derivatives

The fair value of derivatives is based upon mark to market valuations.

Carrying amounts and the estimated fair values of financial instruments at 31 December 2006 are as follows:

	31/12/2006		31/12/2005	
Financial assets	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
	CZK'000	**CZK'000**	**CZK'000**	**CZK'000**
Other financial investments	95,625	N/A	89,757	N/A
Long-term receivables	83,946	83,736	59,081	58,933
Restricted cash	489,129	489,129	264,294	264,294
Trade and other receivables	4,046,340	4,046,340	4,481,036	4,481,036
Cash and cash equivalents	27,354,481	27,354,481	11,573,528	11,573,528
Derivative financial instruments	938,415	938,415	2,030	2,030

	31/12/2006		31/12/2005	
Financial liabilities	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Long-term loans	16,956,688	16,956,688	4,560	4,560
Other long-term liabilities	6,582	6,582	11,532	11,532
Accounts payable and accruals	4,305,836	4,305,836	5,006,387	5,006,387
Current portion of long-term loans	2,743,344	2,743,344	0	0
Short-term bank loans	55,678	55,678	109,880	109,880
Derivative financial instruments	49,747	49,747	0	0

19. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise the following balance sheet amounts:

	31/12/2006	31/12/2005
	CZK'000	CZK'000
Cash in bank	27,762,314	4,819,213
Short-term deposits	76,630	7,012,547
Cash on hand and cash in transit	4,666	6,062
Less restricted cash	(489,129)	(264,294)
Cash and cash equivalents	**27,354,481**	**11,573,528**

Cash at the bank earns interest at floating rates based on daily bank deposit rates. Certain accounts are used for cash pooling. Short-term deposits are made for varying periods, typically one week, depending on the immediate cash requirements of the carve-out entities, and earn interest at short-term deposit rates. Short-term deposits are mainly represented by term deposits which carry interest rates approximating the effective interest rate

20. ACCOUNTS PAYABLE AND ACCRUALS

	31/12/2006	31/12/2005
	CZK'000	CZK'000
Trade accounts and notes payable	2,771,335	3,367,619
Dividends payable	42,322	46,196
Wages and salaries payable	612,873	616,691
Social and health contributions payable	374,911	369,620
VAT and other tax payable	188,662	324,614
Advance payments received	18,491	12,385
Other payables and estimated accounts payable	295,478	268,429
Accrued expenses	1,764	833
Total accounts payable and accruals	**4,305,836**	**5,006,387**

The balance includes related party balances that are disclosed in note 10.

21. INTEREST-BEARING LOANS AND BORROWINGS

Long-term loans and borrowings:

Long-term bank loans	Currency	Effective interest rate	Maturity	31/12/2006
				CZK '000
Bank loan—facility 1	CZK	3M PRIBOR+1.10%*	2011	3,191,546
Bank loan—facility 2	CZK	3M PRIBOR+1.35%	2012	1,145,410
Bank loan—facility 3	CZK	3M PRIBOR+1.50%	2013	758,237
Bank loan—facility 1	EUR	3M EURIBOR+1.10%*	2011	9,153,498
Bank loan—facility 2	EUR	3M EURIBOR+1.35%	2012	3,285,089
Bank loan—facility 3	EUR	3M EURIBOR+1.50%	2013	2,165,596
				19,699,376
of which current portion				2,743,344
Long-term liabilities from finance leases				656
Total long-term loans				16,956,688

* The margin rate can vary between 0.65% and 1.35% p.a. with respect to the actual leverage ratio

3M PRIBOR stands for 3-month Prague interbank offered rate and was 2,55% at 31 December 2006. 3M EURIBOR stands for Euro interbank offered rate and was 3,25% at 31 December 2006.

NWR is a guarantor of the syndicated loan drawn by OKD. All loans were secured by shares of companies OKD, OKD, OKK, a.s., RPG Trading, s.r.o. and OKD, Doprava, akciová společnost as of 31 December 2006.

The total long-term bank loans exclude the current portion of long-term bank loans and the long-term loans which are intended to be repaid earlier—in less than one year. These are included in short-term bank loans. All interest-bearing loans and borrowings are repriced at least once a year.

Short-term loans and borrowings:

Short-term bank loans in the year 2006 include credit lines that finally mature in 2008—they are operating loans with withdrawal option in the form of an overdraft or revolving that may be repaid whenever before the maturity date, they are included in short-term loans.

Short-term bank loans	Currency	Effective interest rate	Security	Maturity	31/12/2006
					CZK '000
Overdraft	CZK	PRIBOR+0.65%	note of bill, pledge of receivables	2008**	54,295
Credit cards liability	CZK	0%*	None	N/A	318
Total short-term loans					**54,613**
Short-term liabilities from finance leases					1,065
Total short-term interest-bearing loans					**55,678**

* Credit cards

** Short-term overdraft which is repayable in 2008

Short-term bank loans	Currency	Effective interest rate	Security	Maturity	31/12/2005
					CZK '000
Overdraft	CZK	PRIBOR+0.75%	Receivables, immovables, insurance immobilization	2006	108,102
Total short-term bank loans					**108,102**
Short-term liabilities from finance leases					1,778
Total short-term interest-bearing loans					**109,880**

Repayment schedule for long-term bank loans and borrowings:

	31/12/2006
	CZK '000
2007	2,743,344
2008	2,743,343
2009	2,743,343
2010	2,743,343
2011	1,371,672
2012 and thereafter	7,354,331
	19,699,376

The carve-out entities are in compliance with credit contract covenants.

22. SHARE CAPITAL, RESERVES, MINORITY INTERESTS AND EARNINGS PER SHARE

	31/12/2006	31/12/2005
	CZK'000	CZK'000
Share capital	2,500,000	24,300,000
Capital reserves	0	5,741,805
Special liquidation reserve	2,378,798	2,378,798
Foreign exchange translation reserve	(3,790)	1,171
Restricted reserve	3,460,348	2,309,198
Retained earnings	26,262,572	5,667,121
Total	34,597,928	40,398,093
Minority interest	0	0
Equity total	34,597,928	40,398,093

Basic and diluted earnings per share	01/01/2006 – 31/12/2006	01/01/2005 – 31/12/2005
	CZK'000	CZK'000
Total net profit/loss after tax	2,852,494	2,564,026
Weighted average number of shares outstanding during the period	12,500	24,300,000
Basic earnings per share (CZK/share)	228,200	106
Diluted earnings per share (CZK/share)	228,200	205,122

Changes in capital structure

On 19 December 2005, the Board of Directors of OKD, a.s. approved the intention to divide OKD, a.s. (''de-merger plan). As a result of this de-merger plan equity of OKD, a.s. was restructured as of 1 January 2006 and the number of shares changed from 24,300,000 to 12,500 shares. The de-merger came into force as of 1 January 2006. For year 2005 and year 2006 the basic and diluted number of shares is 24,300,000 and 12,500, respectively.

Movement in investments in non-mining operation

Movement in investment in the non-mining operations represent impact to equity of non-inclusion of entities controlled by OKD in 2005 and/or 2006 which are not included in carve out accounts, because they do not form current mining operations.

Minority interests

Minority interests presented in the 2005 statement of changes in equity of CZK 1,040,919 thousand represent minority interests of Českomoravské doly, a.s. Squeeze out presented in the 2005 statement of changes in equity of CZK 1,081,714 thousand represents purchases of minority shares of Českomoravské doly, a.s.

Capital reserve

Capital reserve was recognized as a result of the purchase price allocation following the acquisition of the group by its current shareholders in 2004.

Special liquidation reserve

During the privatization of the former OKD, a.s. the special liquidation reserve (''the Reserve'') was designated and classified as an equity item in its statutory accounts. No shares were issued for the amount of the Reserve. The Reserve can only be used to cover losses from the liquidation of assets related to mines at mining locations which have been closed or are designated for closure. Therefore, the use of Reserve is restricted and the Reserve cannot be distributed.

Foreign exchange translation reserve

Reserve recognized on translation of foreign entities (''KARBONIA PL'' Sp. z.o.o).

Restricted equity

In accordance with Czech regulations, joint stock companies (''a.s.'') are required to establish an undistributable statutory reserves for contingencies against possible future losses and other events. Contributions must be a minimum of 20% of after-tax profit in the first year in which profits are made and 5% of after-tax profit each year thereafter, until the fund reaches at least 20% of share capital. The fund can only be used to offset losses.

23. PROVISIONS

The provision balances are as follows:

	At 1 January 2006	Charged 2006	Utilised 2006	Unwinding of discount 2006	At 31 December 2006
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Mining damage	422,931	204,508	(185,678)	0	441,761
Restoration provision	2,655,935	44,857	(102,996)	55,117	2,652,913
Dukla Mine closure	0	71,682	0	0	71,682
Other restoration costs	53,107	156	(1,287)	0	51,976
Other	515	642	(1,157)	0	0
Total long-term provisions	**3,132,488**	**321,845**	**(291,118)**	**55,117**	**3,218,332**
Employee redundancy	1,530	525	(1,530)	0	525
Dukla Mine closure	0	283,253	0	0	283,253
Unpaid vacation	86,926	4,192	(6,691)	0	84,427
Buy-out (family houses)	86,760	0	(51,716)	0	35,044
Other	22,896	21,812	(22,867)	0	21,841
Total short-term provisions	**198,112**	**309,782**	**(82,804)**	**0**	**425,090**
Total provisions	3,330,600	631,627	(373,922)	55,117	3,643,422

	At 1 January 2005	Charged 2005	Utilised 2005	Unwinding of discount 2005	Reversed 2005	At 31 December 2005
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Mining damage	424,880	176,100	(178,049)	0	0	422,931
Restoration provision	2,648,588	55,153	(103,937)	56,131	0	2,655,935
Other restoration costs	63,020	1,645	(11,558)	0	0	53,107
Other	2,555	98	(2,138)	0	0	515
Total long-term provisions	**3,139,043**	**232,996**	**(295,682)**	**56,131**	**0**	**3,132,488**
Employee redundancy	75	1,530	(75)	0	0	1,530
Unpaid vacation	81,479	9,942	(4,495)	0	0	86,926
Buy-out (family houses)	0	86,760	0	0	0	86,760
Other	99,150	138,906	(88,537)	0	(126,623)	22,896
Total short-term provisions	**180,704**	**237,138**	**(93,107)**	**0**	**(126,623)**	**198,112**
Total provisions	3,319,747	470,134	(388,789)	56,131	(126,623)	3,330,600

Due to the long-term nature of the restoration provision, the biggest uncertainty in estimating the provision is the costs that will be incurred. OKD, a.s. has assumed that the site will be restored using technology and materials that are available currently. The provision has been calculated using a real discount rate of 2.2% p.a.

On 27 February 2006, the Board of Directors of OKD, a.s. decided to cease coal mining operations at the Dukla site, an internal organisational unit of Paskov Mine, on 31 December 2006 and to begin physical liquidation of property, plant and equipment and to begin the site restoration of this plant on 1 January 2007. The preparatory work to commence liquidation of the Dukla site began in 2006. The site restoration and liquidation will be carried out in the years 2007 to 2009. OKD, a.s. recorded a provision of CZK 354,935 thousand related to preparation of the site liquidation, site restoration and social and health related costs (especially severance and other social disbursements). The charge for the provision was included in other operating expenses.

24. DEFERRED REVENUE

	Government grants	Other	Total
	CZK'000	CZK'000	CZK'000
At 1 January 2005	83,579	8,690	92,269
Change in the period	(5,595)	(1,659)	(7,254)
At 31 December 2005	77,984	7,031	**85,015**
At 1 January 2006	77,984	7,031	85,015
Change in the period	(5,595)	8,642	3,047
At 31 December 2006	72,389	15,673	**88,062**

The carve-out entities have received government grants to cover environmental improvements. Government grants are being amortised over the expected useful life of the assets acquired with funds from a government subsidy.

25. EMPLOYEE BENEFITS

The carve-out entities provide a number of different benefits to its employees—jubilee, loyalty, retirement and special miners' benefits. The carve-out entities' net obligation in respect of long-term service benefits is the amount of benefits that are payable 12 months after the balance sheet date and that the employees have earned in return for their service in the current and prior periods.

The carve-out entities' employee benefit scheme covers the legal requirements valid for the mining industry and other benefits concluded with the labor union in the general labor agreement. All benefits are unfunded. Most of them are paid annually and the amount depends on the length of working relationship with the employer or is compensating the health problems of the miners. The significant benefits are listed below.

	31/12/2006	31/12/2005
	CZK'000	CZK'000
Special miners benefits	1,519,826	1,579,306
Loyalty benefits	334,733	478,300
Employees' jubilee	3,463	4,773
Severance payment	408,046	0
Other long-term benefits	118,845	70,959
Total employee benefits	**2,384,913**	**2,133,338**

Special miners' benefits

Length-of-service benefit for miners is paid to all employees in the mining profession once a year and is based on the length of employment relationship. The benefit is required by current legislation of the Czech Republic.

Special miner benefit is paid to employees working underground once they achieve 100% of the highest allowable exposure to mine dust, in case of both position transfer or employment termination. Those bonuses are paid monthly, until the pension entitlement arises or the age of 60 is reached. The benefit is required by current legislation of the Czech Republic.

Health-related severance payment is based on the collective agreement of OKD and its labor union. Entitled persons are employees whose employment relationship was dissolved owing to their inability for health reasons to continue performing their work and who are not entitled to receive other severance payment. This benefit is a one-time payment calculated as a multiple of average monthly wage in connection with years of service.

Retirement benefit is based also on the collective agreement between OKD and its labor union and is paid to employees who terminate their employment contract upon becoming entitled to draw an old age pension. The payment is a multiple of average monthly wage.

Loyalty benefits

Stabilization premiums are defined in the collective labor agreements of individual Group entities and belong to all current employees who are not entitled to length-of-service benefits for miners. This bonus is paid once a year and the amount is calculated according to the length of uninterrupted service.

Length-of-service bonuses are defined in the collective labor agreements of individual Group entities and paid based on the specific provisions of collective agreements, tied to years of uninterrupted service. This benefit is designed as a one-time payment.

Severance payments

Severance payments are based on Czech law. Entitled persons are employees whose employment relationship was dissolved owing to having achieved 100% of the highest allowable exposure to mine dust or occupational injury or incidence of occupational illness and inability to find another suitable position for them within entity. The payment is made as a one-time disbursement.

The following table summaries the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the balance sheet for the respective plan:

Net benefit expense

	01/01/2006 – 31/12/2006	01/01/2005 – 31/12/2005
	CZK'000	CZK'000
Current service costs	135,923	118,065
Interest cost on benefit obligation	85,598	75,987
Employment reduction	84,802	0
Past service cost	548,088	1,049
Actuarial loss/(gain)	(46,081)	462,458
Curtailments	(298,225)	0
Net benefit expense	**510,105**	**657,559**

Employee benefits development in 2005 and 2006

Employment reduction—This item represents an estimate of the severance payments which are assumed to be paid out during the year 2007 to employees of the carve-out entities that were expected leave during 2007 in consequence of commitments to rationalize the entities' operations stated in announced plans and projections valid at 31 December 2006.

Past service cost—The carve-out entities introduced during the year 2006 two new benefits and modified some of the other benefit schemes. This item represents attribution of these liabilities to the past service of employees. The major contributions to this item resulted from an amendment to legal regulation of compensations to which are entitled employees who leave because of certain qualified reasons (impact of CZK 257 million) and from introduction of bonus payment for retiring personnel (impact of CZK 171 million). The combined effect of modification introduced to other benefits amounts to CZK 120 million.

Actuarial loss/(gain)—The actuarial gain of CZK 46 million recorded in the year 2006 reflects the combined effect of the change in the portfolio of employees with the right of future ''health exposure'' benefits and of using higher interests rates in 2006 then in the 2005 calculation and updated assumptions regarding mortality of employees. The actuarial loss in the year 2005 represents a combined effect of updated and modified assumptions regarding mortality, health exposure and fluctuation of employees and of using lower interest rates in 2005 then in the 2004 calculation.

Curtailments—This item represents the effect of reduction in total employees of the carve-out entities between the year-ends of 2005 and 2006 from 23,831 down to 18,963 employees.

Changes in the present value of the defined benefit obligation

	01/01/2006 – 31/12/2006	01/01/2005 – 31/12/2005
	CZK'000	CZK'000
Defined benefit obligation at 1 January	2,133,338	1,699,908
Net benefit expense	510,106	657,559
Benefits paid	(258,531)	(224,129)
Defined benefit obligation at 31 December	**2,384,913**	**2,133,338**

The principal financial and demographic assumptions used in determining post-employment benefits and other long-term employee benefits are shown below:

Discount rate—Discounts rates are derived from the linear approximation of the yield curve of the Czech government bonds at 31 December 2006 and 31 December 2005. The average discount rate used for the calculation of employee benefits is 3.98% per annum and 3,63% per annum.

Wage increase—This assumption is relevant where the benefit depends on the future wage. In all these cases the carve-out entities estimate the steadily average wage increase of 5% per annum.

Mortality—Model mortality for the relevant benefit calculation is undertaken from the statistical tables published by the Czech statistical office.

Retirement age—The retirement age is according to the former and current Czech legislation, as follows: For retirements before 31. 12. 1995 the retirement age is 60 for men and 57-53 for women (depending on the number of children). The retirement age after the year 2013 is 63 for men and 63-59 for women (depending on the number of children). The retirement age between those two years mentioned above is determined by the linear approximation.

26. DEFERRED TAX

	2006	2005
	CZK'000	CZK'000
Deferred tax liability:		
At 1 January	4,263,224	5,770,807
Deferred tax benefit for the period	(712,218)	(1,507,583)
At 31 December	**3,551,006**	**4,263,224**

	31/12/2006	31/12/2005
	CZK'000	CZK'000
Deferred taxes at 31 December relate to the following:		
Property, plant and equipment	4,126,937	4,964,584
Adjustments and provisions	(994)	(261,552)
Employee benefits	(572,377)	(512,001)
Tax losses carried forward (see below)	(10,287)	(36,262)
Other	7,727	108,455
	3,551,006	4,263,224

Tax losses available to be carried forward and offset against future taxable income are as follows:

	Tax loss 31/12/2006	Year of expiry
	CZK'000	
The Czech Republic:		
Tax losses arising in 2000	22,465	2007
Tax losses arising in 2001	0	2008
Tax losses arising in 2002	14,826	2009
Tax losses arising in 2003	5,573	2008
Tax losses arising in 2004	0	2009
Tax losses arising in 2005	0	2010
Tax losses arising in 2006	0	2011
Total available amount of tax losses carried forward	42,864	
Deferred tax at the applicable rate of 24%	10,287	

	Tax loss 31/12/2005 CZK'000	Year of expiry
The Czech Republic:		
Tax losses arising in 1999	96,930	2006
Tax losses arising in 2000	22,965	2007
Tax losses arising in 2001	0	2008
Tax losses arising in 2002	25,623	2009
Tax losses arising in 2003	5,573	2008
Tax losses arising in 2004	0	2009
Tax losses arising in 2005	0	2011
Total available amount of tax losses carried forward	151,091	
Deferred tax at the applicable rate of 24%	36,262	

27. FUTURE COMMITMENTS

The carve-out entities have the following commitments in respect of:

	31/12/2006 CZK'000	31/12/2005 CZK'000
Non-cancellable operating leases		
Instalments due within one year	26,415	24,177
Instalments due between two and five years	81,906	77,832
	108,321	102,009
Acquisition of property, plant and equipment		
From third parties	429,041	165,333

The majority of operating lease contracts are concluded as indefinite term and short notice period. Leased items include equipment, land and buildings. There are none with term exceeding 5 years.

28. CONTINGENT ASSETS AND LIABILITIES

The carve-out entities have following significant contingent assets and contingent liabilities as at 31 December 2006.

a) Promissory notes and guarantees:

OKD, BASTRO, a. s.

The company had a credit line provided by a bank, which was secured by immovable assets and receivables. The agreement was terminated and overdraft repaid in 2006. A new contract was concluded for provision of bank services with another bank at 20 March 2006. Loan taken from the latter bank is secured by receivables, blank promissory note and oral guarantee given by OKD, a.s.

Transfer of certain old mines

Until 2000, OKD had concentrated all discontinued mines into a division called Odra Mine. The main purpose of this division was to supervise reclamation works at the closed mines and to administer claims and obligations towards current and former employees of the discontinued mining units. Effective 2002 OKD sold closed mines administration. Effective 2004, OKD sold mine Barbora to DIAMO s.p. At this time DIAMO, s.p. also assumed all of OKD's obligations vis-à-vis all its former employees. Simultaneously, ČMD sold its closed mines in the Kladno area to state owned Palivový kombinát Ústí, s.p. (''PKU'') in a similar transaction. By operation of law, OKD is the statutory guarantor of the obligations assumed by DIAMO and PKU existing at the time of the transfer.

b) Environmental issues:

OKD, a.s.:

In accordance with privatization projects, the National Property Fund of the Czech Republic (''NPF'') reimburses acquirers of privatized assets in respect of expenses incurred for the clean-up of environmental damage relating to the pre-privatization period. In 1993, OKD, a.s. asked NPF to reimburse its expenses for cleaning-up damages in accordance with government decision No. 123 dated 17 March 1993. On 18 April 1996 contract no. 131/96 was concluded between NPF and OKD, a.s. relating to environmental issues in the area in the entity's ownership.

OKD, OKK, a.s. :

The entity's assets include the grounds of the former ČSA coking plant located in Karviná-Doly. Coking operations were discontinued at 30 June 1997 and the grounds were classified by the Czech Ministry of the Environment as an old source of environmental burden. For this reason, an *Old environmental burden risk analysis* addressing the scope of contamination and restoration work was drawn up for this site in 1997-1998. Restoration works should be financed by Czech Ministry of Finance(MF), which overtook liabilities of NPF(NPF ceased its activities). To date, no addendum to Environmental Contract No. 131/96 between the NPF(respectively MF) and OKD, a.s. on the updating of this risk analysis and the holding of a tender for an improvement work contractor has been executed.

Entity's assets include the grounds of the former Trojice coking plant in Slezská Ostrava. These grounds were classified as an old source of environmental burden and an *Old environmental burden risk analysis* is being drafted for it. Decontamination of the grounds is contingent on the conclusion of an addendum to Contract No. 131/96 between the NPF and OKD, a.s.

The entity operates the grounds of the Svoboda and Šverma coking plants for which risk analyses are being drafted to address post-operations improvement work. The exact time-frame, percentage share of the state in eradicating past damage and the value and duration of the contingent liabilities accrual are not yet known.

c) Claims and litigations:

OKD, a.s.

- Litigation in respect of Moravskoslezské teplárny, a.s. securities with a value of CZK 32,611 thousand, including related interest—claimant no.1: PRAGUE INVESTMENT HOLDINGS (CYPRUS) LIMITED, no. 2: Manhattan, investiční fond, akciová společnost, v likvidaci, no.3 CENTRAL EUROPEAN PRIVATIZATION FUND L.P., no.4 Prague Associates (Cyprus) Limited and no. 5 Marcuard Cook & Cia S.A. against no. 1 OKD, a.s., and no. 2 PROSPER TRADING, a.s. for damage caused by acting in concert. Up to the date of the carve-out financial statements, the relevant court in Ostrava did not issue any document and the court hearing has not yet been scheduled. An attempt for out-of-court settlement was unsuccessful and the proceedings continue.
- Litigation between the claimant, OKD, a.s., and the defendant, Slovenský Investiční Holding, a.s. (formerly VSŽ Košice, a.s.), concerning guaranteed payments of coal deliveries. OKD, a.s. is a party to disputes relating to promissory notes and arbitration proceedings in respect of VSŽ letter of guarantee and filed a claim for a compensation of damage potentially incurred if VSŽ guarantee was rendered invalid by the court in the preceding proceedings due to an absence of a foreign exchange permit.
- Litigation between the defendant, OKD, a.s., and the claimant, Slovenský Investiční Holding, a.s. (formerly VSŽ Košice, a.s.), concerning guaranteed payments of coal deliveries. VSŽ filed an action against OKD, a.s. with the Regional Court in Bratislava for the annulment of promissory notes, coal purchase contracts and the VSŽ's letter of guarantee.

  All litigation with VSŽ mentioned above is subject to the Master Settlement Agreement concluded between RPG INDUSTRIES LIMITED, being one party, and Penta Investments Limited, Penta

Investments a.s. and Slovenský Investiční Holding, a.s., being the other party, on 15 August 2005. The parties agreed on a conditional settlement of various contentious and doubtful claims between the parties to the Master Settlement Agreement or with other entities. The Master Settlement Agreement includes, inter alia, the settlement of disputes whose parties are also OKD, a.s. and KOP, a.s. (already dissolved by merger with OKD, a.s.). In line with this Master Settlement Agreement were undertaken by all involved parties relevant actions during 2006 to terminate all law proceedings. No settlement has been settled in 2006.

- In connection with redemption of participating securities of Českomoravské doly, a.s.., METALIMEX a. s. and OKD, a.s., the following court proceedings, to which OKD, a.s. is a party, are in progress:
  - Petition to review the appropriateness of consideration for shares of Českomoravské doly, a.s., the petitioner Ing. Tomáš Klesňák, OKD, a.s. being a party to proceedings as legal successor of Českomoravské doly, a.s. and K.O.P., a.s. The statement and legal succession notification were submitted. No proceedings were ordered by court so far.
  - Petition to review the appropriateness of consideration for shares of OKD, a.s., the petitioner Ing. Tomáš Klesňák, Tomáš Veichart. OKD, a.s. being a party to proceedings together with RPG INDUSTRIES SE as legal successor of KARBON INVEST, a.s. The statement and legal succession notification were submitted. There was prepared new independent expert evidence, which was completed and submitted to court in 2007. No proceedings were ordered by court so far.
  - Petition to review the appropriateness of consideration for shares of METALIMEX, a. s., the petitioner OSDA—ČR—METALIMEX, OKD, a.s. being a party to proceedings as legal successor of K.O.P., a.s. The Regional Court in Ostrava stated its lack of jurisdiction and the case was transferred to the Municipal Court in Prague. OKD, a.s. was not asked to submit the statement yet.

At the carve-out financial statements' preparation date, based on legal advise the management of carve-out entities believes that the current litigation and claims have no significant impact on the carve-out entities' financial position at 31 December 2006.

29. OTHER MATERIAL MATTERS

a) Merger of OKD, a.s., OKD, PILA-SALMA, a.s. and OKD, Restrukturalizace, a.s.

On 16 October 2006 an approval concerning the merger of OKD, a.s., OKD, PILA-SALMA, a.s. a OKD, Restrukturalizace, a.s. was issued as a result of previously initiated law proceedings. The approval became effective on 31 October 2006 and the merger was entered into the commercial register. The decisive date of the merger was 1 July 2006.

b) Merger of EKO-KARBO, a.s. a OKD, HBZS, a.s.

On 7 November 2006 the board of directors of OKD, a.s. decided on the merger of the wholly owned subsidiaries EKO-KARBO, a.s. and OKD,HBZS a.s. into one continuing entity OKD, HBZS, a.s. The merger was completed on 13 June 2007. The Czech Commercial Code enables retrospective decisive date. The decisive date of the merger was 1 January 2007. As a result of this, EKO-KARBO, a.s. ceased to exist (being wound up without liquidation) as of 1 January 2007.

c) Personal changes in the statutory bodies and management

OKD, a.s.

According to the decision of the sole shareholder of OKD, a.s. on 11 September 2006 Mr. Josef Goj, Mr. Petr Motloch, Mr. Petr Havlíček and Prof. Mr. Evžen Kočenda were called out from its functions as members of the Board of directors.

New members were appointed with an effective date 11 September 2006. As members following persons were appointed: Mr. Zdenek Bakala, Mr. Peter Kadas, Mr. Csaba Barta and Mr. Michael Jasanský.

Mr. Zdenek Bakala was appointed as the Chairman of the Board of directors and Mr. Peter Kadas was appointed as the Deputy Chairman of the Board of directors.

Newly nominated Board of directors appointed new management in line with the approval of changed organizational structure of OKD, a.s. in which the management was separated from the Board of directors. Nominated and approved by the Board of directors were Mr. Josef Goj as a Chief Executive Officer, Mr. Petr Motloch as Chief Finance Officer, Mr. Petr Otava jr. as a Chief Trade Officer. The decision became effective on 11 September 2006. Further Mr. Petr Mokroš as a Chief Economics Officer and Mr. Jan Matula as a Chief Production Officer were appointed with an effective date on 12 September 2006.

d) Controlling agreements

There is, as in prior period, a controlling agreement for indefinite period between RPG Industries, a.s. as the ''Controlling person'' and OKD, a.s. as the ''Controlled person'' concluded. Nevertheless RPG Industries, a.s. does not form part of mining operations. The reason why RPG Industries, a.s. is not included in carve-out accounts is described in note 1b). The ultimate parent of RPG Industries, a.s. is RPG Partners Limited

Under this agreement, the Controlled person, to the extent permitted by law, is subject to the sole control of the Controlling person. The Controlling person is authorized to impose written instructions on the Controlled person in all matters within the remit of the statutory body, even instructions that may be disadvantageous to the Controlled person, if they are in the interest of the Controlling person or another person with which the Controlling person forms a concern. Instructions from the Controlling person may not contravene the legal regulations or the Articles of Association of the Controlled person. The controlling agreement includes the obligation of indemnification and the obligation to settle losses if, for duration of the agreement's validity, the Controlled person finishes a year with a loss according to financial statements that have been independently audited and then approved by the sole shareholder (acting in the capacity of the General Meeting).

30. SUBSEQUENT EVENTS

a) Liquidation of the company OKD, Báňské stavby Ostrava, a.s. ''v likvidaci'' (''in liquidation'')

As at 23 February 2007 a court decision about the termination of the liquidation process of OKD, Báňské stavby Ostrava, a.s. ''v likvidaci'' has become effective and the company was delisted from the commercial register. Impact on the financial result from the liquidation is not significant for February 2007.

b) Equity payout

NWR approved a payout from the equity of OKD of CZK 22,950,000 thousand on 24 January 2007. The payment took place on 25 January 2007 and the funds were paid to NWR, followed by a payment made from NWR into RPG Industries SE. After the equity payout the carve-out entities are in compliance with credit contract covenants. There are no income tax consequences for the shareholders on the receipt of the dividend

c) Foreign exchange risk policy changes

The carve-out entities have decided to increase the share of foreign exchange rate forward contracts up to the maximum 65% of the expected open position.

d) Personal changes in the statutory bodies of the carve-out entities

OKD, a.s.

On 24 January, 2007 Mr. Csaba Barta was removed from the OKD Board of Directors and replaced by Mr Lajos Varga.

On 23 February 2007 (effective from 1 March 2007) Mr Michael Jasansky was removed from the OKD Board of Directors.

On 8 March 2007 Mrs Petra Sokolova and Mr Jan Matula resigned from OKD Supervisory Board (effective from 10 April 2007).

On 6 April 2007 Mr Josef Nejezchleba resigned from OKD Supervisory Board (effective from 10 April 2007).

Sole shareholder of OKD, a.s. decided on the change of the Statutes of the company and decrease the number of Supervisory Board members from nine to six and the number of Board of Directors members from four to three on 10 April 2007.

On 15 May 2007 Mr Lajos Varga was removed from the OKD Board of Directors and replaced by Mr Klaus-Dieter Beck (effective from 21 May 2007).

On 21 May 2007 Mr Zdenek Bakala resign as Chairman of the Board of Directors and Mr Klaus-Dieter Beck was elected as Chairman of Board of Directors.

On 31 May 2007 Mr Lubos Rezabek was elected Chairman of the OKD Supervisory Board.

On 1 November 2007, the number of OKD Board of Directors members increased as Mrs Miloslava Trgiňová, Mr Ján Fabián, Mr Marek Jelínek, Dr Milan Jelinek, Mr Karl Friedrich Jakob and Mr Miklos Salamon were appointed as new members. On 1 November 2007 Mr Peter Kadas resigned from the OKD Board of Directors.

e) Draw-down of Green Shoe option

The Group decided in August 2007 to use the Green Shoe option provided by the Term Loan Facility Agreement dated 14 February 2006. The amount of the draw-down was the equivalent of EUR 275 million (CZK 7,624,375 thousand). NWR paid a dividend in the amounts drawn down as part of the second part of the dividend recapitalization. On 27 November the Group drew down an additional amount equivalent to EUR 25 million (CZK 687,000 thousand).

f) Repayment of syndicated loan and increase of share capital of OKD

On 2 July 2007 the Group executed extraordinary repayment of EUR 112,440 thousand and CZK 1,077,972 thousand (total CZK 4,306,687 thousand) for the Syndicated Loan according to Waiver, Consent and Amendment Request from 22 June 2007. On 15 August 2007 the Company, as the sole shareholder of OKD, increased the share capital of OKD by CZK 4,217,800,000 (to a new total amount of CZK 6,717,800,000). The shares were issued at a premium of CZK 59,000. The liability of CZK 4,217,859,000 will be settled by crediting current receivables of the Company from OKD. The share capital increase became effective on 3 September 2007.

g) Amendments to Articles of association of OKD, a.s.-Special liquidation reserve status changed

In 2007 the Articles of association of OKD, a.s. were amended and by this the special liquidation reserve became unrestricted and therefore was transferred to retained earnings.

h) Capital investment

The Company plans for a major capital investment programme of approximately EUR 300 million at its wholly-owned subsidiary OKD, a.s. The capital investment programme involves the acquisition of 10 new systems of longwall mining equipment and 12 new sets of gateroad development equipment for OKD's mining operations and is expected to be purchased and rolled out in phases over the coming 24 months. A Letter of Intent to purchase the equipment has been signed with suppliers.

i) Termination of the domination agreement between RPG Industries a.s. and OKD

In order to simplify the corporate structure, the dominance agreements between OKD on the one hand and RPG Industries a.s. on the other hand were terminated on 12 November 2007.

j) Agreement in principle to issue tracking stock over certain real estate assets in NWR

In addition to mining assets, NWR, through OKD and other subsidiaries, is the owner of a significant portfolio of real estate on which its mines have been developed. Under Czech mining laws any real estate necessary for the mining activities of OKD must remain under OKD's ownership for the duration of all mining activities.

In order to provide higher transparency to the mining and real estate assets, NWR decided to separate the real estate of the Group into a new division and to issue a new security—B Class shares—to track the financial performance of the property division as of 31 December 2007. Procedures and safeguards will be built-in to the provisions of the ordinary and B shares in NWR to ensure that each shareholder class is fairly treated. This includes separate accounting for the real estate division and a separate oversight committee of the NWR board of directors composed of independent directors. All of the B shares were issued to RPG Industries SE.

k) Review of the coke selling prices appropriateness

In June 2007 OKD received rulings for two related cases from the Financial Directorate in Ostrava, the relevant regional financial authority of the Czech Republic responsible for enforcement of the Czech Act on Prices (regulation no. 526/1990 Coll.). The two related rulings imposed fines on OKD a.s. in the aggregate amount of CZK 416 million. These related rulings were based on allegations that OKD a.s. had obtained ''unjustified economic benefit'' from the sale of its coke by charging prices in excess of the ''usual price,'' defined under Czech law as to reflect, among other things, the consideration of the cost basis and fair profit. Based on OKD's appeal the Financial Directorate has reversed on procedural grounds both rulings.

APPROVED BY BOARDS OF DIRECTORS OF NEW WORLD RESOURCES B.V.

Audited Consolidated financial statements of New World Resources B.V. for the period ended 31 December 2006

Auditor's report to the shareholder of New World Resources B.V.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements for the six months period ended 31 December 2006 of New World Resources B.V., Amsterdam. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of New World Resources B.V. as at 31 December 2006, and of its result and its cash flow for the six months period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Amstelveen, 23 April 2007

KPMG ACCOUNTANTS N.V.
J. Humme RA

NEW WORLD RESOURCES B.V.

CONSOLIDATED INCOME STATEMENT PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

	Note	1 July 2006 - 31 December 2006	29 December 2005 - 30 June 2006
		EUR'000	EUR'000
Revenues	4	360,777	—
Change in inventories of finished goods and work-in-progress		(18,752)	—
Consumption of material and energy		(91,374)	—
Service expenses		(77,415)	(98)
Personnel expenses	5	(105,353)	(38)
Depreciation	12	(45,532)	—
Amortization	13	(2,421)	—
Reversal of impairment of property, plant and equipment	12	70,084	—
Reversal of impairment of receivables		1,987	—
Net gain from material sold		1,654	—
Gain from sale of property, plant and equipment		523	—
Other operating income		5,215	—
Other operating expenses	6	(5,686)	(7)
SUB-TOTAL		93,707	(143)
Financial income	8	50,781	—
Financial expenses	8	(23,257)	(2)
Loss on disposal of interest in subsidiaries		(63)	—
PROFIT BEFORE TAXATION		121,168	(145)
Income tax expense	9	(23,112)	—
PROFIT AFTER TAX FOR THE PERIOD		98,056	(145)
Attributable to:			
Minority interest		188	—
Shareholders of the Company		97,868	(145)
EARNINGS/(LOSS) PER SHARE			
Basic earnings/(loss) per share (EUR)		1.55	(8.06)
Diluted earnings/(loss) per share (EUR)		1.55	(8.06)

NEW WORLD RESOURCES B.V.

CONSOLIDATED BALANCE SHEET
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

AS OF 31 DECEMBER 2006

	Note	31 December 2006	30 June 2006
		EUR'000	EUR'000
ASSETS			
Property, plant and equipment	12	1,163,922	—
Mining licences	13	182,414	—
Other financial investments	14	3,938	—
Long-term receivables	15	3,294	—
Restricted cash	16	17,790	—
TOTAL NON-CURRENT ASSETS		1,371,358	—
Inventories	17	48,857	—
Accounts receivable and prepayments	18	160,672	5
Derivatives	19	34,130	—
Loans receivable	11	1,239	—
Income tax receivable	9	15,043	—
Cash and cash equivalents	20	1,013,378	87
TOTAL CURRENT ASSETS		1,273,319	92
TOTAL ASSETS		2,644,677	92
EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY			
Share capital	23	100,018	18
Share premium		911,840	—
Special liquidation reserve		83,967	—
Foreign exchange translation reserve		38,628	—
Restricted reserve		122,144	—
Retained earnings		97,749	(149)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		1,354,346	(127)
Minority interest		—	—
TOTAL EQUITY		1,354,346	(127)
LIABILITIES			
Provisions	24	117,486	—
Long-term loans	22	616,895	130
Employee benefits	26	89,201	—
Deferred revenue	25	3,600	—
Deferred tax liability	27	136,220	—
Other long-term liabilities		184	—
TOTAL NON-CURRENT LIABILITIES		963,586	130
Provisions	24	16,920	—
Accounts payable and accruals	21	167,464	89
Derivatives	19	1,809	—
Income tax payable	9	29,588	—
Current portion of long-term loans	22	99,776	—
Short-term bank loans	22	11,188	—
TOTAL CURRENT LIABILITIES		326,745	89
TOTAL EQUITY AND LIABILITIES		2,644,677	92

NEW WORLD RESOURCES B.V.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

	Share capital	Share premium	Special liquidation fund	Foreign exchange translation reserve	Restricted reserve	Retained earnings	Total	Minority interests	Equity total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Issued share capital, 29 December 2005	18	—	—	—	—	—	18	—	18
Net loss for the period	—	—	—	4	—	(149)	(145)	—	(145)
1 July 2006	18	—	—	4	—	(149)	(127)	—	(127)
Additions to reserves	—	—	—	38,829	—	30	38,859	—	38,859
Total income and expense for the period recognized directly in equity	—	—	—	38,829	—	30	38,859	—	38,859
Net profit for the period	—	—	—	—	—	97,868	97,868	188	98,056
Total income and expense for the period	—	—	—	38,829	—	97,868	136,727	188	136,915
Common control acquisitions	—	137	—	—	—	—	137	—	137
Contribution of shares by RPG Industries SE (99%)	100,000	1,213,153	83,967	(205)	122,144	—	1,519,059	1,275	1,520,334
Contribution of shares by RPG Industries SE (1%)	—	1,463	—	—	—	—	1,463	(1,463)	—
Dividends paid	—	(302,913)	—	—	—	—	(302,913)	—	(302,913)
31 December 2006	100,018	911,840	83,967	38,628	122,144	97,749	1,354,346	—	1,354,346

NEW WORLD RESOURCES B.V.

CONSOLIDATED CASH FLOW STATEMENT

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

	1 July 2006 - 31 December 2006	29 December 2005 - 30 June 2006
	EUR'000	EUR'000
Cash flows from operating activities		
Net profit/(loss) before taxation and minority interest	121,168	(145)
Adjustments for:		
Depreciation	45,532	—
Amortization	2,421	
Reversal of impairment of assets	(70,084)	—
Changes in provisions	(2,658)	—
Profit on disposal of property, plant and equipment, investments and subsidiaries	(523)	—
Interest expense, net	(164)	—
Change in fair value of derivatives	(31,620)	—
Unrealized foreign exchange gain on long-term borrowings	(10,464)	—
Operating profit before working capital changes	53,608	(145)
(Increase)/Decrease in inventories	20,126	—
(Increase)/Decrease in receivables	54,865	(4)
(Decrease)/Increase in payables	(29,635)	86
Changes in deferred revenue	716	—
(Increase)/Decrease in restricted cash	(3,865)	—
Other non-cash movements	1,441	—
Cash generated from operating activities	97,256	(63)
Corporate income tax paid	(8,879)	—
Net cash flows from operating activities	**88,377**	**(63)**
Cash flows from investing activities		
Interest received	4,200	—
Acquisitions of subsidiaries and other investments, net of cash acquired	1,482	—
Cash acquired on contribution of subsidiaries	487,839	—
Proceeds from sales of subsidiaries, net of cash disposed of	9,633	—
Other investment change	198	—
Purchase of land, property, plant and equipment	(15,211)	—
Proceeds from sale of property, plant and equipment and investments	1,132	—
Net cash flows used in investing activities	**489,273**	**—**
Cash flows from financing activities:		
Proceeds of long term borrowings	615,047	126
Net proceeds from/(Repayments of) short-term borrowings	102,860	4
Proceeds from issued shares	—	18
Loan receivable	(1,956)	—
Dividends paid	(302,913)	—
Interest paid	(384)	—
Net cash flows used in financing activities	**412,654**	**148**
Net effect of currency translation	22,987	—
Net increase in cash and cash equivalents	**1,013,291**	**84**
Cash and Cash Equivalents at the beginning of period	87	—
Cash and Cash Equivalents at the end of period	**1,013,378**	**84**

NEW WORLD RESOURCES B.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

CORPORATE INFORMATION

New World Resources B.V. (the ''Company'') is a limited liability company incorporated under the laws of the Netherlands on 29 December 2005. The registered office of the Company is at Fred. Roeskestraat 123, 1076 EE, Amsterdam, The Netherlands.

The objectives of the Company are to act as a holding and finance company. The Company is the parent company of OKD operating in the coal mining industry, OKD, Doprava, akciová společnost operating in the transportation and logistics and OKD, DPB, a.s. operating in mine gas extraction and power generation (collectively, the ''Group'').

The Company's articles of association provided that the first financial year started 29 December 2005 and ended 30 June 2006. The current period under review is the second financial year of the Company, which according to the articles of association, commenced on 1 July 2006 and ended on 31 December 2006. In 2007, and subsequent years, the financial year of the Company will be a calendar year.

The Company is a wholly-owned subsidiary of RPG Industries SE, a European public limited company whose corporate seat is in Limassol, Cyprus. The Company's ultimate parent is RPG Partners Limited.

These financial statements were approved by the board of directors and authorised for issue on 3 April 2007.

1. GENERAL INFORMATION

The consolidated financial statements include New World Resources B.V. and the following subsidiaries (together ''the Group'') as of 31 December 2006:

Consolidated subsidiaries

	% Equity = voting	Nature of Activity
Entities directly owned by New World Resources B.V.:		
OKD, Doprava, akciová společnost	100%	Transportation
OKD, a.s.	100%	Coal mining
OKD, DPB, a.s.	100%	Gas extraction, electricity production
RPG Industries, a.s.	100%	Professional services
Entities directly owned by OKD, a.s.,:		
OKD, Báňské 100% stavby Ostrava, a.s. ''v likvidaci''	100%	Rentals (inactive company)
OKD, BASTRO, a.s.	100%	Engineering
OKD, HBZS, a.s.	100%	Emergency services
OKD, OKK, a.s.	100%	Coke plant
CZECH-KARBON s.r.o.	100%	Trade
OKD, Rekultivace, a.s.	100%	Restoration activities
KARBONIA PL, Sp. z.o.o.	100%	Electricity sales
EKO-KARBO, a.s.	100%	Waste processing
Entities owned by OKD, Doprava, akciová společnost:		
ŽDD, a.s.	100%	Railroad transportation
DLT s.r.o.	100%	Real estate rent

NB.—The primary business of entities owned by OKD, a.s. is to support its mining activities

All of the Company's consolidated subsidiaries are incorporated in the Czech Republic with the exception of KARBONIA PL, Sp. z.o.o., which is incorporated in Poland.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements also comply with the requirements of Book 2 Title 9 of the Netherlands' Civil Code.

Basis of preparation

The consolidated financial statements are presented in euro (EUR), rounded to the nearest thousand, which is the presentation currency of the Group. They are prepared on the historical cost basis except for derivative financial instruments which are stated at their fair value.

The accounting policies have been applied consistently by the Group entities.

The preparation of financial statements in conformity with 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. The estimates and associated assumptions are based on historical experience and various other factors that management believes to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 12—Property, plant and equipment,
- Note 19—Financial instruments,
- Note 24—Provisions,
- Note 26—Employee benefits, and
- Note 29—Contingent assets and liabilities.

Changes in the consolidated group

a) Business combination involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and whereby control is not transitory.

In the absence of more specific guidance, management consistently applied the book value measurement method to all common control transactions. These book values were recorded in accordance with IFRS. Differences between the consideration paid and the carrying value of acquired net assets are recognized as a change in consolidated equity.

RPG Industries, a.s.

On 21 July 2006, RPG Industries, a.s. has been sold by RPG Partners Limited (the ultimate parent of New World Resources B.V.) to New World Resources B.V.

The carrying value of the acquired identifiable assets and liabilities of RPG Industries, a.s. as at the date of the acquisition on 21 July 2006 were (in EUR thousand):

	RPG Industries, a.s.
Non-current assets	170
Accounts receivable and prepayments	861
Cash and cash equivalents	1,575
	2,606
Current liabilities	2,376
	2,376
Total of net assets	230
Acquired share	100%
Share of net assets acquired	230
Difference between carrying value of acquired net assets and purchase price recorded as increase in share premium	**(137)**
Total paid purchase consideration	93
Less:	
Cash and cash equivalents in subsidiary	(1,575)
Cash inflow on acquisition of subsidiary	**(1,482)**

An independent appraisal was used in order to quantify the purchase consideration. Net assets of RPG Industries, a.s. were included in consolidation at their carrying values. The difference between the carrying value of acquired net assets and the purchase price was recorded in the consolidated financial statements directly in equity.

OKD a.s.
RPG Transport, s.r.o.
RPG Gas, s.r.o.

On 7 September 2006, the Company acquired 100% share in OKD, a.s., a Czech holding operating in the mining industry in the Czech Republic, 99% share of RPG Transport, s.r.o. and 99% of RPG Gas, s.r.o. via a non-cash contribution of its shareholder RPG Industries SE against the issue of shares (See Note 23).

Since the decision not to include the contributions for the period 7 September until 30 September 2006 has been made in the early stages of the consolidation process, no reliable detailed information has been prepared for this period and the contributed entities are included in the consolidated financial statements as from 1 October 2006.

The total value of these contributions, as of 7 September 2006 was valued at EUR 2,185,946 thousand in accordance with independent expert valuation.

Mergers within contributed companies

The merger of RPG Transport, s.r.o. into its 100% subsidiary OKD, Doprava, akciová spoleènost was completed during the period, effective 1 July 2006. The Czech Commercial code enables retrospective decisive date. As the result of this RPG Transport, s.r.o. ceased to exist (being wound up without liquidation) as at 1 July 2006.

The merger of RPG Gas, s.r.o. into its 100% subsidiary OKD, DPB, a.s. was completed during the period, effective 1 July 2006. The Czech Commercial code enables retrospective decisive date. As the result of this RPG Transport, s.r.o. ceased to exist (being wound up without liquidation) as at 1 July 2006.

Subsequent contribution of minority interests

On 6 December 2006, the Company became the sole shareholder of OKD, Doprava, akciová společnost (''Doprava'' previously RPG Transport, s.r.o.) as 1% share in Doprava was contributed to the Company by RPG Industries SE and the relevant share certificate was endorsed.

On 6 December 2006, the Company became the sole shareholder of OKD, DPB, a.s. (''DPB'' previously RPG Gas, s.r.o.) as 1% share in OKD, DPB, a.s. was contributed to the Company by RPG Industries SE and the relevant share certificate was endorsed.

The total value of these contributions as of 6 December 2006, in accordance with fair market value based on an independent expert valuation, was valued at EUR 1,374 thousand.

The carrying value of the contributed consolidated identifiable assets and liabilities of OKD, a.s. and its subsidiaries, RPG Transport, s.r.o. and its subsidiary, RPG Gas, s.r.o. and its subsidiary as at the date of contribution on 7 September 2006 were (in EUR thousand):

	OKD a.s.	RPG Transport, s.r.o.	RPG Gas, s.r.o.	Total
Property, Plant and Equipment	1,025,993	55,656	12,019	1,093,668
Licences	179,434	0	0	179,434
Other financial investments	5,388	428	0	5,816
Long-term receivables	2,429	150	107	2,686
Restricted cash	13,440	0	0	13,440
Inventories	65,375	5,268	560	71,203
Accounts receivable and prepayments	217,604	10,191	1,997	229,792
Fair value of derivatives	2,394	0	0	2,394
Cash and cash equivalents	478,055	7,678	2,106	487,839
Total assets	1,990,112	79,371	16,789	2,086,272
Provisions non-current	115,593	0	421	116,014
Employee benefits non-current	82,509	1,827	473	84,809
Deferred revenue non-current	3,893	202	0	4,095
Deferred tax liability	126,496	920	1,182	128,598
Long-term obligations under fin. leases	56	0	202	258
Other long-term liabilities	947	0	518	1,465
Provisions current	17,289	1,762	77	19,128
Accounts payable and accruals	193,879	5,345	2,169	201,393
Fair value of derivatives	2,327	0	0	2,327
Short-term bank loans	7,782	37	32	7,851
Total liabilities	550,771	10,093	5,074	565,938
Total net assets contributed	1,439,341	69,278	11,715	**1,520,334**
Of which:				
Issue of share capital				100,000
Increase of other components of equity				**1,420,334**
Total net assets contributed				**1,520,334**

An independent appraisal was used in order to quantify the contribution. The net assets of OKD, a.s. and its subsidiaries, OKD, Doprava, akciová společnost and OKD, DPB, a.s. were included in consolidation at their carrying values.

The difference between carrying value of contributed net assets and the independent appraisal valuation of OKD, a.s. and its subsidiaries, RPG Transport, s.r.o. and its subsidiary, RPG Gas, s.r.o. and its subsidiary was eliminated on consolidation.

From the date of acquisition and contribution, respectively, the newly acquired subsidiaries have contributed the following to the Group's income statement for the six months ended 31 December 2006 (in EUR thousand):

	RPG Industries, a.s. Acquired	OKD a.s. and its subsidiaries Contributed	Doprava (as described in Note 1) Contributed	DPB (as described in Note 1) Contributed	Total
Revenue	422	320,643	33,413	6,294	360,772
Net income (loss)	(4,961)	83,488	18,039	28	96,594

If the combination had taken place at the beginning of the period, the profit for the Group would have been EUR 81,624 thousand and revenue would have been EUR 694,855 thousand.

b) Disposals in Group

The 100% investment in VOKD, a.s., a subsidiary of OKD, a.s., was disposed as of 22 September 2006 and excluded from the consolidated financial statements as from that date. Gain on sale amounted to EUR 70 thousand. Sale proceeds and net assets at the disposition were EUR 10,044 thousand and EUR 9,974 thousand respectively.

The 90% investment in SLOVENERGO, spol. s r.o., a subsidiary of OKD, a.s., which was acquired on 1 June 2006 was disposed as of 22 December 2006 and excluded from the consolidated financial statements as from that date. The Loss on sale amounted to EUR 133 thousand. Sale proceeds and net assets at the disposition were EUR 1,190 thousand and EUR 1,323 thousand respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) New IFRS

New standards and interpretations adopted during the financial year

In 2006 the Group adopted the following new or amended International Financial Reporting Standards and IFRIC Interpretations, which were relevant for the Group:

- IAS 19 Amendment—Employee Benefits
- IAS 21 Amendment—The Effect of Changes in Foreign Exchange Rates
- IAS 39 Amendments—Financial Instruments: Recognition and Measurement
- IFRS 6 Exploration for and Evaluation of Mineral Resources
- IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease
- IFRIC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The principal effects of these changes are as follows:

IAS 19 Employee Benefits

As of 1 January 2006, the Group adopted the amendments to IAS 19. As a result, additional disclosures are made providing information about trends in the liabilities in the defined benefit plans and the assumptions underlying the components of the defined benefit cost. This change has resulted in additional disclosures being included for the year ending 31 December 2006 but has not had a recognition or measurement impact, as management chose not to apply the new option offered to recognize actuarial gains and losses outside of the income statement.

IAS 21 The Effects of Changes in Foreign Exchange Rates

As of 1 January 2006, the Group adopted the amendments to IAS 21. As a result, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognized in a separate component of equity in the consolidated financial statements regardless of the currency in which the monetary item is denominated. This change has had no significant impact as at 31 December 2006.

IAS 39 Financial Instruments: Recognition and Measurement

Amendment for financial guarantee contracts (issued August 2005)—amended the scope of IAS 39 to require financial guarantee contracts that are not considered to be insurance contracts to be recognized initially at fair value and to be re-measured at the higher of the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue. This amendment did not have an effect on the financial statements.

Amendment for hedges of forecast intra-group transactions (issued April 2005)—amended IAS 39 to permit the foreign currency risk of a highly probable intra-group forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment did not have an effect on the financial statements.

Amendment for the fair value option (issued June 2005)—amended IAS 39 to restrict the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, hence the amendment did not have an effect on the financial statements.

IFRS 6 Exploration for and Evaluation of Mineral Resources

The Group adopted IFRS 6 as of 1 January 2006, which requires to describe the accounting policy for expenditures incurred in the exploration and evaluation of mineral resources. The Group did not change its accounting policy and the application of IFRS 6 has had no impact on the financial statements.

IFRIC 4 Determining Whether an Arrangement contains a Lease

The Group adopted IFRIC Interpretation 4 as of 1 January 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This change in accounting policy has not had a significant impact on the Group's financial statements.

IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The Group adopted IFRIC Interpretation 5 as of 1 January 2006, which establishes the accounting treatment for funds established to help finance decommissioning for a companies assets. This interpretation has had no impact on the financial statements.

New IFRS Standards and IFRIC Interpretations issued but not yet effective

The Group is currently assessing the potential impacts of the new and revised standards that will be effective from 1 January 2007 or later. Most relevant to the Group's activities are IAS 1 Amendment Presentation of Financial Statements—Capital Disclosures, IFRS 7 Financial Instruments: Disclosures and IFRS 8 Operating Segments. The Group currently does not expect that the new standards and interpretations will have a significant effect on the Group's results and financial position, although they may expand the disclosures in certain areas.

The principal effects of these changes are expected as follows:

IFRS 7 Financial Instruments: Disclosures

The Company did not apply the standard, which is effective from 1 January 2007. The Standard will require increased disclosure in respect of the Company's financial instruments. It supersedes IAS 30 *Disclosures in the Financial Statements of Banks and Similar Financial* Institutions and is applicable to all entities that prepare financial statements in accordance with IFRS. The Company considers that the significant additional disclosures required will relate to its financial risk management objectives, policies and processes.

Amendment to IAS 1 Presentation of Financial Statements—Capital Disclosures

The Company did not apply the amendment to IAS 1 *Presentation of Financial Statements—Capital Disclosures,* which is effective from 1 January 2007. As a complementary amendment arising from IFRS 7 (see above), the Standard will require increased disclosure in respect of the Group and its capital structure.

IFRS 8 Operating Segments

The Standard requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Group expects the new Standard to alter the presentation and disclosure of its operating segments in the consolidated financial statements.

b) Basis of consolidation

(i) Consolidation group

The financial statements include the accounts of New World Resources B.V. and its subsidiaries which are shown in Note 1.

(ii) Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercizable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated statements from the date that control commences until the date that control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions and unrealized gains arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated at the foreign exchange rates ruling at the dates the values were determined. Foreign exchange differences arising on retranslation are recognised in the income statement.

(ii) Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to CZK at the exchange rate at the reporting date; income statement items of foreign operations are translated at exchange rates approximating the rates at the dates of the transactions. Equity items are translated at historical exchange rates. The exchange differences arising on the translation are recognized directly in equity. On disposal of a foreign operation (in full or in part), the relevant amount of accumulated exchange differences is transferred to the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign operation and are translated at the closing exchange rate.

d) Derivative financial instruments

The Group uses derivative financial instruments (such as forward currency contracts, interest rates swaps and interest rates collar contracts) to hedge its exposure to foreign exchange risks and interest rate cash flow risk. In accordance with internal strategy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair value is the amount determined based on the market price or an expert appraisal.

Hedge accounting has not been applied by the Group with respect to their derivative financial instruments. Consequently, any gains or losses arising from changes in fair value on derivatives are recognized in the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy l). Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate proportion of production overheads directly attributable to bringing the asset to a working condition for its intended use. The cost also includes the estimated cost of dismantling and removing the items and restoring the site on or under which they are located, to the extent that it is recognised as a provision under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

Where an item of property, plant and equipment is comprised of major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in the income statement.

(ii) Leased assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;

(b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

(c) There is a change in the determination of whether fulfilment is dependant on a specified asset; or

(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and at the date of renewal or extension period for scenario b).

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

(iii) Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. Land and construction-in-progress are not depreciated.

The estimated useful lives are as follows:

• Buildings	30-45 years
• Plant and equipment	4-15 years
• Other assets	4 years

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Mining works are depreciated on a straight-line basis based on their estimated useful life.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

f) Intangible assets

(i) Licenses

Licenses represent the coal reserve license owned by OKD, a.s. The coal reserve is the exclusive deposit (and creates a portion of the mineral wealth) of the Czech Republic and the licenses allow OKD, a.s. to extract coal from this deposit.

When determining fair value of the coal reserve licenses OKD, a.s. used an income approach, specifically the multi-period excess earning method (MEEM), taking into account specific finite the horizon of the coal-mining operations of OKD, a.s. coal-mining operations. Amortization for the period was calculated as a proportion of the coal amount actually mined in this period to the total economically exploitable coal reserves as estimated by management.

The plan used for valuation comprizes the whole projected period of future OKD, a.s. coal-mining operations, (i.e. from 2004 till 2033).

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge is recognized in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if costs can be reliably measured, the product or process is technically and commercially feasible, and the Group has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labor and an appropriate overheads that can be directly attributed. Other development expenditure is recognized in the income statement as an expense as incurred. Capitalized development expenditure is stated at cost less accumulated amortisation and impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (see below) and impairment losses (see accounting policy l). Expenditure on internally generated goodwill and brands are recognised in the income statement as an expense as incurred.

(iv) Amortization

Amortization is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortized from the date they are available for use.

(v) Emission rights

Emission rights represent the right of the owner of a facility, which in the course of its operation emits greenhouse gases, to emit during the calendar year equivalent of one ton of carbon dioxide. Based on the National Allocation Plan in 2006 and 2005 certain companies of the Group were granted emission rights free of charge. These companies are responsible for determining and reporting the amount of greenhouse gases produced by the facilities in the calendar year and this amount has to be audited by an authorized person.

At 30 April of the following year, at latest, these companies are required to remit a number of certificates representing the number of tons of CO_2 actually emitted. If a company does not fulfill this requirement and does not remit necessary number of emission rights, then the company has to pay a penalty in the amount of EUR 40 per ton of CO_2.

Emission rights are accounted for using the net liability method (EFRAG). Under this method, emission rights allocated from the Government are measured at their nominal amount, which is nil. Purchased emission rights (acquired when the number of rights on hand is insufficient to cover the actual emissions made) are recognized as intangible assets, measured at cost and charged to the income statement when disposed of. Emission rights are not amortized.

The Company recognizes a provision equal to the fair value of emission rights that would be needed if the actual emissions made could not be settled by emission rights on hand.

(vi) Exploration for and Evaluation of Mineral Resources

Expenditures on exploration for and evaluation of mineral resources are expensed as incurred.

g) Investments

Investments in equity securities held by the Group are classified as being available-for-sale.

Available-for-sale investments are recognized/de-recognized by the Group on the date they commit to purchase/sell the investments.

After initial measurement, available for sale financial assets are measured at fair value with unrealized gains or losses being recognised directly in equity, except in the case of impairment losses. Where the fair value cannot be reliably determined, investments are stated at cost.

When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the income statement. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognized in the income statement as ''Dividends received'' when the right of payment has been established.

h) Trade and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement receivables are subsequently carried at their amortised cost using the effective interest method less any allowance for impairment (see accounting policy l).

i) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, the cost of conversion and other costs incurred in bringing them to their existing location and condition. The cost of merchandise is the acquisition cost on the weighted average basis. The cost of raw materials is the purchase cost on a weighted average basis. The cost of work-in-progress and finished goods includes the cost of direct materials and labour plus attributable production overheads based on a normal level of activity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and variable selling expenses.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and investments in marketable securities that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (with original maturity of three months and less).

k) Restricted cash

Restricted balances of cash, which are shown under non-current financial assets as restricted funds (see Note 16), relate to mining damages and restoration expenses. The non-current classification is based on the expected timing of the release of the funds of the Group.

l) Impairment

The carrying amounts of the Group's assets, excluding inventories (see accounting policy i) and deferred tax assets (see accounting policy s), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

(i) Calculation of recoverable amount

The recoverable amount of receivables is calculated as the present value of expected future cash flows, discounted to their present value using the financial asset's original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of receivables carried at amortized cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Any impairment loss recognized in respect of goodwill is not reversed under any situation. For other assets, impairment losses are recognized: prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exist.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognised.

m) Minority interest

The minority interest in the balance sheet and income statement represents the minority proportion of the net assets of consolidated, but not wholly, owned subsidiaries at the year-end which is attributable to minority shareholders.

n) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Related gains and losses are recognized in the income statement at the settlement date.

o) Employee benefits

The Group provides a number of different benefits to its employees—jubilee, loyalty, retirement and special miners' benefits.

The Group's obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on Czech government bonds that have maturity dates approximating the terms of the Group's obligations.

p) Provisions

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(i) Restoration and mining damages provisions

The Group is liable for all environmental damage caused by mining activities. These future costs can generally be split into two categories—restoration costs and mining damages costs. Restoration costs and clean-up of land used for mining activities are liabilities to restore the land to the condition it was in prior to the mining activities or as stated in the exploration project.

Provisions for restoration costs are recognized at the net present value of the estimated outflow of economic resources to settle the obligation. Restoration costs represent a part of the acquisition cost of fixed assets and such assets are depreciated over the useful life of the mines using the sum of the digits method. Any change in the estimate of restoration costs is recognized within fixed assets and is depreciated over the remaining useful life of the mines.

The effects of changes in estimates relating to decommissioning liabilities, arising as a result of change of estimated cash flows that would be required to settle these liabilities or as a result of discount rate changes, are added to (or deducted from) the amount recognized as the related asset.

Mining damages costs represent obligations to reimburse all immediate damages to third party assets caused by mining activities. Mining damages costs are assessed by the Group for each individual exploration project. This assessment is reviewed and approved by the Czech Mining Authority.

(ii) Restructuring provisions

A provision for restructuring including direct costs relating to restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

q) Trade and other payables

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether or not invoiced by the supplier. Trade and other payables are stated at amortized cost.

r) Revenue

(i) Goods sold and services rendered

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods. Revenue is stated net of value added tax and excise duties and comprises the value of sales of own products, goods and services made in the normal course of business.

Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. In instances where the contract outcome cannot be measured reliably, revenue is recognized only to the extent of the expenses incurred that are recoverable.

(ii) Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

OKD, a.s. receives operating subsidies to cover the social costs related to the closure of mines and incurred before privatisation in 1993. The subsidies are recognized in the income statement on the accrual basis with related expenses.

s) Expenses

(i) Operating lease payments

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognized in the income statement as an integral part of the total lease expense.

(ii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement (see accounting policy d).

Revenue is recognized as interest accrues (using the effective interest method which uses the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Dividend income is recognized in the income statement on the date that the dividend is declared.

The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

(iii) Income tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax liability is calculated in accordance with the tax regulations of the states of residence of the Group companies and is based on the income or loss reported under local accounting regulations, adjusted for appropriate permanent and temporary differences from taxable income. Income taxes are calculated on an individual company basis as the tax laws do not permit consolidated tax returns.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment information is presented in respect of the business and geographical segments. The primary format, business segments, is based in the Group’s management and internal reporting structure.

Inter-segment pricing is determined on an arm’s-length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total costs incurred during the period to acquire property, plant and equipment.

3. SEGMENT INFORMATION

The primary segment reporting format is based on business segments as the Group's risks and rates of return are predominantly determined by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The business segments are represented by the Group's lines of coal and coke, transport and gas and electricity. The coal and coke segment relates to coal extraction and production of coke. The transport segment provides transportation and logistics services and gas and electricity segment relates to gas mining, and electricity production activities.

Business Segments	Coal and Coke 1 July 2006 - 31 December 2006	Transport 1 July 2006 - 31 December 2006	Gas and electricity 1 July 2006 - 31 December 2006	Eliminations 1 July 2006 - 31 December 2006	Total 1 July 2006 - 31 December 2006
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenue					
External sales	338,725	18,579	3,473	—	360,777
Inter-segment sales	2,777	13,505	1,598	(17,880)	0
Total revenue	341,502	32,084	5,071	(17,880)	**360,777**
Segment Result					
Segment result	69,542	24,119	46	—	93,707
Financial revenues					50,781
Financial expenses					(23,257)
Sale of subsidiaries					(63)
Profit before taxation					121,168
Income tax expense					(23,112)
Net profit					**98,056**
Assets and liabilities					
Segment assets—business	1,644,533	108,518	16,450		1,769,501
Unallocated assets					875,176
Total Assets					**2,644,677**
Segment liabilities	1,075,046	18,200	5,843		1,099,089
Unallocated liabilities					191,242
Total liabilities					**1,290,331**
Other segment information:					
Reversal of impairment	52,309	17,775	—		70,084
Capital expenditures	12,337	4,340	241		16,918
Depreciation	43,595	1,389	548		45,532
Amortization	2,421				2,421
Average number of employees	20,056	1,960	396		22,412

The unallocated assets include cash that was distributed in January 2007 (see note 31).

The Company did not have any distinguishable segments prior to the contribution. In the prior fiscal period, all assets, liabilities and expenses would be included as unallocated in the segment analysis.

Geographical Segments	Czech Republic 1 July 2006 - 31 December 2006	European Union "old15" 1 July 2006 - 31 December 2006	European Union— "new10" 1 July 2006 - 31 December 2006	Middle and Eastern Europe 1 July 2006 - 31 December 2006	Other 1 July 2006 - 31 December 2006	Total 1 July 2006 - 31 December 2006
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Segment revenue						
External sales	167,451	96,065	88,643	8,481	137	**360,777**
Segment assets— geographical	2,572,311	34,598	34,155	3,500	113	**2,644,677**
Capital expenditure	16,861	—	57	—	—	**16,918**

4. REVENUES

	1 July 2006 - 31 December 2006	29 December 2005 - 20 June 2006
	EUR'000	EUR'000
Sales	333,109	—
Services rendered	27,668	—
	360,777	**—**

5. PERSONNEL EXPENSES

	1 July 2006 - 31 December 2006	29 December 2005 - 30 June 2006
	EUR'000	EUR'000
Wages and salaries	72,510	38
Social insurance costs	24,578	—
Social security and other payroll costs	5,933	—
Employee benefits (See Note 26)	2,332	—
	105,353	**38**

Average number of employees in the period:

Managers	124	2
Staff	22,288	—
	22,412	**2**

The total remuneration and variable benefits received by key management personnel were EUR 7,398 thousand, out of which the social and health insurance expenses were EUR 497 thousand.

Total remuneration received by directors of the parent company was EUR 155 thousand.

6. OTHER OPERATING EXPENSES

Other operating expenses comprise:

	1 July 2006 - 31 December 2006	29 December 2005 - 30 June 2006
	EUR'000	EUR'000
Net loss on sale of receivables sold/written-off	1,273	—
Compensation for mining damages	1,237	—
Property taxes and government fees	1,610	—
Other	1,566	8
Total other operating expenses	**5,686**	**8**

7. OWN WORK CAPITALIZED

Own work capitalized in the amount of EUR 6,503 thousand is not recognized in the revenues. It reduced expenses as follows:

	1 July 2006 - 31 December 2006	29 December 2005 - 30 June 2006
	EUR'000	EUR'000
Consumption of material and energy	4,989	—
Service expenses	324	—
Personnel expenses	885	—
Other operating expenses	305	—
Total	**6,503**	**—**

8. FINANCIAL INCOME AND EXPENSES

Financial income comprises:

	1 July 2006 - 31 December 2006	29 December 2005 - 30 June 2006
	EUR'000	EUR'000
Profit on revaluation of derivative instruments	32,069	—
Realized and unrealized foreign exchange gains	13,705	—
Bank interest received	4,190	—
Other interest received	10	—
Other financial income	807	—
	50,781	**—**

Financial expenses comprise:

	1 July 2006 - 31 December 2006	29 December 2005 - 30 June 2006
	EUR'000	EUR'000
Realized and unrealized foreign exchange losses	16,024	—
Bank interest expense	3,348	—
Interest on finance leases	5	—
Other interest expense	683	—
Bank fees and other financial expenses	3,197	1
	23,257	**1**

9. INCOME TAX EXPENSE

Corporate income tax is calculated in accordance with tax regulations applied in the country of the entity's residence, (i.e. for the Czech entities at the rate of 24%, Dutch entity 29.6% and Polish and Slovak entities 19% in 2006).

Due to the fact that the Dutch entity suffered a loss during the period, no corporate income tax is due in the Netherlands. Compensating losses amount to EUR 816,722 as of 31 December 2006. No deferred tax asset is recognized as it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

Components of tax expense:

	1 July 2006 - 31 December 2006	29 December 2005 - 30 June 2006
	EUR'000	EUR'000
Income statement:		
Corporate tax charge	19,760	—
Deferred tax expense relating to the creation and reversal of temporary differences	3,352	—
Income tax expense	**23,112**	**—**

There are no deferred tax assets recognized on remaining impairment loss in OKD, OKK, a.s. (refer to Note 12).

Reconciliation of the statutory and effective tax rates:

	1 July 2006 - 31 December 2006	29 December 2005 - 30 June 2006
	EUR'000	EUR'000
Profit/loss before tax	121,168	(145)
Tax at the applicable rate of 24%	**29,080**	**—**
Tax effect of		
—Non-deductible expense	4,560	—
—Loss on the sale of interests in subsidiaries	746	—
Tax exempt revenues	(10,945)	—
Tax expense	23,441	—
Effective tax rate	19%	—%

The movement in the corporate income tax receivable/(liability) is as follows:

	1 July 2006 - 31 December 2006
	EUR'000
Net tax receivable/(liability) at 1 July 2006	—
Net tax receivable/(liability) acquired from acquisitions of subsidiaries	(3,047)
Current tax movements—subsidiaries sold	(300)
Current and supplementary tax charges	(19,760)
Tax paid, net	8,879
Currency translation	(317)
Net tax liability at 31 December 2006	**(14,545)**
Current income tax payable	15,043
Current income tax receivable	(29,588)

10. DIVIDENDS

As at 31 October 2006, the Company paid a dividend of EUR 302,913 thousand to the shareholder.

11. RELATED PARTY DISCLOSURES

During the period the Group had transactions in the normal course of operations with related parties. These represent transactions with the ultimate parent company, RPG Partners, entities under common control, shareholders and key management personnel of the Group (i.e. those charged with governance, including executives and persons whose responsibility is derived from the *Act on Mining* of the Czech Republic), and companies of which they are principal owners. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions:

Transactions between related parties include coke and coal trading, heating, waste management, advisory and rental.

Transactions with related parties included in the balance sheet and the income statement are as follows (in thousand EUR):

Balance sheet	31 December 2006	30 June 2006
	EUR'000	EUR'000
Receivables from related parties under common control		
METALIMEX a.s.	1,216	—
RPG Byty, s.r.o.	1,068	—
Depos Horní Suchá, a.s.	648	—
RPG RE Commercial, s.r.o.	151	—
Other	65	—
Receivables from related parties in total	**3,148**	**—**
Loans receivable from related parties		
RPG Industries SE	1,239	—
	1,239	**—**
Payables to related parties under common control		
METALIMEX a.s.	7,848	—
RPG Advisors, a.s.	1,795	—
RPG Byty, s.r.o.	831	—
RPG Industries SE	12	1
RPG RE Commercial, s.r.o.	186	—
Other	58	—
Payables to related parties in total	**10,730**	**1**
Loans payable to related parties		
Short-term		
RPG Industries SE	1,219	—
RPG Partners Ltd	600	—
Short-term loans to related parties in total	**1,819**	**—**

On 25 January 2007 both loans were fully repaid. As per 31 December 2006 the loans were reclassified as a short-term liability. As at 30 June 2006 the loan from RPG Partners SE was included as part of the Company's long-term interest-bearing loans and borrowings. The loans carried an interest rate of 3M LIBOR +1.25%.

On 7 September 2006 and 6 December 2006, contributions in-kind were made to the Company by the ultimate parent, RPG Industries SE (See Note 1).

Income statement	**1 July 2006 - 31 December 2006**	**29 December 2006 - 30 June 2006**
	EUR'000	**EUR'000**
Sales to related parties under common control		
RPG Byty, s.r.o.	7,394	—
METALIMEX a.s.	3,397	—
Depos Horní Suchá, a.s.	593	—
RPG RE Commercial, s.r.o.	510	—
Other	16	—
Sales to related parties in total	**11,910**	**—**
Purchases from related parties under common control		
METALIMEX a.s.	16,189	—
RPG Advisors, a.s.	6,060	—
RPG Trading, s.r.o.	749	—
RPG RE Commercial, s.r.o.	371	—
Other	162	—
Purchases from related parties in total	**23,531**	**—**

RPG Byty, s.r.o. sales to related parties under common control relates to heating. The sales of Metalimex a.s. relates to sales of metal scrap, whereas the purchases of this company relates to transport. The purchases of RPG Advisors, a.s. relates to consultancy fees.

Compensation of key management personnel is stated in note 5.

There were no significant transactions with other related parties.

12. PROPERTY, PLANT AND EQUIPMENT

Cost:	Land and Buildings	Plant and Equipment	Other assets	Construction in Progress	Total
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
At 1 July 2006	—	—	—	—	—
Additions	2,578	14,236	105	623	17,542
Additions through acquisition and contribution of subsidiaries	1,236,518	450,306	3,778	43,407	1,734,009
Disposal of assets related to sold subsidiaries	(4,392)	(1,876)	(184)	—	(6,452)
Disposals	(8,364)	(1,647)	(38)	(17)	(10,066)
Transfers	3,118	3,422	—	(6,540)	—
Currency translation	37,366	13,940	110	1,198	52,614
At 31 December 2006	1,266,824	478,381	3,771	38,671	1,787,647
Accumulated depreciation and impairment losses					
At 1 July 2006	—	—	—	—	—
Additions through acquisition and contribution of subsidiaries	359,422	271,930	2,707	6,111	640,170
Depreciation charge for the year	29,149	16,279	104	—	45,532
Disposal of accumulated depreciation of assets related to sold subsidiaries	(313)	(1,571)	(162)	—	(2,046)
Disposals	(8,361)	(1,542)	(35)	—	(9,938)
Reversal of impairment	(34,040)	(31,249)	(3)	(4,792)	(70,084)
Currency translation	11,322	8,506	78	185	20,091
At 31 December 2006	357,179	262,353	2,689	1,504	623,725
Net book value at 31 December 2006	**909,645**	**216,028**	**1,082**	**37,167**	**1,163,922**
Net book value at 1 July 2006	—	—	—	—	—

The net book value of plant and equipment includes EUR 2,242 thousand (30 June 2006: EUR — thousand) in respect of assets held under finance leases.

There were no balances of property, plant and equipment as at 30 June 2006 therefore no comparative information is presented.

Impairment loss reversal—OKD, OKK, a.s.

OKD, OKK, a.s., one of the cash generating units (''CGU'') of the Group that were impaired as at 7 September 2006, updated of its impairment test. The update was made as a result of internal and external factors positively influencing the business plan of this CGU. The major external factor influencing the business plan is the increase in coke prices in 2006. Estimated development of coke prices for the period 2007-2015 was based on actual coke prices. The recoverable value of the CGU, measured based on discounted free cash flow projections prepared in line with RPG group strategy, resulted in a reversal of impairment loss of EUR 52,309 thousand. The remaining impairment loss of this CGU as at 31 December 2006 is EUR 40,697 thousand.

The recoverable amount was quantified for the CGU using the pre-tax discount rate 9% p.a., which represents the weighted average cost of capital of the CGU.

Cash flow projections were made for the period from 2007 to 2020 in order to reflect the life cycle of coking batteries existing at 31 December 2006. Cash flow projections for the period from 2007 to 2015 are based on detailed business plans for each year. Cash flow projections for the period from 2016 to 2020 were made by extrapolating the 2015 cash flows and applying a declining factor of 0.99 in each year.

Impairment loss reversal—OKD, Doprava, akciová společnost

Management of OKD, Doprava, akciová společnost estimated fair value less costs to sell its machinery, i.e. railcars, engines and packing machines, based on their estimated selling price. Management estimated the selling price based on its experience and knowledge of the market. The valuation is based on market proposals and also reflects prices of recently purchased machinery. It takes into account moral and physical obsolescence of machinery owned by OKD, Doprava, akciová společnost at 31 December 2006. This management estimate is supported by an independent expert valuation report and it resulted in a reversal of impairment of EUR 17,775 thousand. The remaining impairment loss of this CGU as at 31 December 2006 is EUR 29,580 thousand.

Impairment in OKD, BASTRO, a.s., OKD, HBZS, a.s. and OKD, Rekultivace, a.s. remained unchanged.

The reversals of impairment losses are recognized in the income statement as Reversal of impairment of property, plant and equipment.

Recoverable amounts were quantified for relevant cash generating units by the estimation of recoverable amounts from the operation of CGUs using discounted cash flow method with the discount rate 9% p.a. or estimate of selling price.

Construction of mine ''Frenštát''

Assets relating to the construction of the mine ''Frenštát'' relate to geological survey work. These assets are maintained by OKD, a.s. but are not reflected in its books. The original cost of these assets amounts to EUR 33,494 thousand of which EUR 29,647 thousand is the value of assets located in the mine and EUR 3,847 thousand is the value of assets located on the surface.

13. LICENSES

	Licenses EUR'000
At 1 July 2006	—
Acquisition and contribution of subsidiaries	179,434
Amortization for the period	(2,421)
Currency translation	5,401
At 31 December 2006	**182,414**

Amortization for the period was calculated as a proportion of the coal amount actually mined in the period to the total economically exploitable coal reserves from the year 2004 till the year 2033.

14. OTHER FINANCIAL INVESTMENTS

Other investments consist of equity securities available-for-sale.

	31 December 2006	30 June 2006
	EUR'000	EUR'000
Garáže Ostrava a.s.	2,931	—
ČSOB	473	—
Other investments available for sale	534	—
	3,938	**—**

These equity securities are carried at cost as they are not traded on any quoted market.

15. LONG-TERM RECEIVABLES

	31 December 2006	30 June 2006
	EUR'000	EUR'000
Trade receivables	955	—
Long-term advances granted	1,752	—
Other	587	—
	3,294	**—**

The maturity dates of these receivables do not exceed 5 years.

16. RESTRICTED CASH

As of 31 December 2006 and 30 June 2006, the Company had restricted cash of EUR 17,790 thousand and EUR 0, respectively, kept in relation to mining damages and restoration expenditures. The amount of restricted cash corresponds to mining and restoration provision created by OKD, a.s. since 1 January 2004 according to amended Czech legal requirements and can be used only to settle the mining damages and restoration expenditures. Timing of use is uncertain. The bank account carries variable interest rate that approximates the effective interest rate. There is no balance in the previous period as these balances were included part of the OKD, a.s. contribution.

17. INVENTORIES

	31 December 2006	30 June 2006
	EUR'000	EUR'000
Raw materials and spare parts	21,360	—
Work-in-progress and semi-finished goods	8,179	—
Finished goods	16,767	—
Merchandise	2,551	—
	48,857	**—**

The inventories are disclosed net of write-downs for slow-moving and obsolete inventories of EUR 4,807 thousand (30 June 2006: EUR 0 thousand). Write-downs are included in consumption of material and energy.

18. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2006	30 June 2006
	EUR'000	EUR'000
Trade accounts and notes receivable	144,101	—
Advance payments for property, plant and equipment	252	—
Advance payments for inventories	23	—
Other advance payments	800	—
VAT and other tax receivables	3,689	—
Other receivables	9,488	—
Prepayments and accrued revenue	2,319	5
Total accounts receivable and prepayments	**160,672**	**5**

Total receivables are stated net of a provision of EUR 2,703 thousand (30 June 2006: EUR 0 thousand).

As at 31 December 2006 receivables in nominal value of EUR 3,748 thousand (30 June 2006: EUR — thousand) were pledged as security for loans.

19. FINANCIAL INSTRUMENTS

Risk management and financial instruments

The most significant risks that the Group is exposed to are foreign exchange risks on sales in foreign currencies, interest rates tied to all variable interest rates, volatility risk and credit risk as an increase in secondary insolvency of key Czech and Slovak customers, especially in the steel industry has occurred.

These risks are managed by a variety of mechanisms implemented by the Company.

Credit (Customer) Risk

Credit risk arises from the potential inability of debtors to meet their obligations as they fall due. Credit risks are addressed by top management through efficient operation of the sales and related departments to prevent excessive bad debts. At the balance sheet date there are concentrations of credit risk to steel producers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Market risk

Market risk arises from the possible variations in the value of assets and liabilities due to fluctuations in foreign exchange rates, interest rates and operating results of subsidiaries. The Company has implemented policies to limit, and methods of monitoring these risks.

Foreign exchange rate risk

The Company is exposed to foreign exchange risks arising from sales, purchases, receivables and loans that are denominated in currencies other than CZK. OKD, a.s. reduces foreign currency exposure risks by closing its open position and by entering into forward exchange rate contracts ''par forwards'' with bank institutions. Forward contracts have terms expiring through 2013 and cover approx. 50% of the expected open position.

As at 31 December 2006, the Company had the following EUR-denominated balances:

	31 December 2006
	EUR'000
Receivables	46,321
Payables	12,022
Loans	545,385

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's syndicated bank loan with floating interest rates (see note 2.5). To manage this, the Company enters primarily into interest rate swaps and interest rate collars. At 31 December 2006 approximately 93% of the Company's long-term loans, including the current portion, are secured.

The following derivative financial instruments were entered into to mitigate the above risks:

Fair value of derivative instruments	31 December 2006 Assets	31 December 2006 Liabilities	30 June 2006 Assets	30 June 2006 Liabilities
	EUR'000	EUR'000	EUR'000	EUR'000
Forward exchange contracts	29,702	—	—	—
Interest rates swap contracts	4,263	1,398	—	—
Interest rates collar contracts	165	411	—	—
	34,130	1,809	—	—

Nominal value of derivative instruments	31 December 2006 Czech Crown-denominated contracts	31 December 2006 Euro-denominated contracts	30 June 2006 Czech Crown-denominated contracts	30 June 2006 Euro-denominated contracts
	EUR'000	EUR'000	EUR'000	EUR'000
Forward exchange contracts	—	703,373	—	—
Interest rates swap contracts	154,719	451,500	—	—
Interest rates collar contracts	18,375	52,500	—	—
	173,094	1,207,373	—	—

Gains or losses arising from changes in fair value of derivatives during the period do not qualify for hedge accounting and are taken directly to the income statement.

Liquidity risk

Liquidity risk refers to the possibility of the Company being unable to meet its cash obligations mainly in relation to the settlement of amounts due to suppliers and bank loans and facilities. The Company manages risk by constant monitoring of the amount of current liabilities against the amount of cash and liquid assets.

Fair value

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's-length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, current investments

The carrying amount of cash and other current financial assets approximates fair value due to the relatively short-term maturity of these financial instruments.

Investments

For equity instruments for which there are no quoted market prices and which are carried at cost, the fair values cannot be estimated.

Receivables and Payables

The carrying amount of short-term receivables and payables approximates fair value due to the short-term maturity of these financial instruments.

Short-term loans

The carrying amount approximates fair value because of the floating interest rate and the short period to maturity of those instruments.

Long-term debt

The carrying amount of long-term debt and other payables with variable interest rates approximates their fair values as interest reprices at a minimum each twelve months.

Derivatives

The fair value of derivatives is based upon mark to market valuations.

Carrying amounts and the estimated fair values of financial instruments at 31 December 2006 are as follows:

	31 December 2006		30 June 2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	EUR'000	EUR'000	EUR'000	EUR'000
Financial assets				
Other financial investments	3,938	N/A	—	—
Loan receivable	1,239	1,239	—	—
Long-term receivables	3,294	3,123	—	—
Restricted cash	17,790	17,790	—	—
Trade and other receivables	160,672	160,672	5	5
Cash and cash equivalents	1,013,378	1,013,378	87	87
Derivative financial instruments	34,130	34,130	—	—

	31 December 2006		30 June 2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	EUR'000	EUR'000	EUR'000	EUR'000
Financial liabilities				
Long-term interest-bearing loans and borrowings	616,895	616,895	130	130
Other long-term liabilities	184	184	—	—
Accounts payable and accruals	167,464	167,464	89	89
Current portion of long-term loans	99,776	99,776	—	—
Short-term interest-bearing loans and borrowings	11,188	11,188	—	—
Derivative financial instruments	1,809	1,809	—	—

20. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise the following balance sheet amounts:

	31 December 2006	30 June 2006
	EUR'000	EUR'000
Cash at bank	1,010,352	87
Short-term deposits	2,787	—
Cash on hand and cash in transit	239	—
Cash and cash equivalents	**1,013,378**	**87**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Certain bank accounts are used for cash pooling. Short-term deposits are made for varying periods, typically one week, depending on the immediate cash requirements of the Group, and earn interest at short-term deposit rates. Short term deposits are mainly represented by term deposits which carry interest rates approximating the effective interest rate.

21. ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2006	30 June 2006
	EUR'000	EUR'000
Trade accounts and notes payable	103,532	0
Dividends payable	1,539	0
Advance payments received	674	0
VAT and other tax payable	7,311	0
Social and health insurance payable	14,703	0
Wages and salaries payable	27,158	0
Other payables	12,360	0
Accrued expenses	187	89
	167,464	**89**

22. INTEREST-BEARING LOANS AND BORROWINGS

Long-term loans and borrowings:

The long-term bank loan is represented by facilities provided by a banking syndicate.

	Currency	Interest rate	Security	Maturity	31 December 2006
					EUR'000
Long-term bank loans					
Bank loan—facility 1	CZK	3M PRIBOR+1.10%*	shares of OKD, a.s.	2011	116,077
Bank loan—facility 2	CZK	3M PRIBOR+1.35%	shares of OKD, a.s.	2012	41,659
Bank loan—facility 3	CZK	3M PRIBOR+1.50%	shares of OKD, a.s.	2013	27,577
Bank loan—facility 1	EUR	3M EURIBOR+1.10%*	shares of OKD, a.s.	2011	332,915
Bank loan—facility 2	EUR	3M EURIBOR+1.35%	shares of OKD, a.s.	2012	119,480
Bank loan—facility 3	EUR	3M EURIBOR+1.50%	shares of OKD, a.s.	2013	78,763
					716,471
of which current portion					99,776
Total long-term loans					**616,695**
Long-term liabilities from finance leases					200
Total long-term interest-bearing loans					**616,895**

* The margin rate can vary between 0.65% and 1.35% p.a. depending upon the Company's actual leverage ratio.

3M PRIBOR stands for 3-month Prague interbank offered rate and was 2.55% at 31 December 2006. 3M EURIBOR stands for Euro interbank offered rate and was 3.725% at 31 December 2006.

Total long-term bank loans exclude the current portion of long-term bank loans and the long-term loans which are intended to be repaid earlier—in less than one year. These are included in short-term bank loans. All interest-bearing loans and borrowings are repriced at least once a year.

Short-term loans and borrowings:

Short-term bank loans include credit lines that finally mature in 2008—they are operating loans with a withdrawal option in the form of an overdraft or revolving that may be repaid whenever before the maturity date, they are included in short-term loans.

	Currency	Effective interest rate	Security	Maturity	31 December 2006
					EUR'000
Short-term bank loans					
Loans to related parties	CZK	3M LIBOR + 1.25%	None	2007	1,819
Short term obligations under finance leases	CZK	Various	None	2007	189
Bank loan	CZK	not reported	not reported	2007	6,913
Overdraft	CZK	PRIBOR + 0.65%	note of bill, pledge of receivables	2008	1,985
Overdraft	CZK	PRIBOR + 0.7%	None	2008	282
Total short-term loans					**11,188**

Repayment schedule for long-term bank loans and borrowings:

	EUR'000
2007	99,776
2008	99,776
2009	99,776
2010	99,776
2011	49,888
2012 and thereafter	267,479
	716,471

23. SHARE CAPITAL AND RESERVES

	31 December 2006	30 June 2006
	EUR'000	EUR'000
Share capital	100,018	18
Share premium	911,840	0
Special liquidation reserve	83,967	—
Foreign exchange translation reserve	38,628	—
Restricted equity	122,144	—
Retained earnings	97,749	(145)
Total	1,354,346	(127)
Minority interests	—	—
Equity total	1,354,346	(127)

The authorized share capital amounts to 350,000,000 ordinary shares of EUR 1 each. The issued capital amounts to EUR 100,018,000, consisting of 100,018,000 ordinary shares of EUR 1 each, of which 18,000 shares are issued and paid-up as per 30 June 2006. As per 7 September 2006 the Company issued 100,000,000 new ordinary shares of EUR 1 each, which were paid-up by contributed shares of OKD a.s., RPG Transport, s.r.o. and RPG Gas, s.r.o. (see Note 1a).

Special liquidation reserve

During the privatization of the former OKD, a.s. the Special Liquidation Reserve (''the Reserve'') was designated and classified as an equity item in its statutory accounts. No shares were issued for the amount of the Reserve. The Reserve can only be used to cover losses from the liquidation of assets related to mines at mining locations which have been closed or are designated for closure. Therefore, the use of Reserve is restricted and the Reserve cannot be distributed.

Restricted equity

In accordance with Czech regulations, joint stock companies (''a.s.'') are required to establish an undistributable statutory reserves for contingencies against possible future losses and other events. Contributions must be a minimum of 20% of after-tax profit in the first year in which profits are made and 5% of after-tax profit each year thereafter, until the fund reaches at least 20% of share capital. The fund can only be used to offset losses.

24. PROVISIONS

The provision balances are as follows:

	At 1 July 2006	Acquisition and contribution of subsidiaries	Charged	Utilized	Unwinding of discount	Currency translation	At 31 December 2006
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Mining damage	—	17,296	1,604	(3,323)	—	490	16,067
Restoration provision	—	94,322	26	(778)	491	2,860	96,921
Dukla Mine closure	—	2,530	—	—	—	77	2,607
Other restoration costs	—	1,853	1	(19)	—	56	1,891
Other	—	13	—	(13)	—	—	—
Total long-term provisions	**—**	**116,014**	**1,631**	**(4,133)**	**491**	**3,483**	**117,486**
Employee redundancy	—	39	19	(40)	—	1	19
Dukla Mine closure	—	9,998	—	—	—	304	10,302
Unpaid vacation	—	3,044	355	—	—	100	3,499
Liquidation of unused fixed asset	—	501	90	—	—	17	608
Buy-out (family houses)	—	2,492	—	(1,268)	—	51	1,275
Other	—	3,054	5	(1,898)	—	56	1,217
Total short-term provisions	**—**	**19,128**	**469**	**(3,206)**	**—**	**529**	**16,920**

Due to the long-term nature of the restoration provision, the biggest uncertainty in estimating the provision is the costs that will be incurred. The Group has assumed that sites will be restored using technology and materials that are available currently. The provision has been calculated using a real discount rate of 2.2% p.a.

On 27 February 2006 the Board of Directors of OKD, a.s. decided to cease coal mining operations at the Dukla site, part of the Paskov Mine, as of 31 December 2006 and to begin physical liquidation of property, plant and equipment and to begin the site restoration of this site on 1 January 2007. The preparatory work to commence restoration of the Dukla site began in 2006. The site restoration and liquidation will be carried out in the years 2007 to 2009. As at 31 December 2006 the provision related to preparation of the site for site liquidation, site restoration and social and health-related costs (especially severance and other social disbursements) amounts to EUR 12,909 thousand. The provision was included in contributed assets of OKD, a.s.

25. DEFERRED REVENUE

	Government grants	Other	Total
	EUR'000	EUR'000	EUR'000
At 1 July 2006	—	—	—
Acquisition and contribution of subsidiaries	2,605	1,490	4,095
Disposal of subsidiaries	—	(655)	(655)
Change in the period	(50)	105	55
Currency translation	78	27	105
At 31 December 2006	2,633	967	3,600

The Group has received government grants to cover environmental improvements. Government grants are being amortised over the expected useful life of the assets acquired with funds from government subsidies.

26. EMPLOYEE BENEFITS

The Group provides a number of different benefits to its employees—jubilee, loyalty, retirement and special miners' benefits. The Group's net obligation in respect of long-term service benefits is the amount of benefits that are payable within 12 months after the balance sheet date and that employees have earned in return for their service in the current and prior periods.

The Group's employee benefit scheme covers the legal requirements for the mining industry and other benefits concluded with the labor union. All benefits are unfunded. Most of them are paid annually and the amount depends on the length of working relationship with the employer or is compensating the health problems of the miners. The significant benefits are listed below.

	31 December 2006	30 June 2006
	EUR'000	EUR'000
Special miners' benefits	55,561	—
Loyalty benefits	13,507	—
Employees' jubilee	235	—
Severance payment	15,404	—
Other long-term benefits	4,494	—
Total employee benefits	**89,201**	**—**

Special miners' benefits

Length-of-service benefit for miners is paid to all employees in the mining profession once a year and is based on the length of employment relationship. The benefit is required by current legislation of the Czech Republic.

Special miner benefit is paid to employees working underground once they achieve 100% of the highest allowable exposure to mine dust, in case of both position transfer or employment termination. Those bonuses are paid monthly, until the pension entitlement arises or the age of 60 is reached. The benefit is required by current legislation of the Czech Republic.

Health-related severance payment is based on the collective agreement of OKD, a.s. and its labor union. Entitled persons are employees whose employment relationship was dissolved owing to their inability for health reasons to continue performing their work and who are not entitled to receive other severance payment. This benefit is a one-time payment calculated as a multiple of average monthly wage in connection with years of service.

Retirement benefit is based also on the collective agreement between OKD, a.s. and its labor union and is paid to employees who terminate their employment contract upon becoming entitled to draw an old age pension. The payment is a multiple of average monthly wage.

Loyalty benefits

Stabilisation premiums are defined in the collective labor agreements of individual Group entities and belong to all current employees who are not entitled to length-of-service benefits for miners. This bonus is paid once a year and the amount is calculated according to the length of uninterrupted service.

Length-of-service bonuses are defined in the collective labor agreements of individual Group entities and paid based on the specific provisions of collective agreements, tied to years of uninterrupted service. This benefit is designed as a one-time payment.

Severance payments

Severance payments are based on Czech law. Entitled persons are employees whose employment relationship was dissolved owing to having achieved 100% of the highest allowable exposure to mine dust or occupational injury or incidence of occupational illness and inability to find another suitable position for them within entity. The payment is made as a one-time disbursement.

The following table summarizes the components of net benefit expense recognized in the income statement and the funded status and amounts recognized in the balance sheet for the Group's benefit plans:

Net benefit expense

	1 July 2006 - 31 December 2006	29 December 2006 - 30 June 2006
	EUR'000	EUR'000
Current service cost	1,258	—
Interest cost on benefit obligation	784	—
Past service cost	5,111	—
Employment reduction	756	—
Actuarial gain	(428)	—
Curtailments	(2,769)	—
Benefits paid	(2,380)	—
Net benefit expense	**2,332**	**—**

Changes in the present value of the defined benefit obligation

	1 July 2006 - 31 December 2006	29 December 2006 - 30 June 2006
	EUR'000	EUR'000
Defined benefit obligation at 1 July 2006	—	—
Business combination	84,809	—
Disposal of VOKD, a.s.	(546)	—
Net benefit expense	2,332	—
Translation reserve	2,606	—
Defined benefit obligation at 31 December 2006	**89,201**	**—**

The principal financial and demographic assumptions used in determining post-employment benefits and other long-term employee benefits are shown below:

Discount rate—Discounts rates are derived from the linear approximation of the yield curve of Czech government bonds at 31 December 2006. The average discount rate used for the calculation of employee benefits is 3.88% per annum.

Wage increase—This assumption is relevant where the benefit depends on the future wage. In all these cases, the Group estimates a constant average wage increase of 5% per annum.

Mortality—Model mortality for the relevant benefit calculation is undertaken from the statistical tables published by the Czech statistical office.

Retirement age—The retirement age is determined by Czech legislation, as follows: for retirement before 31 December 1995 the retirement age is 60 for men and 57-53 for women (depending on the number of children). The retirement age after the year 2013 is 63 for men and 63-59 for women (depending on the number of children). The retirement age between those two years mentioned above is determined by the linear interpolation.

27. DEFERRED TAX

	EUR'000
Deferred tax asset	
At 1 July 2006	—
Deferred tax acquired from acquisitions of subsidiaries at 30 September 2006	1,785
Change of deferred tax charged in the period	23,133
Deferred tax movements—subsidiaries acquired	—
Currency translation	516
At 31 December 2006	25,434
Deferred tax liability	
At 1 July 2006	
Deferred tax acquired from acquisitions of subsidiaries at 30 September 2006	130,383
Change of deferred tax charged in the period	26,485
Deferred tax movements—subsidiaries sold	290
Currency translation	4,496
At 31 December 2006	161,654
Deferred tax liabilities net	**136,220**

Deferred taxes relate to the following:

	31 December 2006	30 June 2006
	EUR'000	EUR'000
Deferred tax asset		
Fixed assets	1,037	—
Allowances, adjustments and provisions	2,772	—
Employee benefits	21,199	—
Tax losses carried forward (see below)	374	—
Other	52	—
	25,434	**—**
Deferred tax liability		
Fixed assets	159,894	—
Allowances, adjustments and provisions	1,440	—
Other	320	—
	161,654	—
	136,220	**—**

Tax losses to be carried forward and offset against future taxable income are available in OKD, BASTRO, a.s., a subsidiary of OKD, a.s. Their amounts are as follows:

	Tax loss	Year of expiry
	EUR'000	
Tax losses arising in 2000	817	2007
Tax losses arising in 2001	—	2008
Tax losses arising in 2002	539	2009
Tax losses arising in 2003	203	2008
Total available amount of tax losses carried forward	1,559	
Deferred tax at the applicable rate of 24%	374	
The Netherlands:		
Tax losses arising in 2006	871	
Deferred tax asset at the applicable rate of 29.1% (The Netherlands)	253	
Provision for tax losses carried forward that are not likely to be utilised	(253)	
Deferred tax asset recognised in respect of tax losses carried forward	374	

28. FUTURE COMMITMENTS

The Group has the following commitments in respect of:

	31 December 2006	30 June 2006
	EUR'000	EUR'000
Operating leases		
Instalments due within one year	2,757	—
Instalments due between two and five years	9,742	—
	12,499	—
Acquisition of property, plant and equipment		
From third parties	17,438	—

The majority of operating lease contracts are concluded with an indefinite term and short notice period. Leased items include locomotives, equipment, land and buildings. There are none with terms exceeding 5 years. Operating lease expense in 2006 was EUR 1,015 thousand.

29. CONTINGENT ASSETS AND LIABILITIES

The Group has following significant contingent assets and contingent liabilities as at 31 December 2006:

a) Promissory notes and guarantees

OKD, BASTRO, a.s.

OKD, BASTRO, a.s. has drawn a loan from a bank secured by receivables, blank promissory note and an oral guarantee given by OKD, a.s.

Transfer of certain old mines

Until 2000, OKD had concentrated all discontinued mines into a division called Odra Mine. The main purpose of this division was to supervise reclamation works at the closed mines and to administer claims and obligations towards current and former employees of the discontinued mining units. Effective 2002 OKD sold closed mines administration. Effective 2004, OKD sold mine Barhora to Diane s.p. At this time DIAMO, s.p. also assumed all of OKD's obligations vis-à-vis all its former employees. Simultaneously, CMD sold its closed mines in the Kladno area to state owned Palovouy (''PKCC'') in a similar transaction. By operation of law, OKD is the statutory guarantor of the obligations assumed by DIAMO and PKU existing at the time of the transfer.

b) Environmental issues

OKD, a.s.:

In accordance with privatizations projects, the National Property Fund of the Czech Republic (''NPF'') reimburses acquirers of privatized assets in respect of expenses incurred for the clean-up of environmental damage relating to the pre-privatization period. In 1993, OKD, a.s. asked NPF to reimburse its expenses for cleaning-up damages in accordance with government decision No. 123 dated 17 March 1993. On 18 April 1996 contract no. 131/96 was concluded between NPF and OKD, a.s. relating to environmental issues in the area in the entity's ownership.

OKD, OKK, a.s.:

The entity's assets include the grounds of the former ČSA coking plant located in Karviná-Doly. Coking operations were discontinued at 30 June 1997 and the grounds were classified by the Czech Ministry of the Environment as an old source of environmental burden. For this reason, an *Old environmental burden risk analysis* addressing the scope of contamination and restoration work was drawn up for this site in 1997-1998. Restoration works should be financed by Czech Ministry of Finance (MF), which overtook liabilities of NPF (NPF ceased its activities). To date, no addendum to Environmental Contract No. 131/96 between the NPF (respectively MF) and OKD, a.s. on the updating of this risk analysis and the holding of a tender for an improvement work contractor has been executed.

Entity's assets include the grounds of the former Trojice coking plant in Slezská Ostrava. These grounds were classified as an old source of environmental burden and an *Old environmental burden risk analysis* is being drafted for it. Decontamination of the grounds is contingent on the conclusion of an addendum to Contract No. 131/96 between the NPF and OKD, a.s.

The entity operates the grounds of the Svoboda and Šverma coking plants for which risk analyses are being drafted to address post-operations improvement work. The exact time-frame, percentage share of the state in eradicating past damage and the value and duration of the contingent liabilities accrual are not yet known.

c) Claims and litigations

OKD, a.s.

(i) *Litigation in respect of certain equity securities* with a value of EUR 1,186 thousand, including related interest, against OKD, a.s. and a co-defendant for damage caused by acting in concert. Up to the date of the financial statements, the relevant court in Ostrava did not issue any document and the court hearing has not yet been scheduled. An attempt for out-of-court settlement was unsuccessful and the proceedings continue. No provision has been set up as at 31 December 2006 for the litigation. At the preparation date, based on legal advise the management of the Group believes that the litigation had no significant impact on the Company's financial position at 31 December 2006.

(ii) *Litigation between the claimant, OKD, a.s., and Slovenský Investičný Holding, a.s. (currently Slovenské investičné družstvo, formerly VSŽ Košice, a.s.)* concerning guaranteed payments of coal deliveries. OKD, a.s. is a party to disputes relating to promissory notes and arbitration proceedings in respect of letter of guarantee of VSŽ Košice, a.s. and filed a claim for a compensation of damage potentially incurred if the guarantee of VSŽ Košice, a.s. was rendered invalid by the court in the preceding proceedings due to an absence of a foreign exchange permit.

Litigation between the defendant, OKD, a.s., and Slovenský Investičný Holding, a.s. (currently Slovenské investičné družstvo, formerly VSŽ Košice, a.s.), concerning guaranteed payments of coal deliveries. VSŽ Košice, a.s. filed an action against OKD, a.s. with the Regional Court in Bratislava for the annulment of promissory notes, coal purchase contracts and a letter of guarantee of VSŽ Košice, a.s.

These Litigation is subject to the Master Settlement Agreement concluded on 15 August 2005. The parties agreed on a conditional settlement of various contentious and doubtful claims between the parties to the Master Settlement Agreement or with other entities. The Master Settlement Agreement includes, inter alia, the settlement of disputes whose parties are also OKD, a.s. and KOP, a.s. (subsidiary of OKD, a.s. already dissolved by merger with OKD, a.s.). In line with this Master Settlement Agreement, relevant actions were undertaken by all involved parties during 2006 to terminate all law proceedings. No settlement was made in 2006. No provision has been set up as at 31 December 2006 for the litigation. At the preparation date, based on advise of counsel the management of the Group believes that the litigation has no significant impact on the Company's financial position at 31 December 2006.

(iii) In connection with purchases of certain minority shares in ČMD, a.s., METALIMEX a.s. (former subsidiaries of OKD, a.s.) and OKD, a.s., made by entities related to the Group, the following court proceedings, to which OKD, a.s. is a party, are in progress:

- *Petition to review the appropriateness of consideration for shares of ČMD, a.s., the petitioner Tomáš Klesòák, OKD, a.s. being a party to proceedings as legal successor of ČMD, a.s. and K.O.P.* The statement and legal succession notification were submitted. No proceedings were ordered by court so far.
- *Petition to review the appropriateness of consideration for shares of OKD, a.s., the petitioner Tomáš Klesòák, Tomáš Veichart. OKD, a.s. being a party to proceedings together with RPG INDUSTRIES SE as legal successor of KARBON INVEST, a.s.* The statement and legal succession notification were submitted. There was prepared new independent expert evidence, which was completed and submitted to court in 2007. No proceedings were ordered by court so far.
- *Petition to review the appropriateness of consideration for shares of METALIMEX a.s., the petitioner OSDA—ČR—METALIMEX, OKD, a.s. being a party to proceedings as legal successor of K.O.P., a.s. OKD, a.s. was not asked to submit the statement yet.*

No provision has been set up as at 31 December 2006 for the litigation. At the financial statements' preparation date, based on advice of counsel, the management of the Group believes that the litigation have no significant impact on the Group's financial position at 31 December 2006.

30. OTHER MATERIAL MATTERS

a) Merger of OKD, a.s., OKD, PILA-SALMA, a.s. and OKD, Restrukturalizace, a.s.

On 16 October 2006 an approval concerning the merger of OKD, a.s., OKD, PILA-SALMA, a.s. and OKD, Restrukturalizace, a.s. was issued as a result of previously initiated law proceedings. The approval became effective on 31 October 2006 and the merger was entered into the commercial register. The decisive date of the merger was 1 July 2006.

b) Merger of EKO-KARBO, a.s. and OKD, HBZS, a.s.

The board of directors OKD, a.s. decided on 7 November 2006 about the merger of wholly owned subsidiaries EKO-KARBO, a.s and OKD, HBZS, a.s. into one continuing entity OKD, HBZS, a.s. There are undertaken relevant law steps and the approval is expected to be issued during the year 2007. The decisive date of merger is to be 1 January 2007.

c) Controlling agreement

There are concluded, as in prior period, controlling agreements for indefinite period between RPG Industries, a.s. as the ''Controlling person'' and OKD, a.s., OKD, Doprava, akciová společnost and OKD, OKK, a.s. as the ''Controlled person''.

Under this agreement, the Controlled person, to the extent permitted by law, is subject to the sole control of the Controlling person. The Controlling person is authorized to impose written instructions on the Controlled person in all matters within the remit of the statutory body, even instructions that may be disadvantageous to the Controlled person, if they are in the interest of the Controlling person or another person with which the Controlling person forms a concern. Instructions from the Controlling person may not contravene the legal regulations or the Articles of Association of the Controlled person. The controlling agreement includes an obligation of indemnification and the obligation to settle losses if, for duration of the agreement's validity, the Controlled person finishes a year with a loss according to financial statements that have been independently audited and then approved by the sole shareholder (acting in the capacity of the General Meeting).

No direct benefits arise to the Controlling person from the controlling agreement.

d) Review of the 2004 and 2005 coke selling prices appropriateness

The tax authority in Ostrava is currently reviewing appropriateness of coke selling prices of OKD, a.s. The review is focused on transactions in 2004 and 2005. The review has not been finalized yet and therefore no results are currently available.

No estimate of financial effect has been disclosed in order not to influence the result of the tax review. However, management of OKD, a.s. is strongly persuaded about the correctness of its procedures related to the process of negotiation of coke prices and also believes that based on the review results no expenses are going to arise for OKD, a.s. with respect to this matter.

31. SUBSEQUENT EVENTS

a) Liquidation of the company OKD, Báňské stavby Ostrava, a.s. ''v likvidaci''(''in liquidation'')

As at 23 February 2007 a court decision about the termination of the liquidation process of OKD, Báňské stavby Ostrava, a.s. ''v likvidaci'' has become effective and the company was delisted from the commercial register. Impact on the financial result from the liquidation is not significant.

b) Significant contracts

OKD, DPB, a.s.

In December 2006 has OKD, DPB, a.s. concluded a loan contract with the agreed credit limit of of EUR 10,911 thousand. The loan is to be provided in 2007 and 2008 to finance construction works of network of co-generating units. Final repayment of this long term loan is in 2015.

In relation to this contract OKD, DPB, a.s. has entered into interest rate swap contract to mitigate the interest rate risks related to the loan contract. Nominal value of the swap is related to outstanding amount of the loan. The interest rate period starts on 28 September 2008 and the expiry date of the transaction is tied to the repayment period of the loan, i.e. 2015.

c) Payment of the syndicated loan instalment

On 14 February 2007 OKD, a.s. paid its regular instalment of the syndicated loan in the amount of EUR 50,219 thousand.

d) Equity payout

New World Resources B.V. approved a payout from the equity of OKD, a.s. of EUR 815,275 thousand on 24 January 2007. The payment took place on 25 January 2007 and the funds were paid to New World Resources B.V. Before and after the equity payout the Group is in compliance with credit contract covenants.

In January 2007, the Company paid out EUR 801,058,391 to its shareholders.

e) Foreign exchange risk policy changes

The Group has decided to increase the share of foreign exchange rate forward contracts up to the maximum 65% of the expected open position.

f) Personnel changes in the statutory bodies

Mr. Marek Jelínek was appointed as a Director of New World Resources B.V. on 6 March 2007 and replaced Mr. Guido Nieuwenhuizen in this position.

KPMG

Audited Consolidated Financial Statements of New World Resources B.V.

for the period ended 30 June 2006

Auditor's report

Introduction

We have audited the financial statements of New World Resources B.V., Amsterdam, for the year ended 30 June 2006. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the company financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the company financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the company financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 30 June 2006 and of the result and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Furthermore we have established to the extent of our competence that the Directors' report is consistent with the financial statements.

Amstelveen, 22 December 2006

KPMG ACCOUNTANTS N.V.
J. Humme RA

New World Resources B.V., Amsterdam

Financial statements 30 June 2006

1 Financial statements

1.1 Balance sheet as at 30 June 2006

	Notes	30 June 2006 EUR	EUR
ASSETS			
Current assets	1.5.5		
Prepaid expenses		4,463	
Cash and cash equivalents		87,279	
			91,742
			91,742
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	1.5.6		
Share capital		18,000	
Accumulated deficit		(145,360)	
			(127,360)
Non-current liabilities	1.5.7		
Loan due to shareholder			130,000
Current liabilities	1.5.8		
Accrued expenses and accounts payable		88,076	
Interest payable		1,026	
			89,102
			91,742

1.2 Statement of income for the period ended 30 June 2006

	Notes	29 December 2005 until 30 June 2006 EUR	EUR
Operating expenses			
Management fee		37,808	
Accounting fee		14,323	
Legal fees		61,991	
Audit fees		18,000	
Office rent		4,760	
Bank charges		644	
Other operating expenses		6,884	
			144,410
Operating result			(144,410)
Financial income and expense	1.5.9		
Interest income		76	
Interest expense		(1,026)	
			(950)
Loss before taxation			(145,360)
Corporate income tax	1.5.10		0
Net result			(145,360)

1.3 Statement of changes in shareholder's equity for the period ended 3 June 2006

	Share Capital	Share Premium	Accumulated deficit	Total Shareholder's Equity
Incorporation at 29 December 2005	—	—	—	—
Capital contribution	18,000	—	—	18,000
Loss for the period ended 30 June 2006	—	—	(145,360)	(145,360)
Balance at 30 June 2006	18,000	—	(145,360)	(127,360)

1.4 Cash flow statement for the period ended 30 June 2006

	29 December 2005 until 30 June 2006 EUR	EUR
Result for the period	(145,360)	
Increase prepaid expenses	(4,463)	
Increase current liabilities	89,102	
Cash flow from operating activities		(60,721)
Received share capital	18,000	
Received from long term liabilities	130,000	
Cash flow from financing activities		148,000
Cash flow		87,279
Cash and cash equivalents at the end of the period		87,279

1.5 Notes to the financial statements

1.5.1 General

New World Resources B.V. (the ''Company'') was incorporated with limited liability under the laws of the Netherlands on 29 December 2005. The registered office of the Company is Fred. Roeskestraat 123, 1076 EE, Amsterdam, the Netherlands. The objectives of the Company are to act as a holding and finance company. The current period under review is the first financial year of the Company, which commenced on 29 December 2005 and ended on 30 June 2006. In view of the contribution in kind, the management decided that the first financial year would cover a period of 6 months.

1.5.2 Group structure

The Company is a subsidiary of RPG Industries SE, a European public limited company whose corporate seat is in Limassol, Cyprus, who owns 100% of the Company's shares. The Company's financial statements are included in the consolidated financial statements of RPG Industries SE.

1.5.3 Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (''IFRS''), that remain in effect as at 30 June 2006 and that have been adopted by the European Union. The financial statements have also been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code. The financial statements were authorized for issue by the Board of Directors on 22 December 2006.

The financial statements have been prepared on the historic cost basis.

Going concern

Since the expected contribution in kind, as mentioned under the Post Balance Sheet paragraph on page 16, will result in a substantial increase of the paid-in share capital considerably the accounts are prepared on a going-concern basis.

The principal accounting policies adopted are set out below.

Financial instruments

Non-derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition non-derivative financial instruments are measured at amortized cost using the effective interest method. This also applies to the long-term loans payable, as terms and conditions are market based.

The Company has not used any derivative financial instruments.

Financial risks

The Company's principal financial instruments comprise a loan and cash. The main risk arising from the financial instruments is a cash flow interest rate risk. The Company's overall risk management seeks to minimize potential adverse effects on the financial performance of the Company.

Recognition of income and expense

Interest income and expense are recognized in the income statement based on accrued amounts. Operating expenses are accounted for in the period in which these are incurred. Losses are accounted for in the year in which they are identified.

Current liabilities

Current liabilities are stated at amortized cost.

Cash flow statement

The cash flow statement has been drawn up according to the indirect method.

Corporate income tax

Permanent and temporary differences may exist between the result before taxation as presented in these financial statements and the fiscal result for corporate income tax purposes. Temporary differences between the reporting for tax purposes and the financial statements are recognized as deferred taxes based on the statutory tax rate expected to exist in the future.

It is expected that the Company will mainly realize tax-exempted income. If there is any taxable income in the Company it is expected that it will be largely settled with the operational expenses. Net deferred tax assets will be disclosed in the notes to the balance sheet but stated at null due to the prudence concept being applied.

1.5.4 New IFRS standards not yet effective as at 30 June 2006

A number of new standards, amendments to standards and interpretations have been issued as at 15 November 2006, but are not yet effective for the period ended 30 June 2006, and have not been applied in preparing these financial statements:

IFRS 7 Financial Instruments Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Company's 2007 financial statements, will require extensive additional disclosures with respect to Company's financial instruments and share capital.

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Company's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.

IFRIC 8 Scope of IFRS 2 Share-based Payment addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Company's 2007 financial statements, with retrospective application required. The Company has not yet determined the potential effect of the interpretation.

IFRIC 9 Reassessment of Embedded Derivatives requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9 becomes mandatory for the Company's 2007 financial statements. The Company has not yet determined the potential effect of the interpretation.

IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognized in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Company's 2007 financial statements. The Company has not yet determined the potential effect of the interpretation.

Amendment to IAS 21, The Effects of Changes in Foreign Exchange Rates, published as Net Investment in Foreign Operations (effective from 1 January 2006). The Company has not yet determined the potential effect of the interpretation.

Amendments to IAS 39, Financial Instruments Recognition and Measurement, published as Cash Flow Hedge Accounting of Forecast Intragroup Transactions and the Fair Value Option (effective 1 January 2006). The Company has not yet determined the potential effect of the interpretation.

IFRIC 4, determining whether an Arrangement contains a Lease (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (hereinafter: the asset); and (b) the arrangement conveys a right to use the asset. The Company has not yet determined the potential effect of the interpretation.

IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from 1 January 2006). The Company has not yet determined the potential effect of the interpretation.

1.5.5 Current assets

Cash and cash equivalents

Cash and cash equivalents relate to a EUR account the Company has with Citibank. The total amount as per 30 June 2006 is EUR 87,279 and is freely available to the Company. The fair value is equal to the carrying value.

1.5.6 Shareholder's equity

Share capital

The authorized share capital amounts to EUR 90,000, consisting of 90,000 ordinary shares of EUR 1 each of which 18,000 shares are issued and paid-up.

Accumulated deficit

The movements in the accumulated deficit can be detailed as follows:

	EUR
Opening balance as at 29 December 2005	—
Result for the period (29 December 2005 to 30 June 2006)	(145,360)
Closing balance as at 30 June 2006	(145,360)

1.5.7 Non-current liabilities

Loan due to shareholder

On 10 April 2006, the Company received a loan for the amount of EUR 30,000 from its shareholder, which carries interest at Libor plus 1.25% and is repayable at 6 February 2007 (Repayment Date). The Company is allowed to repay the loan on an earlier date than the Repayment Date. Furthermore, the Company can capitalize the outstanding balance of the loan by issuing new shares to the Lender.

On 10 May 2006, an amendment to the loan agreement was concluded in which the principal was increased with EUR 100,000 and the repayment date has been extended to 6 April 2008. The other terms and conditions remained unchanged.

The fair value is equal to the carrying value.

1.5.8 Current liabilities

Accrued expenses and accounts payable

The accrued expenses and accounts payable can be detailed as follows:

	30 June 2006
	EUR
Office rent payable	4,760
Payable director remuneration	34,238
Legal fee payable	27,865
Accrual for audit fee	18,000
Administration fee payable	3,213
	88,076

Interest payable

The interest payable pertains to the interest due on the loan with the shareholder.

1.5.9 Financial income and expense

Interest income

The interest income pertains to interest received on the current account the Company holds at the Citibank.

Interest expense

The interest expense pertains to interest due on the loan with the shareholder.

1.5.10 Corporate income tax

Due to the fact that the Company suffered a loss during the year, no corporate income tax will be due. Compensating losses amount to EUR 145,360 as at 30 June 2006.

1.5.11 Financial risks

The Company's activities are not exposed to major financial risks, as changes in debt and equity market prices, foreign currency exchange rates.

1.5.12 Directors

During the year under review, all the Directors of the Company will receieve in total an annual remuneration of EUR 37,808.

1.5.13 Employees

During the year under review the Company did not employ any personnel.

1.5.14 Off-balance sheet commitments

The Company agreed upon a lease agreement for office space for an amount of EUR 2,000 per month. The agreement is for an indefinite period of time, although it can be terminated taking into account a two month's notice.

Amsterdam, 22 December 2006

Managing directors,

Mr. J.A. Zimmerman	Mr. Z. Bakala	Mr. P. Kadas
Mr. H.J. Mende	Mr. A.T. Krueger	Mr. R.M. Winn
Mr. A.G.M. Nagelmaker	Mr. J.H. Scholts	Mr. A.R. van der Veen
Mr. G.F.X.M. Nieuwenhuizen	Mr. R. Langelaar	Mr. D.P. Stolp
Mr. A.J. Stal	Mr. E. Denekamp	Mr. M. Jelinek

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MINERAL EXPERT'S REPORT

OKD, a.s. and OKK, a.s.

Czech Republic and Poland

Prepared For

NEW WORLD RESOURCES, N.V.

By

John T. Boyd Company

Mining and Geological Consultants

Pittsburgh, Pennsylvania, U.S.A.

Report No. 3160.4

APRIL 2008

John T. Boyd Company
Mining and Geological Consultants

Chairman
James W. Boyd

President and Chief Executive Officer
John T. Boyd II

Chief Operating Officer and Managing Director
Ronald L. Lewis

Vice Presidents
Richard L. Bate
James F. Kvitkovich
Russell P. Moran
George V. Weisdack
John L. Weiss

Vice President Business Development
George Stepanovich, Jr.

Assistant to the President
Mark P. Davic

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22 April 2008
File: 3160.4

New World Resources, N.V.
"Olympica Plaza"
Fred. Roeskestraat 123-3
1076 EE Amsterdam
The Netherlands

And, acting as joint sponsors, joint global co-ordinators and joint bookrunners:

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

JP Morgan Cazenove Limited
20 Moorgate
London EC2R 6DA
United Kingdom

Morgan Stanley & Co. International plc.
20 Bank Street
Canary Wharf
London E14 4QA
United Kingdom

acting as representatives on behalf of the following, as joint lead managers, co-lead managers, Czech lead managers and Polish lead manager:

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Erste Bank
Graben 27
A-7070 Vienna
Austria

Patria Finance, a.s.
Jugmannova 24
110 00 Praha 1
Czech Republic

Citigroup Global Markets Limited
Citigroup Centre
25 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

UniCredit Markets & Investment Banking
Bank Austria Creditanstalt AG
Vordere Zollamtsstrasse 13
A-1030 Vienna, Austria

Wood & Company Financial Services, a.s.
Václavské nám. 772/2
110 00 Praha 1
Czech Republic

Česká spořitelna, a.s.
Olbrachtova 1929/62
140 00 Praha 4
Czech Republic

Bank Austria Creditanstalt AG
Vordere Zollamtsstrasse 13
A-1030 Vienna, Austria

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ
United Kingdom

Attention: Mr. Marek Jelinek
Chief Financial Officer

Subject: Consultancy Services
Mineral Expert's Report
For Initial Public Offering of A Ordinary Shares
In New World Resources N.V.
Czech Republic and Poland

Dear Sirs:

Presented herein is our Mineral Expert's Report regarding the coal mines and facilities owned by New World Resources, N.V. (NWR). The analysis in this report is presented as a supplemental document in compliance with the Pre-1 July 2005 requirements of Chapter 19 of the listing rules of the United Kingdom Listing Authority.

Please note that NWR, at the date of issue of this MER is a Dutch private company with limited liability (New World Resources B.V.). New World Resources B.V. will be converted into New World Resources N.V. (a Dutch public company with limited liability) on or around 7 May 2008. For the purposes of this MER, Boyd acknowledges that the MER shall be considered to be addressed to New World Resources B.V. and to New World Resources N.V. (as applicable).

John T. Boyd Company (BOYD) has relied on available source data as provided by NWR and discussions and observations during the BOYD project team's visit to the sites. Our reserve analysis is compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code).

Respectfully submitted,

JOHN T. BOYD COMPANY
By:

John T. Boyd II
President and CEO

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1.0 GENERAL STATEMENT

1.1 Introduction

The coal industry in the Czech Republic has a long history, measured in centuries, under various ownership and operating structures. The mines were nationalized in 1945, and subsequently operated as a subsidized industry in terms of receiving prices in excess of costs in conjunction with government subsidies (via social grants, investment write-offs, and other benefits). The present-day Czech underground coal industry is owned by New World Resources, N.V. (NWR), and is operated by OKD, a.s. (OKD), a private entity that competes on a commercial basis. OKD, NWR's wholly owned subsidiary, currently produces approximately 13 million tonnes (Mt) of coal annually that is produced from five wholly-owned underground mining complexes that operate within the same coal field and utilize common mining techniques and managerial systems. As at 31 December 2007 and until 31 March 2008, NWR had five operating mines being CSA, Darkov, Lazy, CSM, and Paskov. On 1 April 2008, NWR and its subsidiaries consolidated the administration of the Lazy Mine and the CSA Mine under the name Karvina. The operating and statistical data in this Mineral Expert's Report shows the Lazy Mine and the CSA Mine as separate mines. 2007 coal sales were:

	2007 Coal Sales (Mt)		
Mine	Thermal	Coking	Total
Darkov	1.3	2.9	4.2
CSA	1.3	1.0	2.3
Lazy	2.6	0.1	2.7
Paskov	-	1.1	1.1
CSM	0.1	2.7	2.8
Total	5.3	7.8	13.1

Table 1.1

More than 59% of 2007 production was coking coal, which is comparable to historical norms; coking coal is distributed to European metallurgical steel markets or used at NWR's related company coking plants. The remaining coal is supplied as a thermal (energy) product to the Czech power producer CEZ and other thermal market sectors. NWR exports coal mainly to Austria, Poland, Slovakia, and Germany, primarily via rail transportation. The NWR assets described in this report are shown in Table 1.2, following this text.

NWR, through its wholly-owned subsidiary OKK, a.s. (OKK), produces 1.3 million tonnes of coke annually from the Svoboda and Sverma coking plants.

1.1.1 Active Mines

The setting of the Czech underground coal industry is within a confined area, comprising approximately 20,000 hectares of coal reserves situated near the cities of Ostrava and Karvina in the eastern portion of the Czech Republic. Coal reserves are contained within the Upper Silesian coal basin, which extends from the eastern portion of the Czech Republic into Poland (comprising the majority of the coal-producing basin). See Figure 1.1, following this text.

Many Czech mines have been closed since the privatization due to reserve depletion or lack of competitiveness (low productivity, high costs, or unacceptable product qualities). The remaining mining complexes are those regarded as having the best available reserves and prospects for future performance. The mines are mature operations, and mining operations have been conducted in or adjacent to some complexes for 100 years or more. 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 plant 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.

1.1.2 Development Opportunities

NWR and its subsidiary Karbonia PL also control other non-producing coal projects with varied development potential. Karbonia PL is evaluating the Debiensko site, which is just northeast of Rybnik, Poland. Work is progressing on feasibility analysis and mine design projects to establish this operation as a major new coking coal mine. Significant capital investment is required to commence production, but the magnitude of the coal reserves, combined with the relatively low faulting density, warrant continued efforts to accelerate development activities.

The closed Morcinek Mine is situated across the Polish border from the active CSM Mine. Morcinek can be partially extracted from CSM Mine, and the remaining reserves are being considered as a new mine opportunity.

The Frenstat site or coal deposit is a potential expansion opportunity situated approximately 25 km outside the traditional coal producing area in the Karvina region. Frenstat contains significant in situ resources. Initial underground mine development has been completed to the extent that shafts have been constructed. The shafts penetrate the coal seams and are actively maintained and ventilated. Further development of the site has not continued, and production from Frenstat is not incorporated in NWR's long-term projections. The commencement of production requires permits and approvals from regulatory agencies and planning authorities as well as substantial capital investment in infrastructure, equipment, and pre-production development costs. NWR is evaluating small scale development opportunities, which may be used to further explore the deposit.

NWR coal control is illustrated on Figure 1.2, following this text.

1.1.3 Coking Plants

OKK operates two wholly-owned coke plants: Sverma and Svoboda. The plants are located in close proximity to the mines. In 2007, Sverma produced approximately 731,000 tonnes of coke, and Svoboda produced approximately 609,000 tonnes of coke.

1.2 BOYD's Review of NWR

NWR's consistent operational performance, combined with strong coal prices, drives the financial performance of NWR. NWR is pursuing an initial public offering (IPO) of its A Ordinary Shares on the Prague Stock Exchange, Warsaw Stock Exchange, and London Stock Exchange.

1.2.1 BOYD's Work Scope

John T. Boyd Company (BOYD) was engaged to provide professional services in this regard and prepare this Mineral Expert's Report (MER) regarding an independent assessment of NWR's reserves, mines, and strategic plans. BOYD's assessment was performed in accordance with a scope of work for NWR and its advisors, which is summarized as follows:

- 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, preparation plants, and coke works to determine the physical condition of Assets.
- Equipment and Capacity Review – Review of the capacities of existing and proposed equipment, requirements for new capacity, and the forecasts for expenditure on such new capacity.
- Health and Safety Review – To the extent it is within BOYD's capabilities, overviews on the NWR safety and HR related policies and procedures, including a general comparison of NWR's performance against relative peers.
- Operating License Review – General comparison of mining licenses to current plans to determine if, in BOYD's view, there are any obvious potential issues (note: this does not constitute a legal review of such licenses).
- Status of Assets – Summary of historic performance, JORC-compliant reserves, employment levels, sales and marketing, and review of mining plans.

- Environmental and Rehabilitation – Appropriate commentary regarding general aspects of environmental liability held by other parties prior to NWR taking responsibility, environmental permitting as well as current and long-term obligations, including: cost of compliance, rehabilitation, closure costs, etc.

In performing the above, BOYD visited the NWR mines, preparation plants, and coking plants in March 2008. A visit to the surface areas at the Debiensko site was conducted in February 2008.

1.3 Overview of BOYD

BOYD is one of the largest independent consulting firms in the world specializing in the mining and minerals industry and serving the mining, financial, utility, power, and related industries. Our consultancy services have been provided since 1943 in over 50 countries. BOYD's full-time staff includes specialists in all principal aspects of the minerals industries, including the analysis of geology, reserves, mine planning and costs, material handling, markets, business planning, transport, and environmental issues. Our full range of professional services includes:

- Due diligence of mining operations
- Fuel and energy supply planning
- Permitting and environmental analysis
- Contract negotiations
- Market and transport analysis
- Economic feasibility studies and valuations
- Assessment of existing operations
- Strategic business planning
- Transport issues
- Asset appraisals
- Minerals industry restructuring
- Privatization studies
- Geologic, reserve and mine plan modeling
- Exploration design and supervision
- Reserve and geotechnical studies
- Technical assistance in legal matters
- Monitoring of operating companies
- Financial analysis

Our headquarters is located in the Pittsburgh, Pennsylvania, region in the US. Branch offices are established in Denver, Colorado (US); Brisbane, Australia; and Beijing, People's Republic of China.

BOYD possesses a variety of computer and software systems to estimate reserves and prepare mine plans. These include Vulcan, MINCOM, SurvCADD, and other commercially-available and proprietary packages.

BOYD has provided professional services regarding the mining and mineral industries to a wide range of domestic and international clientele for 65 years. We are knowledgeable in the preparation of Independent Engineer Reports, Competent Person's Reports, and Mineral Expert's Reports for filing on major exchanges throughout the world. 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
- Croatia
- Czech Republic
- Estonia
- Former East Germany
- Greece
- Kazakhstan
- Macedonia
- Poland
- Romania
- Russia
- Ukraine

BOYD has an unparalleled background 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 UK Coal. 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 Securities and Exchange (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.

1.4 Statement of Interests

BOYD is a privately owned consultancy firm with headquarters in the US. 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 or the outcome of the IPO of A Ordinary Shares in NWR. Payment for our services is not contingent upon our opinions regarding the merits of the project or the success of any potential public offering.

1.5 Report Qualifications

By assignment, this report is limited to an assessment of NWR's Assets. We have not completed any formal environmental reviews, nor have we reviewed the current appraised values of fixed or personal property assets. BOYD consents to the inclusion of the Mineral Expert Report in the Prospectus and to references to our name in the Prospectus.

The findings and conclusions presented herein represent the independent opinions of BOYD based on our review of available source data as provided by NWR, OKD, and its advisors. We have accepted source documentation as provided and have not attempted to verify the accuracy of such data. We have supplemented this information with our general knowledge of regional coal reserves and mining operations. It should be noted that the level of geological and mining engineering analysis provided by NWR appears consistent with prudent engineering practices, and we did not identify any material flaws relative to geological data or mine planning.

BOYD is familiar with NWR's assets, and our assessment of NWR's mining operations includes our independent estimates of reserves, mining plans and strategy. In those instances where detailed data for the NWR mines were not provided, we used our professional judgment to offer opinions regarding current and future operations at NWR. Within these constraints, BOYD's findings were prepared in a manner consistent with reasonable engineering practices and accepted industry standards.

The ability of NWR, 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.

BOYD has also been engaged by NWR to produce a Pre-Feasibility Study on the proposed Debiensko mining project. The Pre-Feasibility Study has not been completed as of the date of this Mineral Expert's Report. This Mineral Expert's Report includes opinions based on BOYD's ongoing work on the Pre-Feasibility Study.

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.

For listing purposes and JORC Coal Reserve/Resource reporting, Mr. John L. Weiss is designated as the Competent Person regarding this document.

Following this page are:

Table 1.2: Description of Assets

Figures:
- 1.1: General Location Map.
- 1.2: Map Showing General Study Area, Upper Silesian Basin

Respectfully submitted,

JOHN T. BOYD COMPANY
By:

Shane D. Perry
Mining Engineer

Robert O. Thomas
Senior Engineer

Christian J. Breckenridge
Senior Engineer

John L. Weiss
Vice President

TABLE 1.2

DESCRIPTION OF ASSETS
Czech Republic & Poland
Prepared For
NEW WORLD RESOURCES, N.V.
By
John T. Boyd Company
Mining and Geological Consultants
April 2008

Asset	Location	Status	Type	Product	License Area (km2)	Original License Date	2007 Production (Mt)
Mining							
CSA Mine	Czech Republic	Production	Underground	Raw Coal	41	1961	3.0
CSM	Czech Republic	Production	Underground	Raw Coal	20	1984	2.7
Darkov Mine	Czech Republic	Production	Underground	Raw Coal	26	1960	4.2
Lazy Mine	Czech Republic	Production	Underground	Raw Coal	6	1961	1.9
Paskov Mine	Czech Republic	Production	Underground	Raw Coal	40	1962	1.1
Debiensko	Poland	Development	Underground	Raw Coal			Pre-feasibility Stage
Frenstat	Czech Republic	Development	Underground	Raw Coal			Maintenance Status
Coal Preparation							
CSA	Czech Republic	Production	Coal Washing Plant	Coking and Thermal Coal		1961	
CSM	Czech Republic	Production	Coal Washing Plant	Coking and Thermal Coal		1984	
Darkov	Czech Republic	Production	Coal Washing Plant	Coking and Thermal Coal		1960	
Lazy	Czech Republic	Production	Coal Washing Plant	Thermal Coal		1961	
Paskov	Czech Republic	Production	Coal Washing Plant	Coking Coal		1962	
Coal Coking							
Svoboda	Czech Republic	Production	Coking Plant	Foundry Coke			0.60 Mtpa
Sverma	Czech Republic	Production	Coking Plant	Blast Furnace Coke			0.72 Mtpa
Other Subsidiaries							
Czech-Karbon s.r.o.	Czech Republic	Operating	Services	Electricity Trading			
OKD, HBZS, a.s.	Czech Republic	Operating	Services	Mine Rescue			
OKD, Rekultivace, a.s.	Czech Republic	Operating	Services	Land Reclamation			
OKD, BASTRO, a.s.	Czech Republic	Operating	Services	Industrial Supplies & Repair			

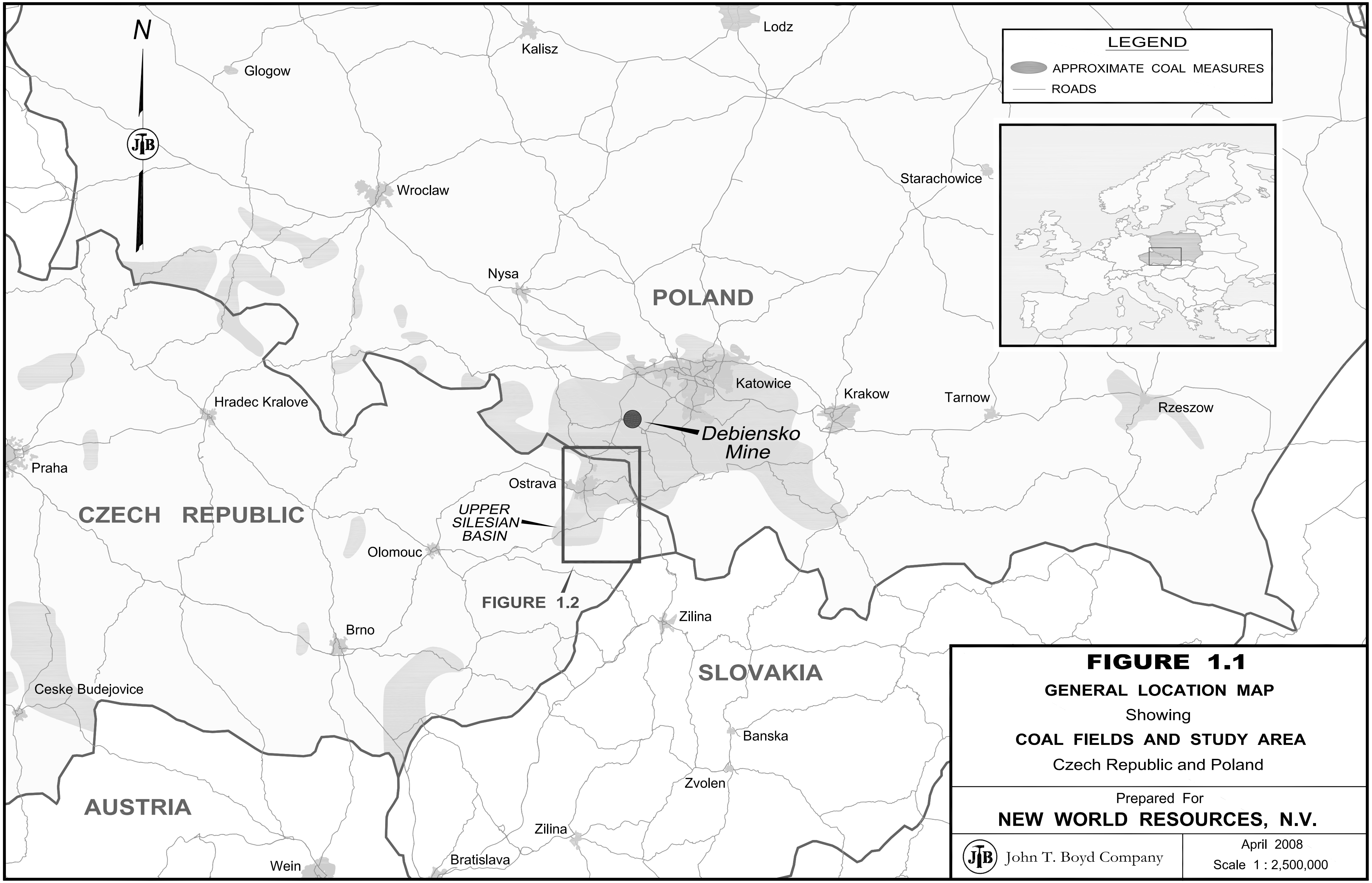


FIGURE 1.1

GENERAL LOCATION MAP

Showing

COAL FIELDS AND STUDY AREA

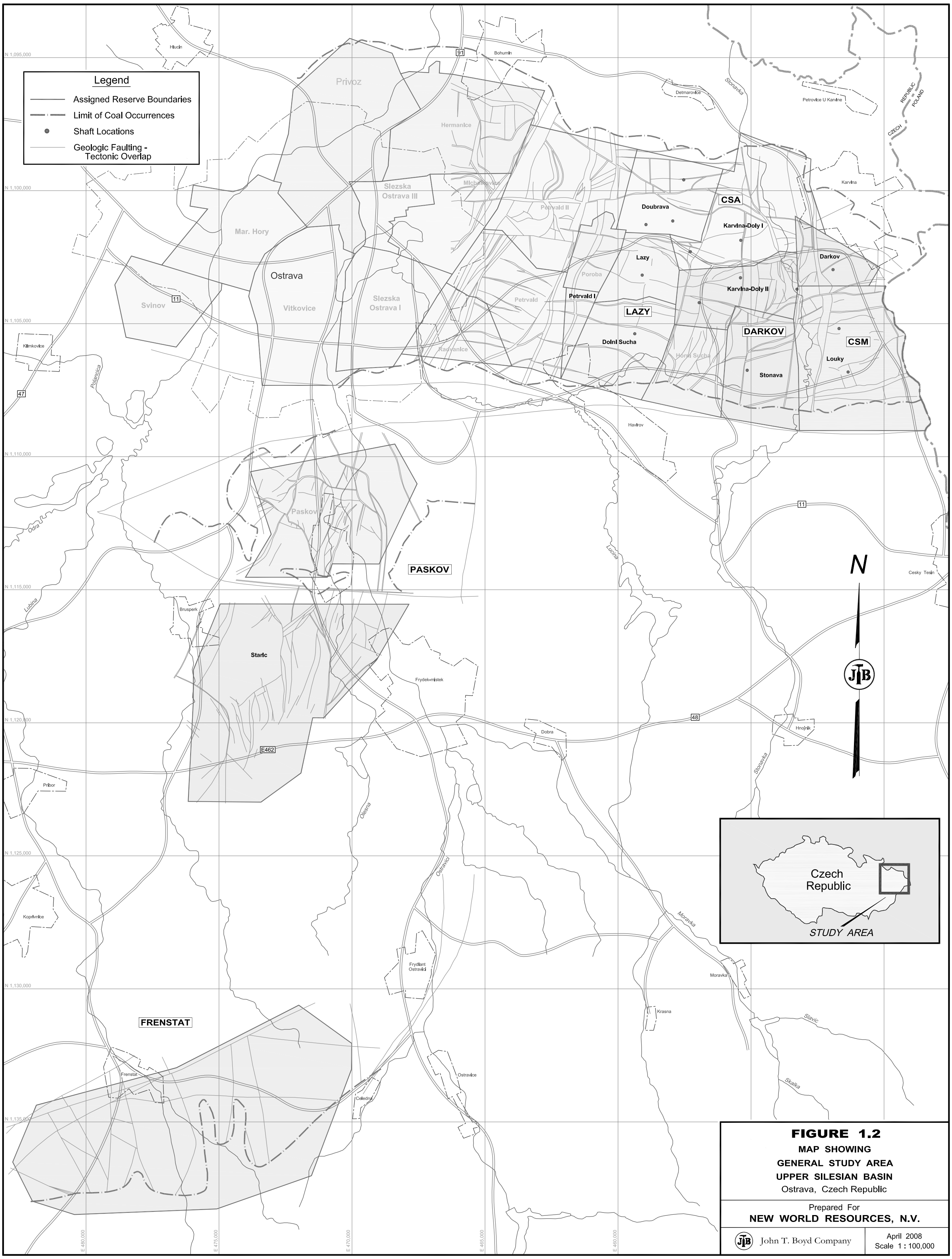
Czech Republic and Poland

Prepared For

NEW WORLD RESOURCES, N.V.

April 2008

Scale 1 : 2,500,000


Legend
Assigned Reserve Boundaries
Limit of Coal Occurrences
Shaft Locations
Geologic Faulting - Tectonic Overlap
Privoz
Hermanice
Slezska Ostrava III
Michalkovice
Petrvald II
Mar. Hory
Ostrava
Svinov
Vitkovice
Slezska Ostrava I
Petrvald
Poroba
Petrvald I
Doubrava
CSA
Karvina-Doly I
Lazy
Karvina-Doly II
Darkov
LAZY
DARKOV
CSM
Dolni Sucha
Horni Sucha
Stonava
Louky
Radvanice
Bohumin
Detmarovice
Petrovice U Karvine
Karvina
Havirov
Paskov
PASKOV
Starlc
Frydek-mistek
Dobra
Hnojnik
Cesky Tesin
Frydlant Ostravici
Moravka
Krasna
Ostravice
Celadna
Frenstat
FRENSTAT
Pribor
Koprivnice
Brusperk
Klimkovice
Hlucin
CZECH REPUBLIC POLAND
N
Czech Republic
STUDY AREA
N 1,095,000
N 1,100,000
N 1,105,000
N 1,110,000
N 1,115,000
N 1,120,000
N 1,125,000
N 1,130,000
N 1,135,000
E 480,000
E 475,000
E 470,000
E 465,000
E 460,000
FIGURE 1.2
MAP SHOWING
GENERAL STUDY AREA
UPPER SILESIAN BASIN
Ostrava, Czech Republic
Prepared For
NEW WORLD RESOURCES, N.V.
John T. Boyd Company
April 2008
Scale 1 : 100,000

2.0 EXECUTIVE SUMMARY

2.1 Principal Findings

Presented herein are BOYD's principal findings and conclusions regarding NWR's coal reserves, mining operations, and future mining plans and projections. The following sections of this report provide amplification and support for the opinions presented in this chapter.

2.2 Synopsis

NWR is the sole producer of hard coal in the Czech Republic, and produces marketable coal products in a safe, efficient, and profitable manner. During 2007, sales from the five wholly-owned underground mining complexes (CSA, CSM, Darkov, Lazy and Paskov) totaled 13.1 Mt, consisting of 7.8 Mt of coking and 5.3 Mt of thermal quality coals. Mines and related facilities are fully developed and mature in age, but maintained in good operating condition and appropriately designed for the complex geologic conditions present within the Upper Silesian Basin. Coal seams are currently mined to depths of 1,000 m below sea level, and future mining areas will extend to 1,400 m below sea level. A variety of seam thicknesses are extracted, ranging from less than 1 m to more than 8 m (in two benches). Traditional markets are secure and NWR should be able to sell future coal production to its traditional customers at premium prices relative to international coal markets, given their transportation advantages relative to other competitors. As of 1 January 2008, NWR's JORC-compliant reserves are 229.1 Mt at active mines, and 189.9 Mt at the proposed Debiensko Mine. NWR is currently implementing the POP 2010 plan, which includes a recapitalization of a considerable portion of coal production equipment currently employed. This new equipment will offer the ability to develop and extract coal from thinner and deeper seams than previously deemed possible, thereby increasing reserves that can be mined at positive economics. OKK, NWR's wholly-owned coke business, also produces approximately 900,000 tonnes of metallurgical coke and 440,000 tonnes of foundry coke annually from two coking plants: Svoboda and Sverma.

2.3 Coal Reserves

The coal holdings at each active mine and at Debiensko (inactive) were reviewed and independently estimated to identify current saleable reserves. These reserve estimates were prepared in accordance with the JORC Code. BOYD's detailed estimates of the reserves are stated as of 1 January 2008.

The following table summarizes NWR's JORC-compliant reserves:

Saleable Reserves by Mine (Tonnes 000) as of 1 January 2008								
	Active Czech Republic Mines							Grand
Category	CSA	CSM	Darkov	Lazy	Paskov	Total - Active	Debiensko	Total
Reserves								
Proved	32,551	37,302	30,801	22,687	13,918	137,259	-	137,259
Probable	36,321	17,912	20,496	3,217	13,889	91,835	189,858	281,693
Total	68,872	55,214	51,297	25,904	27,807	229,094	189,858	418,952
By Coal Type								
Coking	49,895	27,818	47,007	8,238	23,789	156,747	188,846	345,593
Thermal	18,977	27,396	4,290	17,665	4,019	72,347	1,012	73,359
Total	68,872	55,214	51,297	25,904	27,807	229,094	189,858	418,952
By Elevation (bsl m)								
0 - 600	537	125	10,324	17,376	3,217	31,579	-	31,579
601 - 800	24,611	28,078	29,245	2,370	3,416	87,720	14,091	101,812
801 - 1,000	43,725	24,700	9,503	4,713	15,958	98,599	43,040	141,638
1,001 - 1,200	-	2,310	-	597	5,124	8,031	79,977	88,008
1,201 - 1,400	-	-	2,226	847	92	3,165	52,750	55,915
Total	68,872	55,214	51,297	25,904	27,807	229,094	189,858	418,952
By Thickness Range (m)								
0.75 - 0.99	878	718	654	2,841	7,553	12,644	4,623	17,266
1.00 - 1.49	6,058	2,583	3,821	3,753	18,246	34,461	77,912	112,374
1.50 - 2.49	20,042	16,130	13,774	1,644	2,008	53,599	69,303	122,902
+ 2.50	41,894	35,783	33,049	17,665	-	128,391	38,019	166,410
Total	68,872	55,214	51,297	25,904	27,807	229,094	189,858	418,952

Table 2.1

The preceding coal tonnage estimates are developed to reflect current mining practices and mining recoveries. Area geologic allowances were applied in some cases, where warranted, in BOYD's opinion.

Historical mining experience provides a strong, supportable foundation for defining boundaries of mining blocks and then assigning reserve recoveries to these blocks at NWR's active mines and at Debiensko. The long history of mining at these mines enables assignment of recovery rates within specific blocks or locations. The associated mine plans and mining recoveries are closely related to the nature of local faults and geological disturbances that have been identified at each of these established mines.

This history does not exist at Frenstat. The combination of drilling information and the sinking of the shafts establishes the thicknesses and areas of the seams at Frenstat, enabling the determination of in-situ coal resources. Available data also provide a general indication of the geological setting at Frenstat. However, the existing exploration data are not sufficient to define the location, orientation, displacement and dip of faults. Knowledge about the structure of the seams, the density of faulting, and the conditions within the potential mining areas are needed to define a predictable mining plan and assign associated reserve recoveries. Therefore, Frenstat is categorized as a resource rather than as Proven or Probable reserves. BOYD has not evaluated Morcinek's coal resources.

2.4 Shipments and Coal Quality

The primary coal products marketed by NWR include:

Boiler Thermal Coal – Washed coal destined for use in power generation plants, cement mills, and/or blast furnaces as a Pulverized Coal Injection product.

Graded Washed Boiler Coal – Cleaned, sized coal in the following fractions: 10 x 30 mm, 30 x 50 mm, 30 x 80 mm, and 50 x 200 mm. This product is used in municipal heating and power plants and by industrial customers. Sized coal products are frequently referred to as stoker coal.

Pulverized Thermal Coal – This product is the undersized portion (the 0 x 20 mm or 0 x 30 mm size fractions) that is screened and separated from the mined raw material prior to washing. The product is sold to power generation and heating plants.

Coal Middlings – A low grade by-product of the coal preparation process, typically higher in ash content. This product is directed into the thermal generating market.

Metallurgical Coking Coal – Washed coal with coking properties that is used in the production of blast furnace and foundry coke. Representative qualities of the coking coal from the various NWR mines are:

NWR Representative Coking Coal Qualities

Mine	Ash* Avg. %	S* max. %	SI - min.	V** Avg. %	Dil. min.
Darkov	6.6	0.4	7.0	27.1	60
CSA	8.5	0.5	3.0	28.5	5
Paskov	8.0	0.8	8.1	18.7	40
Lazy	8.0	0.8	7.0	28.0	130
CSM	7.8	0.6	7.1	26.3	90

* Dry Basis
** Dry, Ash-Free Basis

SI = Swelling Index
Dil. = Dilatation

Table 2.2

The quality of thermal coals varies widely depending on the customer. The coal preparation plants are capable of washing and blending coals from different mines and seams so as to meet customer specifications. The moisture content for thermal coals is generally in the range of 6% to 12%. The ash content may be as low as 6%, and can be higher when blended with fine coal and middling products which have higher ash and moisture. BOYD's review of the reserve database indicates that future thermal and coking coal reserves are comparable to historic qualities.

2.5 Development Opportunities

Debiensko, Morcinek, and Frenstat represent new mine development opportunities. Debiensko's reserves consist of relatively thick seams that are of a simpler geological nature than NWR's existing mines. It offers potential for high volume, low cost production of coking coal. Morcinek can be partially extracted from CSM Mine and remaining coal is being considered as a new, large-scale mine opportunity. Frenstat has existing shafts that access its substantial coal resources; a new mine could be developed faster at Frenstat than at any other new coal project in the Czech Republic. NWR is evaluating these expansion opportunities and is preparing plans to optimize financial outcomes.

2.6 General Conclusions

2.6.1 Equipment Capacities

NWR's mines utilize longwall equipment and techniques to extract coal from retreat faces in multiple seams. The mines have a broad variety of equipment, which differs in age, design, and application.

NWR has prepared mining plans and financial projections through 2028, although some mines may have additional reserve life. The plans for the five active mines' plans reflect operational performance and production levels that are consistent with historical results, the capacities of the current suite of equipment, proposed equipment purchases, and each mine's infrastructure and processing facilities.

Most of the existing equipment at the NWR mines have been in operation for 15 years or more. Major equipment items, such as the longwall faces, are functional, but are regarded as ageing in comparison with state-of-the-art equipment. Equipment is capable of maintaining historical performance, but there is minimal opportunity to enhance productivity from such equipment. Further, existing equipment will eventually become unsuitable, as NWR's previous plans were not based on the pursuit of seams that are thinner than 1 m, or deeper than 1,000 m below sea level.

2.6.2 POP 2010 Plan

Given the strength of the coal market and the opportunity to extend the lives of existing mines, NWR has begun a major recapitalization program to upgrade its underground longwall and development equipment: this Productivity Optimization Program is termed "POP 2010". The purpose of this program is 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 is the acquisition of state-of-the-art, fully mechanized longwall faces and development equipment (roadheaders) sourced from established and recognized mining equipment manufacturers. These units, described in Chapter 4 herein, will be installed at each of the five mines. The new equipment will include modern, high strength supports and cutting equipment (shearers and ploughs), which should have a positive impact on productivity. Daily production from each mine is not expected to increase, but the daily productivity per face will increase (more tonnage will be achieved from fewer faces). Equipment is designed to efficiently extract coal from areas previous regarded as technically unmineable. Equipment vendors will 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 is slightly more than €300 million, which is being financed under a leasing program. The POP 2010 program is a key component in NWR's business strategy; we believe the approach to re-capitalizing the mines, and the manner in which the project is being managed, as forward thinking and beneficial to long-term financial performance.

The POP 2010 plan being implemented by NWR is designed to upgrade key production and development equipment; productive capacity at the individual mines will be achieved with fewer operating faces at higher levels of efficiency. The POP 2010 program is therefore critical to expanding NWR's mineable reserves. Production equipment will replace ageing, labor-intensive equipment currently in use.

2.6.3 Labor

NWR has a long history of successfully managing its labor force. The fact that NWR has maintained production volumes and implemented contractors as employment has declined supports BOYD's view that the relationships between NWR and its work force are not contentious. The age profile of NWR's mining work force is illustrated below:

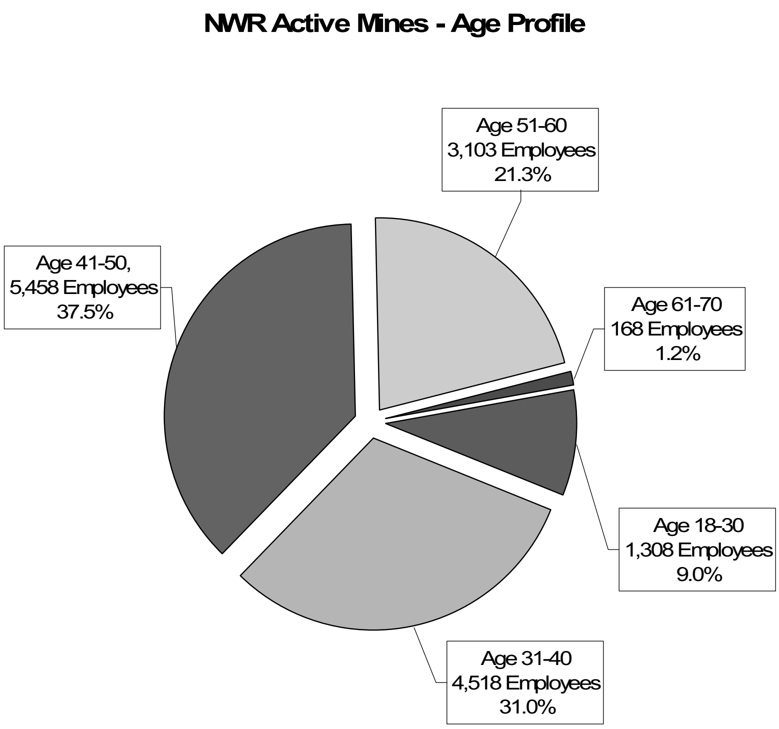


Figure 2.1

Regional economic conditions and Czech mining regulations impact the availability of labor. NWR expects to see a reduction in skilled labor in the next several years due to limitations regarding cumulative dust exposure (over each employee's working career) combined with competition for labor from other industry in the Ostrava region. NWR is addressing this in its business plans, as the POP 2010 program is expected to mitigate issues associated with declining labor availability while offering greater opportunity to achieve production targets. The new longwalls and road headers will require less maintenance than the old existing units, and can be operated with fewer people.

In addition to NWR's own employees, each mine is supplemented by contract labor. The utilization of contractors varies. Overall, approximately 3,400 contractors are employed, representing about 19% of the NWR workforce. There is an economic incentive to utilize contract miners; Polish and Ukrainian contractors generally receive lower daily wages, and have comparable (or superior) productivity. Additionally, 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. Polish and Ukrainian contractors are expected to be available as more mines in their native countries close.

2.6.4 Management

The long history of the mines as a protected industry within the Communist system did not encourage innovation and entrepreneurial management. BOYD's observations as recently as three years ago were that the NWR mines were managed in a manner consistent with cultural and traditional styles from the previous era. Technical and engineering skills among mine staff were excellent, and mining personnel were well-versed in established Czech mining methods and philosophies. However, the management teams had minimal exposure to world-class mining operations, which generally restricted the development of managerial and commercial skills needed in today's competitive business environment.

NWR's management team has undergone a considerable transformation in recent years. The current management team at NWR has a diverse international mining and business background with exposure to commercial practices. The pursuit of new mine development opportunities, the POP 2010 plan, and progressive managerial culture demonstrate NWR's emergence as a sophisticated international mining company. As with any business, it should not be expected that every new strategy will achieve 100% success, but the forward thinking approach offers opportunities that did not previously exist.

2.6.5 Coking Plants

NWR's coke division operates two coking plants near Ostrava. The Sverma Plant produces metallurgical coke, while the Svoboda Plant produces foundry coke. In 2007, 900,000 tonnes of metallurgical coke and 440,000 tonnes of foundry coke were produced by OKK. Coking coal is furnished by NWR mines and also purchased from outside suppliers. In 2007, about 1,100,000 tonnes of NWR coal were consumed and 600,000 tonnes of purchased coal were used. The majority of purchased coals are imported from Poland. Both plants have historically produced and sold byproducts including washed coke gas, benzene, ammonium sulfate, and liquid sulfur. The coke plants have an established track record. The plants appear to be well maintained and functioning properly with the exception of some oven wall damage at the Svoboda plant. The NWR Board has approved the construction of Battery No. 10 at Svoboda. The new battery will have the capacity to produce about 200,000 tonnes of foundry coke annually, which will sustain annual output. All permits relative to this coking plant construction have reportedly been obtained, and construction is scheduled to begin this year.

2.6.6 Historical Performance

NWR's mines have maintained consistent performance levels in recent years; the table below shows production at each mine for 2006 and 2007:

	Total Production (000 tonnes)	
	2007	2006
Darkov Mine	4,162	4,133
CSA Mine	3,025	3,135
Lazy Mine	1,870	1,976
Paskov Mine	1,110	1,020
CSM	2,730	2,625
Total	12,897	12,889

Table 2.3

NWR's coking plants have achieved consistent output in 2006 and 2007:

	Coke Production (000 tonnes)	
	2007	2006
Svoboda	609	608
Sverma	731	725
Total	1,340	1,333

Table 2.4

The table below shows historic end-of-year manpower levels at the mines including contractors:

	Total Employment (mines) 2007	2006
Darkov Mine	4,761	4,895
CSA Mine	3,574	3,736
Lazy Mine	2,514	2,391
Paskov Mine	3,433	3,535
CSM	3,992	4,086
Total	18,274	18,643

Table 2.5

The following table shows year-end employment at the coking plants:

	Total Employment (coking plants) 2007	2006
OKK		
Blue Collar Non Mining	1,072	1,108
White Collar	139	140
Total	1,211	1,248

Table 2.6

The table below shows historic average costs at the mines:

OKD Mining Costs

Cost Category	2007 (€/Tonne)	2007 %	2006 (€/Tonne)	2006 %
Selling expenses - transport costs	7.10	11.3	6.37	10.9
Material	10.09	16.1	9.72	16.6
Energy	4.11	6.6	3.78	6.5
Maintenance	1.56	2.5	1.42	2.4
Other services (without holding fees)	3.86	6.2	3.27	5.6
Holding fees	2.27	3.6	2.08	3.6
Personnel	21.39	34.2	20.10	34.3
Contractors	5.56	8.9	4.98	8.5
Taxes and fees	0.38	0.6	0.33	0.6
Other operating costs	(0.24)	(0.4)	0.40	0.7
Change in provisions and adjustments	(0.27)	(0.4)	(0.68)	(1.2)
Total Depreciation	6.80	10.9	6.75	11.5
Total	62.61	100.0	58.52	100.0

Note: Numbers may not add due to rounding.

Table 2.7

The table below shows historic costs at the coking plants:

OKK Coking Plant Costs

Cost Category	2007 Cost (€/Tonne)	2007 Percent Cost	2006 Cost (€/Tonne)	2006 Percent Cost
Material	140.04	75.3	118.33	77.8
Energy	9.62	5.2	8.74	5.7
Matinenance	6.30	3.4	4.61	3.0
Other Services	3.81	2.0	4.34	2.9
Personnel	14.16	7.6	14.21	9.4
Taxes and Fees	0.11	0.1	0.11	0.1
Other Operating Costs	2.35	1.3	(7.31)	(4.8)
Depreciation	9.51	5.1	9.00	5.9
Total	185.90	100.0	152.03	100.0

Table 2.8

BOYD offers the following general comments regarding the cost structure of the NWR mines:

- The mining operations have significant fixed cost structure with components such as personnel and energy representing major fixed cost components. Unit costs (€ per tonne) are therefore dependent upon the production volumes achieved.
- Key variable cost components include development and production activities. Material and supply consumption and maintenance activities are significant items.
- Mining costs are increasing throughout the world. This is due to a variety of factors, including real increases in wage rates, basic commodity prices, and continued pursuit of less attractive reserves. The mines in the Czech Republic are experiencing these same cost pressures.
- While costs expressed herein are presented in Euros (€), most of the costs incurred by NWR are in Czech currency (CZK). Changes in currency exchange rates can influence the financial performance of NWR.
- Mining operations at NWR are moving into deeper and thinner coal seams that will put upward pressure on mining costs due to inherently more difficult geologic conditions. Continued use of existing equipment would result in declining productivity and reduced annual volumes. The POP 2010 program, which focuses on equipment upgrades to extract such reserves, will offset some degree of these cost pressures.
- The POP 2010 program offers potential to sustain volumes with fewer employees, which offsets rising real wages. This is significant in that personnel and contractor costs represent the largest component of total costs.
- NWR's financial performance is dependent on prices and operating costs. It is BOYD's view that NWR is well positioned relative to competitors in terms of controlling cost increases at its ongoing operations.

2.6.7 Sales and Marketing

Coal and coke products are sold by NWR's established and experienced sales and marketing division. These personnel are knowledgeable regarding NWR's coking coal, thermal coal, and coke 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.

2.6.8 Health and Safety

NWR's mines and coking plants are managed and operated with a focus on safety. BOYD regards the safety programs, monitoring systems, and practices as consistent with modern and sophisticated industry norms. The mines are deep and gassy and are susceptible to geologic hazards, such as rock bursts and gas outbursts. NWR's technical personnel are experienced regarding these conditions, and mines are designed to minimize the likelihood of such events. NWR maintains detailed safety statistics for their mines. The most useful metrics for comparison are rates at which injuries occur, rather than the total number of incidents. Injury rates at coal mines are generally reported on a normalized number of hours in numerous coal-producing countries, so that the rates at different mines can be broadly compared. The Czech and Australian industries report rates for every 1,000,000 employee hours, while the US uses a 200,000-hour basis. The US statistics shown below are the rates for bituminous underground mines normalized to 1,000,000 employee-hours.

It should be noted that there are differences in reporting procedures and injury categorization between various countries. For example, a “lost time injury” means different things in different countries. BOYD has not attempted to quantify reporting procedures and differences across countries. The following is offered as a representation of injury rates at NWR, the US, and Australia.

	Safety Comparison		
	Lost-time injury frequency rate	Total Injury frequency rate	Fatal Injury Rate
Darkov	18.4	61.3	0.12
CSA	13.9	15.6	0.32
Lazy	18.6	25.9	-
Paskov	11.9	17.6	-
CSM	15.9	66.8	0.14
United States	26.1	37.5	0.40
Queensland	12.0	Not Reported	Not Reported
New South Wales	22.0	Not Reported	Not Reported

Table 2.9

The numbers shown above are for the most recent year that statistics were available. The NWR mines appear broadly comparable to the averages for the US industry. The NWR mines rank somewhere between New South Wales and Queensland, and above the US, in safety when measured by lost-time injury rates. There is some variation in the rates of total injuries at the NWR mines. The chart below shows a visual comparison of the lost-time injury rate for the NWR mines and selected international benchmarks.

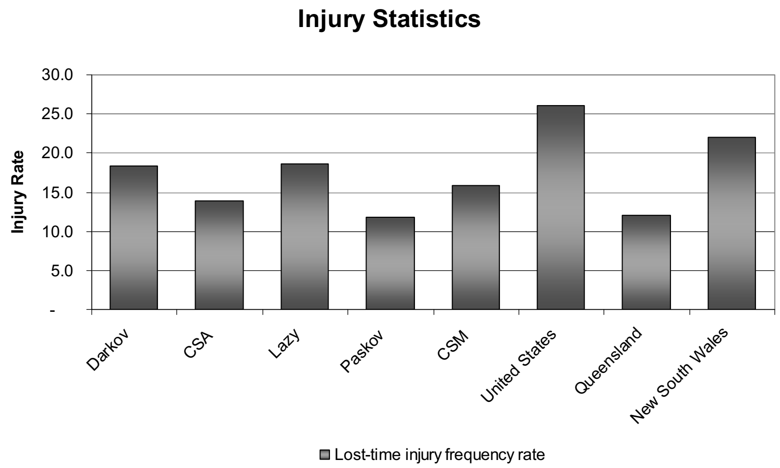


Figure 2.2

2.6.9 Environmental and Rehabilitation

The mines operate within a defined geographical area. Rather than extending outward, mines pursue deeper seams within the defined boundaries on an ongoing basis. Multiple seams are being extracted at varying depths and at present can exceed 1,200 m below sea level. Subsidence occurs on the overlying surfaces as the longwall 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. New mining complexes 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 is able to sell a portion of its coarse refuse 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.

NWR provided the following information regarding the status of its numerous environmental permits and licenses for its facilities:

ENVIRONMENTAL PERMITS

Type	SI or Permit No.	Renewal	Decription
CSA			
Air Emission	86/2002, 353/2002, 356/2002	No expiry date	Clean Air Protection, Emission limit values, keeping of opearating records on air pollution sources
Water Management	185/2001, 254/2001	31-12-2008	Permits for discharge of wastewater into surface water and into sewerage systems, and on sensitive areas
Waste Management	61/2003, 188/2004, 381/2001	30-6-2001*	Waste disposal-Valid until 2011
Hazardous Substances	356/2003	26-6-2006*	Chemical Substances and Chemical Preparations
Intergrated Pollution	76/2002	No expiry date	Integrated pollution prevention and control register
CSM			
Air Emission	86/2002, 353/2002, 356/2002	No expiry date	Clean Air Protection, Emission limit values, keeping of opearating records on air pollution sources
Water Management	185/2001, 254/2001	31-12-2008	Permits for discharge of wastewater into surface water and into sewerage systems, and on sensitive areas
Waste Management	61/2003, 188/2004, 381/2001	30-6-2001*	Waste disposal-Valid until 2011
Hazardous Substances	356/2003	26-6-2006*	Chemical Substances and Chemical Preparations
Intergrated Pollution	76/2002, 53590/2007	No expiry date	Integrated pollution prevention and control register
Darkov			
Air Emission	86/2002, 353/2002, 356/2002	No expiry date	Clean Air Protection, Emission limit values, keeping of opearating records on air pollution sources
Water Management	185/2001, 254/2001	31-12-2008	Permits for discharge of wastewater into surface water and into sewerage systems, and on sensitive areas
Waste Management	61/2003, 188/2004, 381/2001	30-6-2001*	Waste disposal-Valid until 2011
Hazardous Substances	356/2003	26-6-2006*	Chemical Substances and Chemical Preparations
Intergrated Pollution	76/2002	No expiry date	Integrated pollution prevention and control register
Lazy			
Air Emission	86/2002, 353/2002, 356/2002	No expiry date	Clean Air Protection, Emission limit values, keeping of opearating records on air pollution sources
Water Management	185/2001, 254/2001	31-12-2010	Permits for discharge of wastewater into surface water and into sewerage systems, and on sensitive areas
Waste Management	61/2003, 188/2004, 381/2001	30-6-2001*	Waste disposal-Valid until 2011
Hazardous Substances	356/2003	26-6-2006*	Chemical Substances and Chemical Preparations
Intergrated Pollution	76/2002	No expiry date	Integrated pollution prevention and control register
Paskov			
Air Emission	86/2002, 353/2002, 356/2002	No expiry date	Clean Air Protection, Emission limit values, keeping of opearating records on air pollution sources
Water Management	185/2001, 254/2001	31-12-2008	Permits for discharge of wastewater into surface water and into sewerage systems, and on sensitive areas
Waste Management	61/2003, 188/2004, 381/2001	30-6-2001*	Waste disposal-Valid until 2011
Hazardous Substances	356/2003	26-6-2006*	Chemical Substances and Chemical Preparations
Intergrated Pollution	76/2002	No expiry date	Integrated pollution prevention and control register. Also issued for 50 MW heating plant on condition that plant is completely rehabilitated before 31 December 2008

Table 2.10

2.7 Key Risks and Opportunities

The following items represent BOYD's opinions of the principal risks and opportunities at NWR's assets.

- NWR operates five mining complexes, each of which are essential to achieving operational and financial targets. A catastrophic failure of any individual mine, such as a major explosion or fire, would have a material impact on sales, revenue, and costs. Recognizing this, NWR diligently manages and operates their mines in accordance with mining regulations and prudent industry practices. Their inspection procedures and safety initiatives are designed to identify potential hazards and avoid major operational failures. The extended history and consistent performance of the mines demonstrates NWR's commitment to maintaining the integrity of their operations.

- The geological setting of NWR's reserves is broadly comparable to mining operations in the region (Poland, Ukraine, etc.), as coal reserves are deep, faulted, may be steeply dipping, and gassy. From the perspective of an international mining company from the US, Australia, or South Africa, these coal reserves would be unmineable. The NWR longwall panel sizes are highly variable and are considered small by European standards (Germany, United Kingdom) and very small compared to world standards (US, Australia, China, South Africa). BOYD does not regard the geological setting of the NWR mines as a material financial risk. NWR's 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. Existing mines have established infrastructure and demonstrated track records of consistent output. It is inevitable that the mines will encounter adverse geological conditions. Although individual production units may encounter problems, shortfalls are generally avoided by maintaining sufficient development ahead of longwall operations.

- The greatest risk to unit operating costs stems from unanticipated decreases in production. Increasing unit costs could also occur due to upward pressure in commodity prices, wages, and regulation. The mines are not implementing radical changes in mine design or operating procedures that could trigger rapid or unanticipated increases in annual operating expenses. The combination of increasing unit costs and declining prices would compress margins.

- NWR receives premium prices compared to most mining companies who market coking and thermal coals in the international marketplace. These prices support NWR's high fixed cost structure and their sustaining capital investments, including the POP 2010 program. A substantial reduction in market prices would have a material effect on NWR's financial performance. Such an event would occur if there were surplus alternative coals from other suppliers, or a reduction in demand from NWR's customer base. It is BOYD's opinion that NWR's core competitors are unlikely to generate surplus production capacity. There are high barriers to entry for new competitors, as new mine development requires significant capital investment and extended lead times. Additionally, continued growth of economies in Eastern Europe supports BOYD's view that demand for NWR's products is likely to rise, rather than contract.

- The POP 2010 plan represents a significant financial obligation on the part of NWR in comparison to historical spending and equipment replacement. NWR has assembled a team to coordinate the acquisition, design, delivery, and installation of this new equipment on a phased basis. While the program appears to be prudently managed and engineers, it is possible that equipment will not achieve design capacities or performance targets in future mining areas. Should shortfalls occur, NWR's existing equipment would still be available for use to supplement output at the individual mines, although there may be corresponding changes in cost structure.

- Debiensko, Morcinek, and Frenstat represent new opportunities. Debiensko's reserves consist of relatively thick seams that are of a simpler geological nature than NWR's existing mines. It offers potential for high volume, low cost production of coking coal. Morcinek can be partially extracted from CSM Mine and remaining coal is being considered as a new mine opportunity. Frenstat has existing shafts and could be developed more quickly than any other new coal project in the Czech Republic. NWR is evaluating these expansion opportunities and is preparing plans to optimize financial outcomes.

- NWR has made enormous strides by developing a commercially focused management team. BOYD believes that there is ongoing opportunity to enhance future performance through the continued adaptation and implementation of innovative managerial and supervisory techniques. This approach includes increased emphasis on direct underground supervision that enables rapid decision making and more direct communication on development and production units. NWR has increased mine management's exposure to "profit and loss" aspects over the past three years; BOYD believes mine management will continue to respond in a positive manner to this commercial focus. We believe there is upside potential in terms of operating costs and margins as mine management and the technical personnel advance on this learning curve to evaluate alternative procedures and identify innovative techniques to enhance future performance.

3.0 GEOLOGY AND RESERVES

3.1 Introduction

This chapter presents BOYD's JORC-compliant reserve estimate for NWR's five active mines and for the proposed Debiensko project.

3.2 General Assessment

The Upper Silesian Basin represents one of the largest hard coal basins in Europe. Coal deposition is from the Upper Carboniferous period. The basin underlies more than 7,000 km^2, extending through the Czech Republic and into Poland. Approximately 1,500 km^2 of the basin (over 20%) is within the Czech Republic, where it is designated as the Ostrava-Karvina coalfield.

The Ostrava-Karvina coalfield contains two primary series of coal seams. The upper seams are stratigraphically situated in the Karvina formation, and the lower seams in the Ostrava formation. Over 400 coal seams have been identified of which 140 may be considered mineable. More than 60% of these coal seams are situated in the Ostrava formation. The adjacent geologic column is a general representation of the coal-bearing strata in Ostrava-Karvina coalfield.

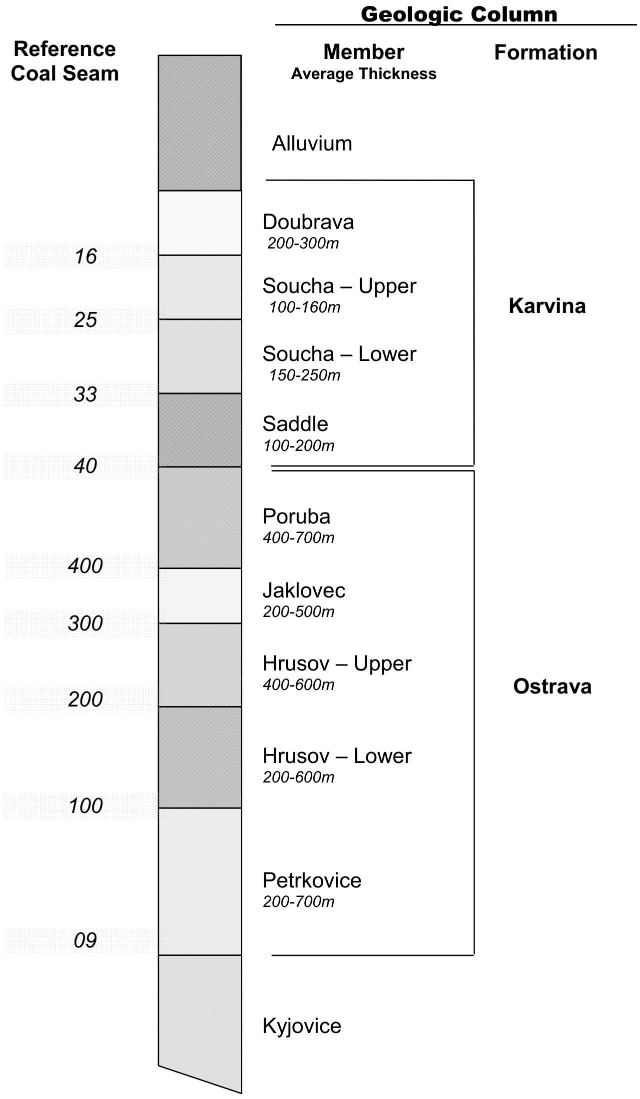


Figure 3.1

The lithology within these formations includes conglomerates and sandstones. The alluvium is sedimentation deposited during a former lake and river formation event.

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 a north-south and east-west direction thus creating a mosaic of fault blocks.

The following diagrams represent typical cross-sections through the active Ostrava region and Frenstat area, respectively. The color scheme represents the members as depicted in the previous geologic column. The faulting is fairly well-documented in the Ostrava Region based on mining experience and exploration from within active workings. The geology illustrated at Frenstat is regarded as simplified or understated in cross-section due to the limited extent of exploration (surface drilling only). As the Frenstat reserve is developed, it is expected that more faults and other geologic anomalies will be encountered and the geologic complexity of the area better understood.

Typical Cross-Section – Active Ostrava Region

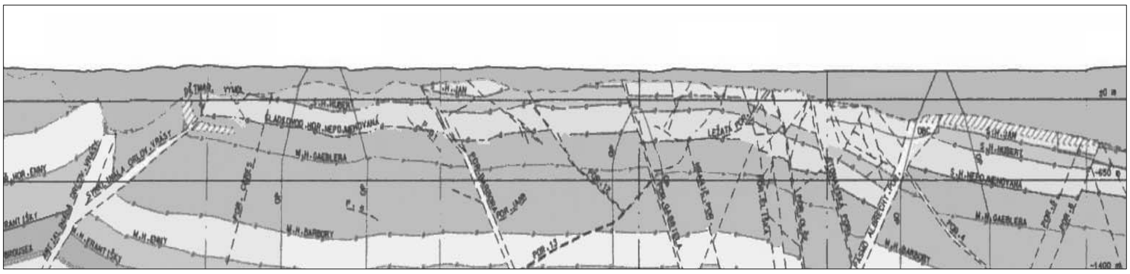


Figure 3.2

Typical Cross-Section – Frenstat Area

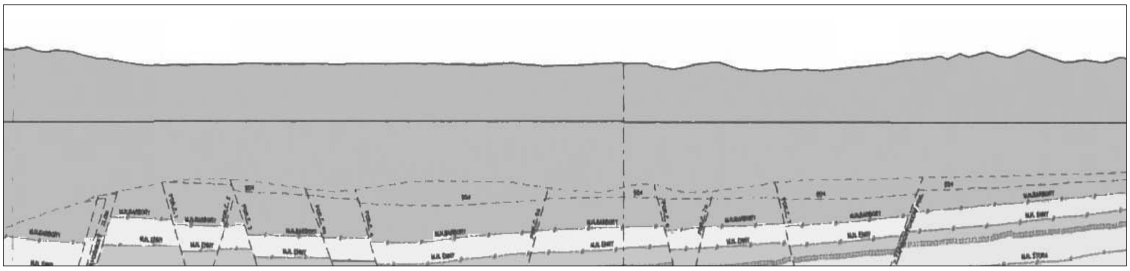


Figure 3.3

The general sequence of coal mining begins in the upper seams and progresses deeper as seams are depleted. Mining conditions are challenging as numerous faults are present throughout the reserve areas, some having displacements up to 400 m. Many of the active coal faces operate in undulating and pitching seams with dips to 30 degrees. All the mines are considered gassy and methane drainage systems are installed and routinely advanced at all of the mines. Most mines are subject to bumps in which rapid and potentially dangerous releases of stress contained in the strata are experienced.

The geological structure at Debiensko is considerably less complex in comparison to the NWR mines in the Czech Republic. Extensive mining in the upper seams at Debiensko have defined the location, direction, and magnitude of faults. Coal reserves in the lower seams at Debiensko are situated in relatively large blocks that are largely fault-free. This offers the potential to develop and extract longwall panels that are three to five times longer than achieved at active mines, thus enabling higher productivity and lower operating costs.

Coal reserves for active and future NWR mines are based on exploration data that are collected from various sources. Frenstat was explored primarily from surface drilling and the physical shafts that have been sunk. The majority of surface exploration at NWR was performed before World War II, and surface exploration activities ceased in the early 1990s. Current practice for exploring future reserve areas is based on underground drilling, which includes downward penetration from active mines 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. The maximum depth for downward drilling is approximately 100 meters, and areas that are more than 100 meters below current workings contain limited information. To a certain extent, horizontal drilling is used within mine workings to evaluate faulting. It is BOYD's opinion that NWR can utilize increased levels of horizontal drilling to better define seam conditions and faulting. Such methods are used elsewhere in the world and offer potential to improve exploration and reduce mining costs.

NWR has performed detailed mapping and analysis of the coal resources at its five active and two inactive sites, Debiensko and Frenstat. Each potentially mineable coal seam is mapped in detail using available data from surface boreholes, seam-to-seam boreholes, horizontal drilling, maps of adjacent and overlying mine workings, etc. BOYD met with NWR's technical personnel and the management teams from the five active mines to audit exploration data, discuss long-term mining plans, review individual seam maps, and evaluate NWR's reserve estimation process.

3.3 Reserve Estimation Methodology

The coal holdings at each active mine and at Debiensko (inactive) were reviewed and independently estimated. BOYD's independent estimates of NWR's coal reserves are compliant with the JORC Code. The independent reserve quantifications were derived by applying methodologies that are consistent with international estimating standards, and applying practical mining theory to the reserve assessment.

The 2004 edition of the JORC Code establishes the framework for classifying tonnage and grade estimates to reflect different levels of geologic confidence, as well as degrees of technical and economic evaluation. Guidance is given relative to methodology by which Mineral Resources can be estimated mainly by a geologist on the basis of geo-scientific information with some input from other disciplines. Coal Reserves, which are a modified sub-set of the Indicated and Measured Coal Resources, require consideration of the Modifying Factors affecting extraction, and should in most instances be estimated with input from a range of disciplines.

The JORC Code further states that Measured Coal Resources may convert to either Proved Coal Reserves or Probable Coal Reserves. The Competent Person may convert Measured Coal Resources to Probable Coal Reserves because of uncertainties associated with some or all of the Modifying Factors which are taken into account in the conversion from Mineral Resources to Coal Reserves. This relationship is shown by the broken arrow in following figure. Although the trend of the broken arrow includes a vertical component, it does not, in this instance, imply a reduction in the level of geological knowledge and confidence.

General Relationship Between Exploration Results

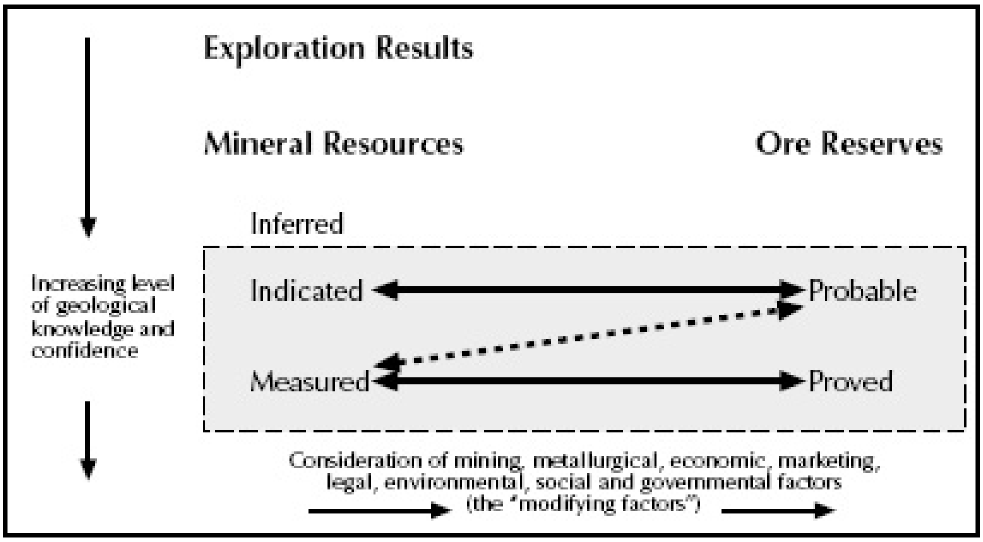


Figure 3.4

The reserve estimation criteria and Modifying Factors include the following parameters and assumptions:

- The Coal Reserves and Coal Resources at NWR's active mines are defined in detail on individual coal seam maps. Reserve blocks are defined to incorporate areas of comparable mineability, coal quality, and geological parameters. NWR uses a broad range of operational factors, coal quality, and technical data to establish the boundaries (limits) of each unique block. The boundaries of each block may be comprised of physical obstacles, such as faults, erosion, seam thickness variations, gradients, and other factors. NWR provided BOYD with a suite of maps that illustrate these blocks on a mine-by-mine and seam-by-seam basis.
- NWR provided BOYD with a comprehensive Excel database that contains basic data regarding each of the 23,110 individual "blocks" of coal reserves/resources

that are designated by mine, seam and mining area. During our meetings with NWR'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 reserve blocks. There are certain areas where professional judgment was applied by NWR, 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 reserve blocks appeared to be engineered and defined with precision and accuracy. We concluded that the combination of the NWR Excel model and corresponding seam maps provided an appropriate foundation to prepare reserve estimates.

- BOYD's independent assessment of NWR's Coal Reserves was performed on a block-by-block basis. We compared NWR's 20-year mining plan, reserve maps, and geological model of each seam simultaneously to assess the reasonability of the proposed plans and projections. BOYD added columns to the NWR Excel database to apply independent reserve recovery factors and other mining factors to arrive at independent Coal Reserve estimates for each block.

- 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 NWR. 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 NWR Coal Reserve recovery estimates. The coal recoveries in various blocks were spot checked by digitizing the projected mining area relative to the total area of the reserve block.

- In those instances where NWR's mining plans or Coal Reserve recoveries differed from historical mining activities in overlying seams or adjacent reserve blocks, BOYD applied alternative mining layouts and/or recovery factors that corresponded with a more realistic outcome. For example, there were some instances where historical mining activity in the overlying seams showed marginal coal recovery from small panels due to faulting, but the projections for the underlying seam showed higher levels of reserve recovery. In such instances, BOYD applied lower reserve recovery factors to reflect the likelihood that difficult mineability would reduce overall recovery from the block. Alternatively, if nearby blocks and overlying workings demonstrated relatively high levels of reserve recovery compared to the mining plan, BOYD made appropriate upwards adjustments to the reserve recovery factor.

- Where Coal Reserve blocks were large and provided potential for multiple LW panels, BOYD digitized potential layouts of such panels and calculated the theoretical recovery within the block. In other cases, BOYD applied professional judgment and assigned a coal recovery that we considered appropriate for the specific conditions in that block.

- BOYD categorized Coal Reserves by thickness intervals. Thick coals (including areas mined with multiple benches) were categorized as +2.5 meters. Moderate areas were identified as being in the 1.5 meter to 2.49 meter range.

- Thin areas were divided into three mineable ranges: 1.0 to 1.49 meters, 0.90 to 0.99 meters, and 0.75 to 0.89 meters. Most areas below 1.0 meter had been excluded from NWR's previous mining plans. The POP 2010 plan includes the purchase and implementation of new, thin-seam longwall equipment, which will provide NWR with the opportunity to extract these blocks at productivity levels that are superior to performances achieved using extraction faces equipped with traditional hand props.
- BOYD generally eliminated reserve blocks where the gradient was steep or the seam was thinner than 0.75 meters. There are occasional areas where it was logical to include portions of such blocks so as to define a potential longwall mining area of suitable size.
- The use of new, high-strength shields will enable NWR's mines to extract coal at greater depths than current workings. We evaluated Coal Reserves to a depth of 1,400 meters below sea level. In certain areas, deeper portions of the mines are not sufficiently drilled or mapped. We would expect Coal Reserve estimates to be adjusted periodically as further information is gathered regarding these deeper opportunities.
- The NWR Coal Reserve estimates are models of mineable coal seams. The NWR estimates do not reflect run-of-mine (ROM) production, as no out-of-seam dilution (OSD) is included in the NWR mineable tonnage. However, the NWR mineable tonnages do include non-coal in-seam partings, which are used to assign an average seam density. NWR's estimates of mineable tonnages, therefore, do not represent saleable production, as they do not include a seam washability factor that would enable saleable output (the product from the coal preparation process) to be calculated. NWR's mineable tonnage is regarded as the "seam portion" of ROM output that goes into a coal preparation plant.
- For the purposes of this report, BOYD adhered to the NWR methodology of calculating the mineable tonnage in the coal seams. Therefore, mineable reserves, as defined herein, represent the seam tonnes that are recovered by mining (coal and minor partings) prior to coal preparation. The mineable reserve estimates do not represent saleable reserves.
- By definition, reserves should be stated in terms of saleable product. This requires the application of appropriate factors to estimate washing losses and clean coal recovery. NWR provided 2007 data as their representation of the relationship between mineable reserves and saleable output. We utilized a factor of 95% based on NWR's data as the foundation for converting mineable to saleable reserves.

3.4 Coal Reserves

BOYD has developed detailed estimates of the Coal Reserves at the five active mines and Debiensko. The following table summarizes the saleable reserve estimate derived by BOYD:

	Saleable Reserves by Mine (Tonnes 000) as of 1 January 2008							
	Active Czech Republic Mines							Grand
Category	CSA	CSM	Darkov	Lazy	Paskov	Total - Active	Debiensko	Total
Reserves								
Proved	32,551	37,302	30,801	22,687	13,918	137,259	-	137,259
Probable	36,321	17,912	20,496	3,217	13,889	91,835	189,858	281,693
Total	68,872	55,214	51,297	25,904	27,807	229,094	189,858	418,952
By Coal Type								
Coking	49,895	27,818	47,007	8,238	23,789	156,747	188,846	345,593
Thermal	18,977	27,396	4,290	17,665	4,019	72,347	1,012	73,359
Total	68,872	55,214	51,297	25,904	27,807	229,094	189,858	418,952
By Elevation (bsl m)								
0 - 600	537	125	10,324	17,376	3,217	31,579	-	31,579
601 - 800	24,611	28,078	29,245	2,370	3,416	87,720	14,091	101,812
801 - 1,000	43,725	24,700	9,503	4,713	15,958	98,599	43,040	141,638
1,001 - 1,200	-	2,310	-	597	5,124	8,031	79,977	88,008
1,201 - 1,400	-	-	2,226	847	92	3,165	52,750	55,915
Total	68,872	55,214	51,297	25,904	27,807	229,094	189,858	418,952
By Thickness Range (m)								
0.75 - 0.99	878	718	654	2,841	7,553	12,644	4,623	17,266
1.00 - 1.49	6,058	2,583	3,821	3,753	18,246	34,461	77,912	112,374
1.50 - 2.49	20,042	16,130	13,774	1,644	2,008	53,599	69,303	122,902
+ 2.50	41,894	35,783	33,049	17,665	-	128,391	38,019	166,410
Total	68,872	55,214	51,297	25,904	27,807	229,094	189,858	418,952

Table 3.1

Seam-by-seam details of the estimated saleable reserves for each mine are included in Appendix C of this report.

The preceding coal tonnage estimates are developed to reflect current mining practices and mining recoveries. Area geologic allowances were applied in some cases, where warranted, in BOYD's opinion. The detailed estimates of mineable reserves that were used to generate the saleable reserve figures are included in Appendix D of this report.

Coals underlying the Frenstat area are categorized as Resources due to uncertain mineability issues related to its geological setting, obtaining necessary mining approvals, and to economics. Portions of Morcinek's Coal Reserves are being evaluated for extraction from the CSM Mine, and options for large-scale development of Morcinek are being investigated by NWR. BOYD has not prepared a resource or reserve estimate for Morcinek.

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 NWR 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 km^2.

NWR operates five deep mine complexes near Karvina. 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. The combined annual production of all the operations is approximately 13 Mt. In 2007 approximately 60% of the product sold was coking coal with the remainder sold as thermal coal. The table below shows production at each mine for the past two years.

	Total Production (000 tonnes)	
	2007	2006
Darkov Mine	4,162	4,133
CSA Mine	3,025	3,135
Lazy Mine	1,870	1,976
Paskov Mine	1,110	1,020
CSM	2,730	2,625
Total	12,897	12,889

Table 4.1

All mines are extracting coal from multiple seams using longwall 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 setting are complex in comparison with coal reserves mined in the US, Australia and South Africa. However, NWR has extensive experience with mine design and operation in such conditions, and has a demonstrated track record of consistent performance.

4.2 General Description

NWR operates five mining complexes. Mining operations are located throughout the Karvina mining district, and are identified as Paskov, CSA, Darkov, Lazy, and CSM. NWR plans to consolidate the management of Lazy and CSA; existing shafts and surface facilities at Lazy will remain in use.

NWR'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, coal preparation plants, and office facilities. 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 employees on site.

The mines employ full extraction longwall mining techniques. Underground roadways that define each longwall panel are developed ahead of extraction, enabling retreat longwall mining. This is more productive than advance longwall mining that is often used elsewhere in Europe and Asia, where the development gateroads and longwall extraction face advance simultaneously and blindly without the benefit of pre-developed roadways. Typical of all longwall mines, the unit cost to drive the underground roadways is significantly higher than the unit cost of longwall extraction. Each mine has multiple operating longwall 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. Longwall moves typically require three months to dismantle, move, reassemble, and prepare equipment for resumption of coal mining in a new longwall panel.

The dimensions of extraction faces 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 NWR 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 (US, Australia, China, South Africa). The relatively high sales prices of NWR's output allows for the extraction of these small blocks while achieving positive economic margins. Individual longwall panels may contain as little as 40,000 tonnes, and are rarely larger than 400,000 tonnes. In comparison, thick seam mines in the US or Australia are designed to recover up to 5 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 NWR mines utilize single-entry gateroads on each side of a longwall 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 longwall faces in thicker seam conditions normally employ modern technology including powered roof supports (shields) and double-ended ranging shearers. Labor-intensive and simple technology is used in several longwall panels in thinner seams (from 1.3 m to as thin as 0.7 m), where hand-set hydraulic props are employed to support the roof. Where seam thickness does not permit the use of shearers, Gleithobel ploughs are used to cut the coal. The productivity of the thin faces may range from 300 to 900 tonnes per day. Thick-seam faces (up to 5 m) may achieve production rates that approach 3,000 tons per day in better mining conditions.

The extent of actual mine workings are complex, 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 meters 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 longwall 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. NWR'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 NWR that unpredictable, but inevitable, adverse conditions will periodically be encountered. NWR 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 longwall operations. If one longwall face must be prematurely abandoned due to adverse mining conditions, it can be relocated to a developed new area.

Total current employment is approximately 18,300 persons. The work force at each mine ranges between 2,500 and 5,000 total persons, contractors and direct employees combined. Approximately 70% of the direct employees at each mine are categorized as underground blue collar, 20% are surface blue collar, and 10% are white collar. The contracted workers are typically experienced Polish or Ukrainian miners. Typical mine operating schedules are four shifts per day, approximately 6½ days per week with the crews changing at the working faces. Production has been maintained at a consistent level even though employment has declined over the past five years. The table below shows historic year-end manpower levels at the mines including contractors.

	Total Employment	
	2007	2006
Darkov Mine	4,761	4,895
CSA Mine	3,574	3,736
Lazy Mine	2,514	2,391
Paskov Mine	3,433	3,535
CSM	3,992	4,086
Total	18,274	18,643

Table 4.2

The utilization of contractors varies. CSA Mine employs the highest percentage of contractors (about 24% of the total workforce), and Lazy Mine the lowest (11% of the total workforce). Overall, approximately 3,400 contractors are employed, representing about 19% of the NWR workforce. There is an economic incentive to utilize contract miners given the lower total cost combined with their ability to achieve comparable (or superior) productivity. 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 coal preparation plants, which may be located at the mine site or off-site (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 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 coal preparation plant is operated at each of the five mines. 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 coal preparation plant designs. While equipment is not regarded as "state-of-the-art" compared to current western processes, the plants have proven to be reliable and capable of supporting current production levels. All five plants employ heavy media vessels ("Drewboys") to wash the coarse coal fractions. All except the Lazy plant use jig circuits to clean the mid-size coal. Froth flotation is currently being used in three of the plants to process fine coal.

Because of the technology and equipment being used, the NWR plants are housed in large multiple-floor structures with sufficient staffing to operate and maintain the plants. In recent years NWR has been successful in reducing manpower at most locations. All plants have competent, experienced management in place. Generally, the plants appear to be well maintained and clean. Maintenance is typically performed in the mornings and coal is processed on the afternoon and night shifts. This schedule allows the plant to operate with more favorable power rates.

The plants circuits are generally not regarded as "state-of-the-art." However, the NWR plants appear to be appropriately capitalized and are capable of achieving expected processing efficiencies. Embarking upon a massive re-investment program to re-capitalize the plants to the highest international standards would provide some incremental benefit in terms of improved coal recovery and reduced unit operating costs. However, such an approach would not be practically or economically justifiable. Instead, NWR has appropriately elected to identify areas where relatively minor investments can offer a material gain in plant yield (or a comparable reduction in operating cost). In recent years some equipment updates have been made in the fine coal circuits at selected preparation plants, including hyperbaric filters, screen bowl centrifuges, and spirals. Spirals are used to process fine coal in many state-of-the-art plants, and generally require minimal labor and maintenance attention. Hyperbaric filters and screen bowl centrifuges installed at NWR have been effective in dewatering the smaller coal fractions. At some plants, filter cake moisture has been reduced an additional 3% to 5% compared to the vacuum filters previously used. NWR is currently reviewing the potential benefits of additional updates in selected processing circuits.

The mines operate within a defined geographical area. Rather than extending outward, mines pursue deeper seams within the defined boundaries on an ongoing basis. Multiple seams are being extracted at varying depths and at present can exceed 1,200 m below sea level. Subsidence occurs on the overlying surfaces as the longwall 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. 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. 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. Historical costs are shown below:

	Subsidence Compensation (000 €)							
	2007				2006			
	Reclamation	Mining Damages	Other	Total	Reclamation	Mining Damages	Other	Total
Darkov	1,255	897	79	2,231	559	1,163	97	1,819
CSA	748	2,050	49	2,847	227	4,821	138	5,186
Lazy	415	1,061	142	1,618	646	227	98	971
Paskov	111	740	-	851	160	509	-	669
CSM	788	2,711	267	3,766	798	1,602	276	2,676
Dukla (closed)	28	196	-	224	-	-	-	-
Total	3,345	7,655	537	11,537	2,390	8,322	609	11,321

Table 4.3

While the costs of subsidence mitigation may appear high, it is BOYD's experience that the costs are relatively low when compared with other European countries.

4.3 Mine Infrastructure

Vertical shafts provide access from the surface to the underground mine workings. Each mine operates and maintains one or more vertical shafts and associated surface facilities to independently support each mine. Shaft sites can include main portal facilities, ventilation shafts, skip (coal) hoists, man/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 2,000 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 1,200 mm. Run-of-mine (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 at 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 the rate of 600 tonnes per hour (tph) to more than 1,000 tph. The skip hoist is not typically a restriction in the coal conveyance system.

Upon reaching the surface, the ROM coal is screened to remove oversize rock, and transported to the coal preparation plant were 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 surfaced into open-sided rail cars and then dropped into the mine via the man/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 pulled to their destination by diesel locomotives that hang from the monorail. The capacities of the monorail systems are typically three (3) tonnes, but loads weighing up to six (6) tonnes may be transported by taking special precautions. Equipment weighing more than 6 tonnes, including longwall shields, must be dismantled for transport and subsequently re-assembled near the working faces.

Personnel are lowered into the mine with man/material hoists on elevator cars referred to as cages. There are typically four (4) decks on each cage. Each deck can accommodate 16 employees. From the shaft bottom, in some mines, rail-mounted mantrip cars are used to transport personnel on the main floor(s). After exiting the mantrip cars on the main floor, employees walk to their respective work sites. In some cases, ski-tows 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 longwall technology has been in use for many years and today it is the primary means for efficient, high volume coal exploitation. Proper longwall mining application is rigid in its requirements for 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 longwall 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 longwall panel area). The practice of some NWR mines placing longwall panels in smaller areas of reserves divided by faulting (reserve blocks), account for longwall 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, longwall 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 mines to achieve relatively high reserve extraction ratios in comparison to mines that only utilize rectangular panels.

The dimensions of the longwall 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 350 m in width. Extraction begins after the face is established and equipment is installed. NWR's longwalls 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 occurs in a longitudinal direction (along the length of the panel). This (retreat) operating system allows the longwall to advance into solid coal while abandoning both the panel area and adjacent roadways in the goaf (mined out area of the panel).

At NWR mines, coal is extracted from longwall faces using various types of equipment to complete the same method of production. The purpose of longwall 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 NWR 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 types of longwall supports are hydraulic shields, although jack posts and cross beams are also used. The cutting equipment used in the NWR mines for longwall extraction includes shearers and ploughs.

A shearer is a mechanical cutting machine that is guided on a track over a chain flight conveyor. The shearer cuts the coal using a vertically rotating drum laced with cutting bits as it travels across the coal face. A shearer travels across the coal face at relatively slow speeds, but is able to cut coal up to 90 or 100 cm deep in a single pass. Shearers utilized at NWR mines are either the double-drum ranging shearer, for bi-directional cutting, or single drum shears for uni-directional coal cutting. Shearers in use at NWR are manufactured by ZZM-Zabrze, Famur, DBT, or Eickhoff. Use of shearers is generally limited to thicker coal seams (nominally thicker than 1.5 m).

A plough is a rigid (non-rotating) cutting device that is also guided on a track over a chain flight conveyor. The plough cuts coal 30 to 40 cm deep as it is mechanically pulled across the face at relatively high speeds. Gleithobel ploughs manufactured by OSTROJ Opava, Westfalia, Hemscheidt, or Glinik are effectively utilized to cut and load coal on the longwall faces that have relative low seam heights. 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 has begun a major recapitalization program to upgrade its underground longwall and development equipment: this Productivity Optimization Program is termed "POP 2010". The purpose of this program is 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 is the acquisition of state-of-the-art, fully mechanized longwall faces that will be installed at each of the five mines. NWR is also procuring new development equipment (roadheaders) to enhance operating performance in critical roadways. Production equipment will replace ageing, labor-intensive equipment currently in use. Equipment vendors will 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 is slightly more than €300 million.

Most of the existing equipment at the NWR mines has been in operation for 15 years or more, and there is minimal opportunity to enhance productivity from such equipment. The new equipment will include modern, high strength supports and cutting equipment (shearers and ploughs), which should have a positive impact on productivity. Daily production from each mine is not expected to increase, but the daily productivity per face will increase (more tonnage will be achieved from fewer faces). Equipment is designed to efficiently extract coal from areas previous regarded as technically unmineable. NWR previously did not plan to pursue seams that were thinner than 1 m, or deeper than 1,000 m below sea level. The new faces are being designed to operate in seams as thin as 0.75 m, and have been used in Germany at depths of 1,400 m below sea level. The POP 2010 program is therefore critical to expanding NWR's mineable reserves.

The new longwalls will require less maintenance than the old existing faces, and can be operated with fewer people. NWR expects to see a reduction in skilled labor in the next several years due to cumulative dust exposure combined with competition for labor from other industry in the Ostrava region. The POP 2010 program is expected to mitigate issues associated with declining labor availability while offering greater opportunity to achieve production targets.

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.

- 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.

As the entry is excavated, the exposed roof is supported by installing steel arches, and in some rare cases, 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 often recovered for reuse when the longwall is retreating, and gate roads are abandoned. In cases where the gate road is to be reused, these arches are removed and reinstalled when the face retreats. Wooden lagging is installed between the arches to prevent material falling between the arches. The table below shows the annual development at each active mine for the last two years.

	Total Development (meters)	
	2007	2006
Darkov Mine	25,097	23,561
CSA Mine	13,860	15,940
Lazy Mine	9,915	10,099
Paskov Mine	14,872	14,346
CSM	20,341	20,643
Total	84,085	84,589

Table 4.4

Following extraction from either a production unit or a development unit, underground transport of run-of-mine (ROM) coal is in most cases conducted by belt conveyors. Belt conveyor widths generally range from 800 mm to 1,200 mm, and typically have conveying capacities of 250 tph to 800 tph. Belt conveyors are typically supplied by local firms within the Czech Republic. Other coal transportation equipment includes chain conveyors, drill carriages, floor rippers, and locomotives with coal cars in tow.

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", and they liberate up to 100,000 m^3/day of methane. The Paskov Mine is the only NWR 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 may 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 settings vary depending on the mine condition and are capable of producing air flow between 185 m^3/sec and 280 m^3/sec. Ventilating pressures range can from 2550 Pa to 3500 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 longwall goafs, coal seams, and associated strata. The systems recover approximately 70,000 m^3/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 can also be used to fight mine fires. The first use of nitrogen in the NWR mines occurred in February 1949 after the explosion and mine fire on a longwall 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 NWR 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 m^3/hr of 99% nitrogen gas concentration. In the suppression mode, the 45 km pipeline can provide up to 18,000 m^3/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 NWR 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 Bumps and Methane Outbursts

NWR's mines are susceptible to bumps and outbursts. Bumps are sudden violent bursts of coal from a pillar or pillars and may be accompanied with an air or gas blast. The amount of coal ejected in a bump can be significant. Coal bumps 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. Mines prone to bumps typically are deep and have strong and brittle coal, a strong overlying rock stratum, and a strong floor. In many cases, the occurrence of bumps can be reduced by utilizing coal extraction techniques and pillars specifically designed for areas susceptible to bumps. Microseismic detection and drilling yield testing have proven to be valuable techniques in predicting the location and timing of an imminent bump.

Methane outbursts and coal bumps are frequently indistinguishable and the same contributing factors may be present in both cases. Like bumps, 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.

The NWR mines operate at considerable depth. Some combination of the above-mentioned factors occurs at all mines. All except Paskov are regarded as susceptible to bumps; however, Paskov is reportedly the only NWR mine prone to gas outbursts. With respect to bump and gas outburst detection and prevention, NWR's engineers and management are knowledgeable regards conditions and state-of-the-art design practices. While prudent design procedures cannot eliminate the potential for bumps and outbursts, the NWR 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, the middlings product may typically 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.

4.10 Pond Fines (Sludge)

Two of the NWR preparation plants processed sediment pond coal fines (“sludge”) in 2007. Darkov produced 222kt of product, and CSA produced 220kt of product. The re-processing of pond material continues in 2008.

Typical pond fines or sludge consists of high ash reject material from the fine coal washing circuits. This material can be recovered from ponds or cells, and re-processed. Through the use of processing equipment designed to further clean this type of material, or by re-washing the fines, NWR is able to generate additional coal product which can then be blended with other products and sold.

At Darkov preparation plant, pond fines containing 30% to 35% ash are being processed with water-only cyclones, flotation, spirals, and vacuum filters to produce a product containing 8% to 9% ash. The CSA plant re-washes pond fines using froth flotation, with the product being de-watered in hyperbaric filters.

4.11 Darkov Mine

4.11.1 General Description

The Darkov Mine is located on the southwest border of the town of Karvina. The total concession area is 25.9 km^2. Active mining occupies approximately 60% of the area. Construction began on the current shafts and surface facilities in 1972. Mining began in 1982. Darkov merged with the May 9th Mine in 1995. Underground roadways connect Darkov to the adjacent CSM mine.

BOYD staff visited Darkov on 18 March 2008, and observed a longwall face and gate road development section in Seam 36, as well as surface facilities such as the coal preparation plant. BOYD also met with mine management to discuss current operations and future plans.

4.11.2 Mining Operations

Darkov Mine has the highest production of all the NWR mines. The table below shows the total saleable production for each of the last three years. Coking coal accounted for approximately 70% of production in 2007, while the remaining 30% was suitable as a thermal product. The difference is largely due to some longwall panels moving into thermal coal seams. The majority of the mine's production comes from the seven longwall faces. Longwalls are typically spread across three coal seams.

	Darkov Production (000 tonnes)	
	2007	2006
Mine Production	3,940	3,945
Sludge Recovery	222	188
Total Production	4,162	4,133

Table 4.5

In addition to the longwall faces, there are 23 development sections at Darkov. Development teams use Polish-made models of AM-50 and AM-75 roadheaders when driving gate roads, and use conventional drilling and blasting when driving in rock. Development teams are equally trained in both mining methods. Development sections have an average of 8 employees per shift. The average daily advance rate for development was 7 meters/day in mixed coal and rock, with the potential to be faster or slower if the coal seam became thicker or thinner. The table below shows the total length of development work done at Darkov for the last two years.

	Darkov Development (meters)	
	2007	2006
Operating Drivage	22,303	22,135
Investment Drivage	2,794	1,426
Total	25,097	23,561

Table 4.6

The equipment used on the longwall and development sections was primarily Polish and Czech manufactured, and was 15 years or older in most cases. The equipment appears well maintained. The POP 2010 program will replace two existing longwall faces with new equipment. Darkov could benefit from the eventual replacement of the other five longwall faces and the development equipment spreads. The current plans are likely achievable with the current equipment, but capital replacements would provide a greater opportunity to exceed projections while reducing maintenance costs and breakdown-related downtime.

4.11.3 Capital Expenditures

Darkov has three primary areas of annual sustaining capital: maintenance, development, and safety. Maintenance includes rebuilds of mining equipment such as roadheaders, longwall shield supports, chain conveyors, and shearers. Capitalized development includes roadways driven between coal seams through rock, also known as crosscuts. Safety capital expenditures include personal safety apparatus and mine-wide safety systems, including the extension of the atmospheric and logistical monitoring control system. Darkov uses a typical arrangement of hiring contractors to complete crosscut development. Darkov's capital expenditures were €25.4 million in 2007 and €19.5 million in 2006. The high seam face is scheduled for delivery in July of 2008, and should begin production in November 2008. The mid seam system is set for an April 2009 delivery; installation is planned to complete in December 2009. The table below summarizes the recent capital expenditures at Darkov.

	Darkov CapEx (Million €)	
Sustaining Capital	2007	2006
Maintenance	8.53	5.01
Development	9.69	8.43
Safety	7.16	6.06
Subtotal - Sustaining Capital	25.38	19.50

Table 4.7

4.11.4 Labor

Darkov has a large workforce of several thousand employees, and is also NWR's most productive mine. Darkov's productivity, measured in tonnes per person per year, was 874 in 2007 and 844 in 2006. The year-end headcount of all employees at Darkov for 2006 and 2007 is shown in the table below.

	Darkov Employment	
OKD Employees	2007	2006
Blue collar underground	2,457	2,560
Blue collar surface	808	860
White collar	381	379
Subtotal - OKD Employees	3,646	3,799
Contractors		
Blue collar underground	1,003	986
Blue collar surface	-	-
White collar	112	110
Subtotal - Contractors	1,115	1,096
Total		
Blue collar underground	3,460	3,546
Blue collar surface	808	860
White collar	493	489
Total	4,761	4,895
Tonnes produced	4,162	4,133
Tonnes per employee per year	874	844

Table 4.8

The injury statistics for Darkov are shown below. The frequency of injuries and lost shifts due to accidents are broadly comparable to other NWR mines and international competitors, and are not regarded as being an impediment to the achievement of operating plans.

	Darkov Injury Rates	
	2007	2006
Registered injuries		
Fatalities	1	1
Serious Injuries	-	-
Minor Injuries	155	178
Total	156	179
Lost-time injury frequence rate	18	21
Injury frequency rate	61	59
Seriousness of injuries	12	12
Shifts lost due to injuries	12,751	13,023

Table 4.9

4.11.5 Coal Preparation Plant

The Darkov preparation plant commenced operation in 1987; modifications were made to close the water circuit in 1994. The plant incorporates two parallel circuits, each having a design capacity of 900 tph. Coking and steam coal are segregated underground via separate belts and bunkers. The Darkov skip tower houses two skips, each equipped with 35-tonne buckets. ROM material is hoisted from both Level 9 and Level 10 underground at rates ranging between 660 TPH and 750 TPH per skip. Upon arriving at the surface, the ROM material is screened at 40mm to scalp off the 300mm x 40mm rock, which is conveyed to ground storage and subsequently loaded into trucks. The scalped material is used for mine surface reclamation, or is sold at a nominal price for road construction material. The 40mm x 0mm raw coal reports to two 9,000-tonne bins ahead of the plant.

Typically the steam product at the Darkov plant is crushed and sized, but is not fully washed. At times, depending on customer specifications, some 40mm x 20mm steam coal may be washed and blended with coking coal shipments.

Coarse (+40mm) raw metallurgical coal is washed in primary heavy media vessels at 1.80 S.G. and a secondary heavy media vessel at 1.35 S.G. Mid-size coal (40mm X 0.5mm) is processed in jigs, and fines (0.5mm X 0mm) report to froth flotation. The froth product is dried on vacuum filters or centrifuges, and combined with the larger clean coal fractions prior to shipment. In addition, a thermal drier is in service at Darkov which allows the plant to add additional fines to some products, yet remain within the required moisture specification.

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

Darkov is not sufficient to ensure the long-term operation of the plant. Material in the Doubrava 1 lagoon is currently being re-processed by the CSA preparation plant, and it is our understanding this lagoon, when emptied, will be made available for use by Darkov. Darkov is also preparing slurry ponds for reuse by dredging and pumping the solids to a recently-installed spirals circuit.

The Darkov plant is equipped with bins and feeders to allow blending of raw, middlings, and 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, trains are made up of 15 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 is well maintained and clean. Mine and plant management stated they are currently in compliance with all preparation-related environmental requirements, and are not aware of any future issues that could be expected to adversely affect plant operation. BOYD did not observe, nor is aware of any major operational issue that would preclude sustained operations at the plant.

The Darkov plant receives and scalps ROM material from the skips 7 days per week. Coal processing is scheduled 5 days per week commencing at 1:00 PM. Typically maintenance is performed from 7:00 AM to 1:00 PM. Total employment at the plant is 286 persons, of which 272 are blue collar workers and 14 are management and technical employees. The workforce is divided into four shifts.

The Darkov plant shipments and representative coal quality statistics for year 2007 are shown below:

Darkov Production and Quality - 2007

Product	(000)Tonnes	Moist. (%)	Ash (%)	Sulfur (%)	Cal. Val. mj/kg	Vol. (%)	FSI
Coking Coal	2,931	9.7	6.6	0.43		26.9	7.0
Thermal Coal	1,106	7.4	23.4		24.14		
Middlings	200	8.5	37.4		18.89		
Total	4,237						

Table 4.10

4.12 CSA Mine

4.12.1 General Description

The CSA Mine is located 25 km north of Ostrava, and is adjacent to the Lazy Mine. The two mines are connected by underground roadways. The total concession area is 41 km^2. Active mining occupies approximately 60% of the area. CSA merged with the Doubrava Mine in 1995. The first mining began in the concession area in the 18th century, and the original CSA mine was formed when several small shafts were joined together underground in 1856.

BOYD staff visited CSA on 15 March 2008, and observed a longwall face and gate road development section in Seam 22, as well as surface facilities and the coal preparation plant. BOYD also met with mine management to discuss current operations and future plans.

4.12.2 Mining Operations

The table below shows the historical saleable production. Coking coal accounted for approximately 55% of production in 2007, while the remaining 45% was a thermal product. The majority of the mine's production comes from the six longwall faces.

	CSA Production (000 tonnes)	
	2007	2006
Mine Production	2,805	2,910
Sludge Recovery	220	225
Total Production	3,025	3,135

Table 4.11

There are 13 development sections at CSA. Development teams use Polish-made models of AM-50 and AM-75 roadheaders when driving gate roads, and use conventional drilling and blasting when driving in rock. Development teams are equally trained in both mining methods. Development sections have an average of nine employees per shift. The average daily advance rate for development was 6 meters/day in mixed coal and rock, with the potential to be faster or slower if the coal seam became thicker or thinner. The table below shows the total extent of development work done at CSA for the last two years.

	CSA Development (meters)	
	2007	2006
Operating Drivage	13,760	15,011
Investment Drivage	100	929
Total	13,860	15,940

Table 4.12

The equipment used on the longwall and development sections was primarily Polish and Czech manufactured, and was 15 years or older in most cases. The equipment appears to be well maintained. The POP 2010 program will replace two existing longwall faces with new equipment. CSA could benefit from the eventual replacement of the other 4 longwall faces and the development equipment spreads. The current plans are likely achievable with the current equipment, but capital replacements would provide a greater opportunity to enhance overall performance.

4.12.3 Capital Expenditures

CSA has three primary areas of annual sustaining capital: maintenance, development, and safety. Maintenance includes rebuilds of mining equipment such as roadheaders, longwall shield supports, chain conveyors, and shearers. Capitalized development includes roadways driven between coal seams through rock, also known as crosscuts. Safety capital expenses include personal safety apparatus and mine-wide safety systems, including the extension of the atmospheric and logistical monitoring control system. CSA uses a typical arrangement of hiring contractors to complete crosscut development. CSA's capital expenditures were €13.9 million in 2007 and €19.3 million in 2006. POP 2010 equipment for CSA includes two mid seam longwall faces. The first is scheduled for delivery in September of 2008, and should begin production in January 2009. The second system is set to begin delivery in March 2009; production is planned to begin in August 2009. The table below summarizes the recent and planned capital expenditures at CSA.

	CSA CapEx (Million €)	
Sustaining Capital	2007	2006
Maintenance	4.21	7.87
Development	5.12	4.59
Safety	4.54	6.88
Subtotal - Sustaining Capital	13.87	19.34

Table 4.13

4.12.4 Labor

CSA has a large workforce of several thousand employees. CSA's productivity, measured in tonnes per person per year, was 846 in 2007 and 839 in 2006. The year-end headcount of all employees at CSA for 2006 and 2007 are shown in the table below.

	CSA Employment	
OKD Employees	2007	2006
Blue collar underground	2,028	2,162
Blue collar surface	396	532
White collar	284	296
Subtotal - OKD Employees	2,708	2,990
Contractors		
Blue collar underground	779	671
Blue collar surface	-	-
White collar	87	75
Subtotal - Contractors	866	746
Total		
Blue collar underground	2,807	2,833
Blue collar surface	396	532
White collar	371	371
Total	3,574	3,736
Tonnes produced	3,025	3,135
Tonnes per employee per year	846	839

Table 4.14

The injury statistics for CSA are shown below. The frequency of injuries and lost shifts due to accidents are broadly comparable to other NWR mines and international competitors, and are not regarded as being an impediment to the achievement of operating plans.

	CSA Injury Rates	
	2007	2006
Registered injuries		
Fatalities	2	2
Serious Injuries	1	4
Minor Injuries	87	93
Total	90	99
Lost-time injury frequence rate	14	15
Injury frequency rate	16	17
Seriousness of injuries	11	13
Shifts lost due to injuries	8,786	11,049

Table 4.15

4.12.5 Coal Preparation Plant

The CSA preparation plant commenced operation in1955 and is the oldest still operating within NWR. Structural steel members are showing some deterioration; the conditions of the plant have been evaluated by engineering consultants and are undergoing repairs that are expected to continue throughout 2008.

NWR is considering options regarding the future of the CSA preparation plant. These options range from a complete modernization to plant closure. Three options are summarized below:

- <u>Plant modernization</u>: This is a project to increase the capacity of the fine coal circuits, and may include replacing the jigs with heavy media cyclones and spirals. Further updates could include column floatation cells and dewatering by screen bowl centrifuges. The modernization would likely be accomplished within the existing structure(s). It is our understanding that the scope of the project has not yet been fully defined. Whether a partial or more inclusive modernization is undertaken, the benefits to be realized would include improved efficiencies and plant yield, lower manning requirements, and reduced maintenance demands.

- <u>Discontinue processing -60mm coal at CSA:</u> NWR would continue to operate the coarse coal processing circuit at CSA, and, beginning in 2011 or 2012, transport the -60mm raw coal to the Darkov coal preparation plant to be cleaned. At that time, Darkov is expected to be in a down-sizing mode and would have extra processing capacity. The Darkov plant is newer than CSA's plant, having commenced operation in 1987, and has facilities to receive outside coals delivered by rail. This option would allow the more efficient coarse coal circuit at CSA to continue operating, and direct the smaller raw coal fractions, which are currently being processed in circuits with less efficiency, to the newer Darkov plant. The benefit of this option would be similar to the CSA plant modernization option, but on a lesser scale.

- <u>Close the CSA plant</u>: The third option under consideration would be to close the plant by 2011 or 2012. If this were the plan adopted, all the CSA raw coal would be sent to the Darkov plant for processing.

These options are all technically feasible and could all be implemented. Financial analysis is required to define the optimum approach.

The CSA preparation plant incorporates two parallel circuits, each having a design capacity of 700 tph. The mine skip is rated at 19,000 ROM tons per day maximum capacity. ROM material is screened at 60mm, and the 60mm x 0mm raw coal reports to 6,000-tonne bins ahead of the plant. An additional 70,000 tonnes of ground storage is available for ROM coal in the event the raw coal bins are full.

Coarse (+60mm) raw metallurgical coal is washed in primary heavy media vessels at 1.50 S.G. and a secondary heavy media vessel at 2.00 S.G. Mid-size coal (60mm x 0.5mm) is processed in jigs, and fines (0.5mm x 0mm) report to froth flotation. The froth product is dried in hyperbaric filters. Vacuum filters serve as a backup in the event the hyperbaric filter(s) are down. At present, the froth circuit is being by-passed and the 0.5mm X 0mm material reports to clean coal after being dewatered by the hyperbaric filters. Overall plant yield for the year 2007 averaged 77.4%. The plant is also equipped to process pond fines from a former settling pond.

Clean coal product is directed to bins ahead of the rail loadout. In addition, ground storage facilities are present which can handle up to 120,000 tonnes. Approximately 50 tonnes of clean coal are loaded into each rail car and weighed at the plant loadout. Generally, trains are made up of 15 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 CSA plant has nine sidetracks available for use.

Coarse refuse is directed to a refuse disposal area (pile) or to rail cars. If loaded in cars, the material is used for mine reclamation work or sold as road construction material. Plant management estimates the coarse refuse disposal area has a remaining capacity of about 2 million cubic meters. Flotation tailings, when the froth circuits are operating, are directed to a series of tailings lagoons. Clear water is decanted and recycled to the plant make-up water. The current capacity remaining in the slurry ponds at CSA is reported to be approximately 12 years with the froth circuit operating.

Coal processing is scheduled 5 days per week. On the day shift, one of the two parallel lines is normally idled for maintenance. Both processing lines are scheduled for operation on the afternoon and night shifts. Total employment at the plant is 233 persons, of which 216 are blue collar workers and 17 are management and technical employees. Electrical maintenance is performed by contractors not included in these figures.

The plant appears to be fairly well maintained and clean. Both mine and plant management stated they are currently in compliance with all preparation-related environmental requirements, and are not aware of any future issues that could be expected to adversely affect plant operation.

CSA plant shipments and representative coal quality statistics for 2007 are shown below:

CSA Production and Quality - 2007

Product	Shipments	Moist. (%)	Ash (%)	Sulfur (%)	Cal. Val. mj/kg	Vol. (%)	FSI
Metallurgical Coal	1068	8.5 – 10.5	6.6 – 8.5	0.5		27 - 30	5 – 6
Steam Coal	451	8.0	7.0	0.5	29.3		
Fines	537	7.0	23.0	0.5			
Middlings	277	9.0 – 12.0	33.0 – 38.0	0.5	16.82 – 20.06		
Equiv. Clean to Lazy	767						
Total	3100						

Table 4.16

4.13 Lazy Mine

4.13.1 General Description

The Lazy Mine is located along the boundaries of the towns of Orlove and Karvina, and is adjacent to the CSA Mine. The total concession area is 62 km^2. Mining began at Lazy 1835. Lazy merged with the Dukla and Frantisek Mines in 1995. Dukla and Franktisek have since been closed, leaving Lazy's active mining area much smaller. 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 seams. Thermal coal is sent underground to Lazy from CSA. NWR plans to consolidate the management of CSA and Lazy, which will reduce overhead costs.

BOYD staff visited Lazy on 16 March 2008, and observed a longwall face and gate road development section in Seam 40, as well as surface facilities and the coal preparation plant. BOYD also met with mine management to discuss current operations and future plans.

4.13.2 Mining Operations

The table below shows the total historical saleable production for 2006 and 2007. Coking coal is sent to the nearby Paskov coal preparation plant for processing. ROM steam coal is received from the CSA Mine via underground conveyors. The majority of the mine's production comes from the 3 longwall faces. Longwalls are typically spread across two coal seams:

	Lazy Production (000 tonnes)	
	2007	2006
Mine Production	1,870	1,976
Sludge Recovery	-	-
Total Production	1,870	1,976

Table 4.17

In addition to the longwall faces, there are six development sections at Lazy. Development teams use Polish-made models of AM-50 and AM-75 roadheaders when driving gate roads, and use conventional drilling and blasting when driving in rock. Development teams are equally trained in both mining methods. Development sections have an average of 8 employees per shift. The average daily advance rate for development was 6 meters/day in mixed coal and rock, with the potential to be faster or slower if the coal seam became thicker or thinner.

The table below shows the total extent of development work done at Lazy for the last two years.

	Lazy Development (meters)	
	2007	2006
Operating Drivage	9,915	10,099
Investment Drivage	-	-
Total	9,915	10,099

Table 4.18

The equipment used on the longwall and development sections was primarily Polish and Czech manufactured, and was 15 years or older in most cases. The equipment was well maintained. The POP 2010 program will replace two existing longwall faces with new equipment.

4.13.3 Capital Expenditures

Lazy has three primary areas of annual sustaining capital: maintenance, development, and safety. Maintenance includes rebuilds of mining equipment such as roadheaders, longwall shield supports, chain conveyors, and shearers. Capitalized development includes roadways driven between coal seams through rock, also known as crosscuts. Safety capital expenses include personal safety apparatus and mine-wide safety systems, including the extension of the atmospheric and logistical monitoring control system. Lazy uses a typical arrangement of hiring contractors to complete crosscut development. Lazy's capital expenditures were €7.6 million in 2007 and €8.6 million in 2006. POP 2010 equipment for Lazy includes one high seam and one low seam longwall face. The high seam face is scheduled for delivery in May of 2008, and should begin production in September 2008. The low seam system is set for a June 2008 delivery; production is planned to begin in December 2008.

The table below summarizes the recent and planned capital expenditures at Lazy.

	Lazy CapEx (Million €)	
Sustaining Capital	2007	2006
Maintenance	5.19	4.34
Development	-	3.03
Safety	2.38	1.27
Subtotal - Sustaining Capital	7.57	8.64

Table 4.19

4.13.4 Labor

Lazy has a large workforce of several thousand employees. Lazy's productivity, measured in tonnes per person per year, was 744 in 2007 and 826 in 2006. Lazy's productivity is declining in part because the mine is moving into thinner seams.

The headcount of all employees at Lazy for 2006 and 2007 is shown in the table below.

	Lazy Employment	
OKD Employees	2007	2006
Blue collar underground	1,582	1,479
Blue collar surface	445	469
White collar	216	218
Subtotal - OKD Employees	2,243	2,166
Contractors		
Blue collar underground	244	203
Blue collar surface	-	-
White collar	27	23
Subtotal - Contractors	271	225
Total		
Blue collar underground	1,826	1,682
Blue collar surface	445	469
White collar	243	241
Total	2,514	2,391
Tonnes produced	1,870	1,976
Tonnes per employee per year	744	826

Table 4.20

The injury statistics for Lazy are shown below. The frequency of injuries and lost shifts due to accidents are broadly comparable to other NWR mines and international competitors, and are not regarded as being an impediment to the achievement of operating plans.

	Lazy Injury Rates	
	2007	2006
Registered injuries		
Fatalities	-	-
Serious Injuries	-	2
Minor Injuries	79	83
Total	79	85
Lost-time injury frequence rate	19	20
Injury frequency rate	26	33
Seriousness of injuries	15	14
Shifts lost due to injuries	8,205	7,556

Table 4.21

4.13.5 Coal Preparation Plant

The Lazy preparation plant commenced operation in 1960, and modifications continued to be made thereafter. At the end of January, 2008 the plant ceased the production of a coking coal product, and currently, only thermal coal is produced. The Lazy Mine coking coal is now being washed at the Paskov coal preparation plant. Reportedly, the Paskov plant can achieve a higher yield than Lazy when processing coking coal. Underground bunkers are employed to keep the ROM coking coal segregated, and it is hoisted and stored separately.

ROM thermal coal from the CSA and Lazy Mines is transported to 4,500-tonne capacity underground bunkers near the Lazy skip. The skip is rated at 800 tph and can operate up to 20 hours per day. Four hours each day are dedicated for skip maintenance. Coal processing is scheduled 5 days per week, 15 to 18 hours per day. ROM material is scalped at 200mm, and the +200mm rock is directed to rail cars which are subsequently unloaded by a subsidiary, NWR Transport. This material is used for mine reclamation work and road construction material. Coarse refuse disposal facilities are not used at Lazy.

The -200mm raw coal is conveyed to raw coal ground storage or raw coal bins ahead of the plant. The raw feed is further screened at 30mm prior to processing. Coarse coal (200mm x 30mm) is washed in primary and secondary heavy media vessels at 1.50 S.G. and 1.72 S.G. respectively. The primary vessels float is crushed and sized, and reports to clean coal bins. The secondary vessel product is crushed and reports to middlings bins. Fine coal (30mm x 0mm) is processed by water-only cyclones and heavy media cyclones. Ultra-fine coal is de-watered by hyperbaric filters. The plant does not employ a froth flotation circuit. Management reported that significant improvements have been made recently in reducing the consumption of magnetite throughout the plant. The plant does not produce flotation tailings, and the existing lagoons are considered adequate to meet plant requirements.

The Lazy plant is equipped with bins and feeders to allow blending of raw, middlings, and clean coal to match the customer's size and quality specifications. Approximately 50 tonnes of clean coal are loaded into each rail car and weighed at the plant loadout. Generally, trains are made up of 20 to 31 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 is well maintained and clean. Mine and plant management stated they are currently in compliance with all preparation-related environmental requirements, and are not aware of any future issues that could be expected to adversely affect plant operation. BOYD did not observe, nor is aware of any major operational issue that would preclude sustained operations at the plant.

The Lazy plant shipments and representative coal quality statistics for 2007 are shown below:

Lazy Production and Quality - 2007

Product	(000) Tonnes	Moist. (%)	Ash (%)
Coking Coal	81	7.64	6.75
Raw Coal (20mm x 0mm)	1,004	7.70	17.60
Clean Steam	1,202	7.82	6.11
Midlings	355	11.60	33.80
Fines	40	20.00	35.00
Total	2,682		

Table 4.22

4.14 Paskov Mine

4.14.1 General Description

The Paskov Mine is located 20 km south of Ostrava. The total concession area is 40 km^2. Construction began at Paskov 1960. Mining began in 1966. Paskov merged with the Staric Mine in 1994. Coking coal is sent overland from Lazy to Paskov for processing.

BOYD staff visited Paskov on 14 March 2008, and observed a longwall face and gate road development section, as well as surface facilities and the coal preparation plant. BOYD also met with mine management to discuss current operations and future plans.

4.14.2 Mining Operations

The table below shows the historical total saleable. ROM coal is sent by rail to the nearby Paskov coal preparation plant for processing. The majority of the mine's production comes from the 5 longwall faces. Longwalls are typically spread across two coal seams. All of the longwall faces at Paskov use plows, rather than shearers. Three of the faces use individually set props rather than electro-hydraulic shields.

	Paskov Production (000 tonnes)	
	2007	2006
Mine Production	1,110	1,020
Sludge Recovery	-	-
Total Production	1,110	1,020

Table 4.23

In addition to the longwall faces, there are 21 development sections at Paskov. Development teams use conventional drilling and blasting. Development sections have an average of 19 employees per shift. The average daily advance rate for development was 3 meters/day in mixed coal and rock, with the potential to be faster or slower if the coal seam became thicker or thinner. The table below shows the total length of development work done at Paskov for the last two years.

	Paskov Development (meters)	
	2007	2006
Operating Drivage	14,170	13,400
Investment Drivage	702	946
Total	14,872	14,346

Table 4.24

The equipment used on the longwall sections is primarily Polish and Czech manufactured, and was 15 years or older in most cases. The equipment appeared well maintained. While the POP 2010 program will replace two existing longwall faces with new equipment, Paskov would benefit from the eventual replacement of the other longwall face and the development equipment spreads. The current plans are likely achievable with the current equipment, but capital replacements could provide a greater opportunity to enhance operational performance.

4.14.3 Capital Expenditures

Paskov has three primary areas of annual sustaining capital: maintenance, development, and safety. Maintenance includes rebuilds of mining equipment such as roadheaders, longwall shield supports, chain conveyors, and shearers. Capitalized development includes roadways driven between coal seams through rock, also known as crosscuts. Safety capital include personal safety apparatus and mine-wide safety systems, including the extension of the atmospheric and logistical monitoring control system. Paskov uses a typical arrangement of hiring contractors to complete crosscut development. Paskov's capital expenditures were €6.7 million in 2007 and €5.6 million in 2006. POP 2010 equipment for Paskov includes two low seam plow longwall faces. The first face is scheduled for delivery in January of 2009, and should begin production in April 2009. The second system is set for an August 2009 delivery; production is planned to begin in December 2009. The table below summarizes the recent capital expenditures at Paskov.

	Paskov CapEx (Million €)	
Sustaining Capital	2007	2006
Maintenance	1.08	1.38
Development	1.44	1.83
Safety	4.18	2.40
Subtotal - Sustaining Capital	6.70	5.61

Table 4.25

4.14.4 Labor

Paskov has a large workforce of several thousand employees. Paskov's productivity, measured in tonnes per person per year, was 324 in 2007 and 289 in 2006. The year-end headcount of all employees at Paskov for 2006 and 2007 are shown in the table below.

	Paskov Employment	
OKD Employees	2007	2006
Blue collar underground	2,141	2,066
Blue collar surface	546	564
White collar	293	289
Subtotal - OKD Employees	2,980	2,919
Contractors		
Blue collar underground	408	554
Blue collar surface	-	-
White collar	45	62
Subtotal - Contractors	453	616
Total		
Blue collar underground	2,549	2,620
Blue collar surface	546	564
White collar	338	351
Total	3,433	3,535
Tonnes produced	1,110	1,020
Tonnes per employee per year	323	289

Table 4.26

The injury statistics for Paskov are shown below. The frequency of injuries and lost shifts due to accidents are broadly comparable to other NWR mines and international competitors, and are not regarded as being an impediment to the achievement of operating plans.

	Paskov Injury Rates	
	2007	2006
Registered injuries		
Fatalities	-	-
Serious Injuries	-	21
Minor Injuries	74	100
Total	74	121
Lost-time injury frequence rate	12	14
Injury frequency rate	18	23
Seriousness of injuries	11	10
Shifts lost due to injuries	8,800	10,986

Table 4.27

4.14.5 Coal Preparation

The Paskov preparation plant 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 and scalped at 220 mm. The +220 mm material is refuse and used for reclamation, sold for road construction, or directed to the coarse refuse area. The - 220 mm material is screened at 80 mm, with the +80mm reporting to a Bradford breaker. The breaker rejects report to refuse, and all 80mm x 0mm material reports to raw coal bins awaiting shipment to the plant site. Raw coal transportation in rail cars to the plant is provided by NWR Transport.

The Paskov preparation plant commenced operation in 1970. In 2007, approximately 93 percent of the plant's output was a coking product, of which about 30 percent was shipped to the OKK coke plants, and the balance sold to steel companies. Processing of coal from the former Dukla Mine ceased in 2006.

The plant incorporates two parallel circuits, each having a design capacity of 375 TPH. Coarse coal (80mm x 15mm) is washed in primary heavy media vessels at 1.50 S.G. and a secondary heavy media vessel at 1.90 S.G. Mid-size coal (15mm x 0.5mm) is processed in jigs, and the fines (0.5mm x 0mm) report to froth flotation. The froth product is dried in hyperbaric filters (3) or in a screenbowl centrifuge and blended back with the larger fractions prior to shipment.

Flotation tailings are directed to a thickener from which the underflow is pumped to a series of slurry pond(s). Pond effluent is pumped back to the plant and used as make-up water. Additional make-up water is purchased as needed from state-owned reservoirs adjacent to the site. According to plant management, the remaining life of the currently active slurry impoundment is only about one year. Another adjacent pond is ready for use and expected to last approximately eight to ten years. Beyond that, additional pond(s) or refuse filters will be required. NWR is currently considering refuse filters in the longer term.

Coarse refuse is either sold for road construction material or deposited in the refuse disposal area. Currently, management estimates that the disposal site has about 10 million tons of remaining capacity. However, in recent years, the plant has sold more coarse refuse than they have generated, and have removed about 4 million tons from the refuse site since 2003.

The Paskov plant is equipped with bins and feeders to allow blending of processed coal to meet customers' size and quality specifications. The rail cars used to ship clean coal have a capacity of about 57 tonnes each, and trains are made up of 15 to 31 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 skip and sorting facilities at the Staric location operate 24 hours per day, 7 days per week except when skip maintenance is being performed. Coal processing at the plant is scheduled 5 days per week commencing at 2:00 PM. Typically an idle period occurs between 4:30 AM and 6:00 AM, and maintenance work is performed from 6:00 AM to 2:00 PM. The facilities employ 135 blue-collar workers and 10 supervisory and technical personnel.

The plant is well maintained and clean. Mine and plant management stated they are currently in compliance with all preparation-related environmental requirements, and are not aware of any future issues that could be expected to adversely affect plant operation. BOYD did not observe, nor is aware of any major operational issues that would preclude sustained operations at the plant.

The Paskov plant production and representative coal quality statistics for 2007 are shown below:

Paskov Production and Quality - 2007

Product	(000)Tonnes	Moist. (%)	Ash (%)	Cal. Val., mj/kg	Vol. (%)	FSI
Coking Coal	1,065	10.3	8.0		18.7	8.1
Middlings	79	4.9	41.7	18.64		
Total	1,144					

Table 4.28

4.15 CSM Mine

4.15.1 General Description

The CSM Mine is located next to the town of Karvina, along the Polish border. The total concession area is 20 km^2. Construction and shaft sinking began at CSM 1958. Mining began in 1969. CSM is connected underground with the Darkov Mine.

BOYD staff visited CSM on 17 March 2008, and observed a longwall face in Seam 33 and gate road development section in Seam 36, as well as surface facilities and the coal preparation plant. BOYD also met with mine management to discuss current operations and future plans.

4.15.2 Mining Operations

The table below shows historical saleable production and the planned production for 2008. Most of the mine's production comes from the 7 longwall faces. Longwalls are typically spread across three coal seams.

	CSM Production (000 tonnes)	
	2007	2006
Mine Production	2,730	2,625
Sludge Recovery	-	-
Total Production	2,730	2,625

Table 4.29

In addition to the longwall faces, there were 16 active development sections as of March 2008. Development teams use roadheaders as well as conventional drilling and blasting. Development sections have an average of 7 employees per shift. The average daily advance rate for development was 6 meters/day in mixed coal and rock, with the potential to be faster or slower if the coal seam became thicker or thinner. The table below shows the total extent of development work done at CSM for the last two years.

	CSM Development (meters)	
	Actual	
	2007	2006
Operating Drivage	20,104	20,256
Investment Drivage	237	387
Total	20,341	20,643

Table 4.30

The equipment used on the longwall sections is primarily Polish and Czech manufactured, and was 15 years or older in most cases. The equipment was well maintained. While the POP 2010 program will replace two existing longwall faces with new equipment, CSM would benefit from the eventual replacement of the other longwall face and the development equipment spreads. The current plans are likely achievable with the current equipment, but capital replacements would provide a greater opportunity to enhance operational performance.

4.15.3 Capital Expenditures

CSM has three primary areas of annual sustaining capital: maintenance, development, and safety. Maintenance includes rebuilds of mining equipment such as roadheaders, longwall shield supports, chain conveyors, and shearers. Capitalized development includes roadways driven between coal seams through rock, also known as crosscuts. Safety capital include personal safety apparatus and mine-wide safety systems, including the extension of the atmospheric and logistical monitoring control system. CSM uses a typical arrangement of hiring contractors to complete crosscut development. CSM's capital expenditures were €18.1million in 2007 and €16.6million in 2006. POP 2010 equipment for CSM includes one high seam and one mid seam longwall face. The mid seam face is scheduled for delivery in August of 2008, and should begin production in December 2008. The second system is set for a June 2009 delivery; production is planned to begin in January 2010. The table below summarizes the recent and planned capital expenditures at CSM.

	CSM CapEx (Million €)	
Sustaining Capital	2007	2006
Maintenance	9.37	6.25
Development	4.76	8.26
Safety	3.96	2.05
Subtotal - Sustaining Capital	18.09	16.56

Table 4.31

4.15.4 Labor

CSM has a large workforce of several thousand employees. CSM's productivity, measured in tonnes per person per year, was 684 in 2007 and 642 in 2006. The headcount of all employees at CSM for 2006 and 2007 is shown in the table below.

	CSM Employment	
OKD Employees	2007	2006
Blue collar underground	2,346	2,332
Blue collar surface	622	677
White collar	334	332
Subtotal - OKD Employees	3,302	3,341
Contractors		
Blue collar underground	621	671
Blue collar surface	-	-
White collar	69	75
Subtotal - Contractors	690	745
Total		
Blue collar underground	2,967	3,003
Blue collar surface	622	677
White collar	403	407
Total	3,992	4,086
Tonnes produced	2,730	2,625
Tonnes per person per year	684	642

Table 4.32

The injury statistics for Paskov are shown below. The frequency of injuries and lost shifts due to accidents are broadly comparable to other NWR mines and international competitors, and are not regarded as being an impediment to the achievement of operating plans.

	CSM Injury Rate	
	2007	2006
Registered injuries		
Fatalities	1	-
Serious Injuries	-	-
Minor Injuries	113	125
Total	114	125
Lost-time injury frequence rate	16	17
Injury frequency rate	67	64
Seriousness of injuries	12	13
Number of shifts lost due to injuries	10,792	12,069

Table 4.33

4.15.5 Coal Preparation

The CSM preparation plant commenced operation in 1971; hyperbaric filters were added in 1993. The plant incorporates two parallel circuits, each having a design capacity of 650 tph. The skip tower houses two skips, having a combined capacity of 1,000 tph. Typically, ROM material is hoisted 18 hours per day and 6 hours are reserved for skip maintenance. All material is hoisted from the fourth level underground. Upon arriving at the surface, ROM material passes over a 100mm scalping screen and picking belt. Oversize material is conveyed to a Bradford breaker for further sizing. Scalped material and breaker rejects are loaded in trucks or rail cars and used for mine reclamation work. In addition to raw coal bins (4,500 tonnes capacity) within the plant, CSM has 20,000 tonnes of raw coal ground storage capacity ahead of the plant.

The 100mm x 0mm plant feed is screened at 15mm. The 100mm x 15mm fraction is processed in primary heavy media vessels at 1.43 S.G. and secondary heavy media vessels at 1.80 S.G. Primary vessel float reports to clean coal bins at the loadout, and 1.80 S.G. float is crushed to 15mm x 0mm and reports to middlings. Management reported the current rate of magnetite consumption is 0.6kg/tonne. The 15mm X 0.5mm raw fraction is screened at 0.5mm. Jigs are used to wash the 15mm X 0.5mm raw coal and the fines (-0.5mm) are processed by froth flotation. The froth product is dewatered in hyperbaric filters. The previously used vacuum filters remain intact and can be used if necessary.

Flotation tailings are directed to refuse thickener and underflow is pumped to slurry pond(s). The remaining capacity of the slurry ponds was reported to be about 6 years; not sufficient to ensure the long-term operation. CSM is reviewing options for future slurry disposal, which include cleaning out and re-using the ponds as well as raising the embankments. Beyond that, refuse filters may be considered. The CSM plant is equipped with bins and feeders to allow blending of the plant's products to meet customers' size and quality specifications. Approximately 57 tonnes of clean coal are loaded into each rail car and weighed at the plant loadout. 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 plant is well maintained and clean. Mine and plant management stated they are currently in compliance with all preparation-related environmental requirements, and are not aware of any future issues that could be expected to adversely affect plant operation. BOYD did not observe, nor is aware of any major operational issue that would preclude sustained operations at the plant.

The CSM plant operates an average of 2 ½ shifts per day, 6 days per week. Maintenance is performed during the idle periods. Total employment at the plant is 183 operating and maintenance people plus 14 supervisory and technical personnel.

NWR is currently receiving contractor bids for a major modernization project at the CSM plant. This project would replace the outdated jig circuit with heavy media cyclones and spirals. A further benefit of the update would be a reduction in the quantity of refuse slurry being produced. If implemented, the new equipment would be placed in service in 2010.

The CSM plant shipments and representative coal quality statistics for 2007 are shown below:

CSM Production and Quality - 2007

Product	(000)Tonnes	Moist. (%)	Ash (%)	Sulfur (%)	Cal. Val. mj/kg	Vol. (%)	FSI
Coking Coal	2,685	9.5 – 10.3	7.5 – 8.0	0.60	28.7 – 28.9	26.1 – 26.4	6.7 – 7.2
Middlings	45	6.4	32.7	0.54	20.9	28.1	
Fines	80	25.0	45.0		12.3		
Thermal Fines	24	6.8	24.1	0.39	23.8	24.9	
Total	2,834						

Table 4.34

5.0 DEVELOPMENT OPPORTUNITIES

5.1 Introduction

NWR has three proposed future mines: Debiensko, Morcinek and Frenstat, all of which are located in the Upper Silesian Basin. These projects have substantial reserve bases, and economic viability is dependent upon the development times, capital investment, production levels, and future realizations. The Debiensko site is nearly 60 km from Ostrava, in Poland near the town of Rybnik. Morcinek is adjacent to CSM, just across the Polish border. Portions of Morcinek's reserves could logically be incorporated in the mining plans and projections at CSM, while NWR is also evaluating Morcinek as a standalone mine. Frenstat is located approximately 30 km south of Ostrava in the Czech Republic.

5.2 Debiensko

The proposed Debiensko Mine is located in Poland, near the town of Rybnik. Mining first began at Debiensko in 1792 via multiple separate operations. As of 1898, several mines were joined together 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 neighboring mines.

The proposed Debiensko 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.

In early 2006, NWR started to develop this project by first focusing upon identifying and designing access and deep underground mining methods to the coal seams that were deeper than previously mined areas, concentrating efforts at coals lying at depths between 750m and 1,400m below the surface. NWR, in concert with its wholly owned Polish subsidiary, Karbonia PL Sp. z.o.o., prepared detailed mine layouts, plans, designs, and schedules which they utilized in preliminary discussions with the relevant mining authorities and local municipalities. These analyses appear to have been prepared to industry and engineering standards that are typical in the Czech Republic and Poland. NWR originally proposed a mine operation that would produce approximately 2.8 Mtpy of saleable coking coal. The proposed preliminary mining concept was accepted by the Polish Ministry of Environment in September 2007. In early 2008, the relevant regional authority, the office of the Katowice governor, approved the Environmental Impact Assessment. NWR filed an application for a mining license for the Debiensko project with the Polish Ministry of Environment in March 2008.

Outside expertise (DMT GmbH – Montan Consulting [DMT]) was retained to conduct an assessment of conceptual plans, layouts, and projections, which was completed in September 2007. Although DMT found areas of operational improvement in their review, they concluded that the exploration, geologic resource assessment and interpretation, preliminary designs, and conceptual mine layouts were all of good quality and properly completed. The financial analyses on the 2.8 Mtpy plan, which included NWR's operating and capital assumptions, indicated the plan was not economic also. An alternative plan, which increased mine output to 4.0 Mtpy and incorporated several "best practices", brought the mine closer to "world operating standards". This expanded plan offered positive economic benefit. We understand the company is evaluating alternative plans that would further increase mine output to 5.0 Mtpy.

The deposit has been explored by boreholes and directly via old mine workings in both the "old" Debiensko mine and other operations located in proximity to the site. Seventy-two boreholes were drilled within the resource area that penetrated and verified the upper coal seams (Ořešské strata), with twenty-five of them penetrating into the lower coal seams of interest (Rudské strata). Drill holes were logged using established geophysical testing techniques.

Upper coals seams within the resource area are contained in the strata known locally as the Ořešské. 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" Debiensko mine. Underlying these seams are coals contained within the Rudské strata, which are noted to be thick, relatively consistent, and of high quality. The "old" Debiensko 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" Debiensko deposit are seams that are contained within the Rudské strata, have not yet been mined, lie below and distinct from the "old" mine workings, and lie at elevations of less than 1,400m below sea level. These include seams from 401/1 (the uppermost seam) to 409/1 (the lowermost seam). Seams of interest must lie below and distinct (i.e. with a separation gap) from seams mined in the "old" mine in order to prevent mine water inflows from the "old" mine penetrating and contaminating the "new" mine workings. A maximum depth of 1,400m below the surface (i.e. depth of cover) is specified since these are the current depths being obtained at deep coal mines using state-of-the-art equipment in Germany. Thus extractions to these depths are well known and proven, allowing known conditions and extraction methodologies and controls to be employed when conducting mine plans and economic analyses.

BOYD offers the following opinions regarding the Debiensko project:

- The Debiensko deposit contains 189.9 Mt of reserves that can be extracted with known techniques at mining depths that have been proven. Over 50% is contained within seams of thicknesses greater than 1.5m. This makes Debiensko one of the largest and most significant hard coal deposits that remain in Europe.

- The development of Debiensko will require costly infrastructure expenditures, including surface facilities and deep mine shafts.

- NWR's plans on development of Debiensko are moving forward. Mine development will require the construction of two shafts to the coal seams (in excess of 1,000 m below the surface). While the actual shaft construction can be achieved in less than 4 years, taking into account land acquisition, mining rights, surface site preparation, contract mobilization and underground workings and development, the total development process will take longer.

- Detailed studies to define the lead time to full production are ongoing. While we continue to work with the company to refine our views on opportunities to accelerate construction and development timing, overall timing at this point remains uncertain - clearly optimized sequencing is key to the ability to accelerate the project.

- The Debiensko mine will require annual outputs in the range of approximately 4.0 Mt of saleable coal in order to justify the substantial capital expenditures and long mine development lead times.

- The mine will use new equipment and will have new infrastructure. This will position Debiensko to operate at higher levels of efficiency and labor productivity than other older regional mines.

- At a production rate of 4.0 Mtpy, mine life is expected to approach 50 years, and would be no less than 25 years if only "thick" (>1.5m) coals are extracted.

- The combination of thick coal seams and predictable geology will enable the development of longwall panels that are substantially larger than those in the active NWR mines. This is a critical driver of operational and financial performance. Accordingly, we believe that coal can be produced from the Debiensko mining operation at cash costs that are superior to those currently experienced at NWR's Czech operations.

- We concur that Debiensko represents a key opportunity for NWR in that they may:

    1. Leverage economies of scale from integration with its existing operations over time.
    2. Insure that continuous coal outputs are maintained over the long term horizon.
    3. Increase market share within the Polish and European hard coal markets.

The initial investment in Debiensko prior to full production is substantial. While BOYD has not completed a detailed analysis, an order of magnitude estimate is in the range of €0.6 to €0.8 billion (in real terms). A cursory economic analysis of general financial parameters indicates that the project yields a favorable net present value.

5.3 Morcinek Mine

The Morcinek resources are associated with the former Morcinek Mine, which was shuttered in the early 1990's as a result of declining coal markets and adverse economic conditions prevalent at that time in Poland. There are a number of buildings and offices on the property. The production facilities, hoists, etc. have been decommissioned. The shafts were filled, the head frames and associated hoisting equipment were razed, and much reclamation (initial re-vegetation, erosion and sedimentation controls, general site closure, etc.) was completed. A portion of the Morcinek office facilities are currently being used by Karbonia PL as a base for the development team that is working on the Debiensko project. BOYD visited the surface in February 2008.

BOYD has not evaluated the former Morcinek Mine as a stand-alone mining operation from either a financial or logistical perspective. Morcinek's coal resources, which are entirely within Poland, are situated immediately to the east of the CSM Mine. NWR's plan is to extract a number of reserve blocks that are along the Polish border and can be accessed by CSM as a logical and efficient extension of ongoing mining operations. This will result in subsidence of Polish surface overlying the Morcinek coal holdings, and requires coordination and approvals of Czech and Polish authorities. NWR staff noted that there is an extended mining history on both sides of the border, and they anticipate securing approvals from the respective countries. Given that the Morcinek coal seams are proximate to CSM, it is reasonable to assume that the coal resources are of comparable thickness, quality, and mineability. CSM would likely be able to extend its mine life by extracting some portion of the Morcinek tonnage.

NWR has a memorandum of understanding with a Polish company regarding the development of a new mine at Morcinek. If Morcinek were to be developed as a separate mine, the project would benefit from the previously existing facilities and the knowledge gained during prior mining. The existing surface facilities offer some synergy with a new project. Already constructed buildings and predetermined shaft sites could decrease construction times and speed up permitting, which will likely be faster at this site than in a greenfield area with no previous mining history.

Plans for the potential mine are currently under consideration by NWR. The stand-alone mine would likely extract the bulk of the coal, while a smaller portion could be mined by CSM. The project would require significant capital expenditure as a high-volume, long-life mine. BOYD did not evaluate project lead times or capital associated with NWR's Morcinek plans.

5.4 Frenstat

Initial development of the site began in 1981, consisting of two shafts and an underground connection. The initial underground development was never completed, and no permanent surface facilities and infrastructure for large-scale mining were constructed. Construction activity stopped altogether in 1989, but the property has been continuously maintained, ventilated, pumped, and examined since. The proposed mining area covers 67 km^2, more than any of NWR's active mines.

BOYD visited the Frenstat Mine in March 2008 to observe the site and the conditions of the shafts. BOYD was transported to the working level approximately 900 meters below the surface via a construction bucket. We observed that the shafts were generally complete and intact, with some electrical and communications conduits installed. The total complex consists of:

- Main office complex
- Equipment shop
- Two air shafts
- Completed head frames for both shafts
- Ventilation fan on the outtake shaft
- Various other surface facilities

Site facilities are sufficient to maintain the integrity of the two idle shafts. Development of the site as a producing mine would require construction and installation of virtually all major surface and underground support systems. This would include hoisting facilities, power systems, supply yards, material handling infrastructure, surface buildings, etc.

Frenstat is situated away from the main Ostrava coalfields, and the region is broadly categorized as a recreational area that has not been disturbed by mining activities. Consequently, the project faces opposition from environmental groups and local residents. In addition to the assessment of technical and financial feasibility, numerous political, environmental, and logistical issues must be resolved prior to site development. NWR has commenced negotiations with various parties and is has started licensing procedures.

Historical mining experience provides a strong, supportable foundation for defining boundaries of mining blocks and then assigning reserve recoveries to these blocks at NWR's active mines and at Debiensko. The long history of mining at these mines enables assignment of recovery rates within specific blocks or locations. The associated mine plans and mining recoveries are closely related to the nature of local faults and geological disturbances that have been identified at each of these established mines.

This history does not exist at Frenstat. The combination of drilling information and the sinking of the shafts establishes the thicknesses and areas of the seams at Frenstat, enabling the determination of in-situ coal resources. Available data also provide a general indication of the geological setting at Frenstat. However, the existing exploration data are not sufficient to define the location, orientation, displacement and dip of faults. Knowledge about the structure of the seams, the density of faulting, and the conditions within the potential mining areas are needed to define a predictable mining plan and assign associated reserve recoveries. Therefore, Frenstat is categorized as a resource rather than as Proven or Probable reserves.

The current lack of predictable seam structure precludes the inclusion of Frenstat in the NWR projections; it is simply not possible to prepare a reliable, high-volume mining plan that could be used to justify significant investment to a reasonable degree of engineering certainty. However, the magnitude of coal resources, combined with the existing shaft access to the coal seams, provides low-risk opportunities to evaluate development potential at Frenstat.

NWR management is pursuing plans to initiate production by utilizing small-scale, lower capital methods than those traditionally used at the existing mines. Primary areas being considered in this regard include:

- Initial capital investment would be minimized by relying upon coal preparation facilities at nearby NWR mines during the evaluation period.
- NWR is considering the application of non-longwall mining methods. This would consist of continuous miner (CM) equipment using room-and-pillar (bord and pillar) mining methods. This is a partial extraction technology that includes roadway development while leaving pillars in place to support the main roof.
- Production volumes would initially be small, and NWR would defer major investment in permanent hoisting capacity and material handling facilities until mine's geology and economic feasibility is demonstrated. In the interim, small-scale hoisting systems would be used and coal would be trucked off site rather than constructing full-scale rail load-outs and tracks.
- NWR is evaluating geotechnical and operational aspects of CM mining methods to identify the potential for implementation at depths of 900 m. While these depths exceed typical international norms for CM mining, such an approach may

prove to be applicable to extend mine workings into the seams so as to define faulting, geological structure, etc.

BOYD concurs that the financial risk of such a proposal would be low. Equipment could be leased and the trial could continue at relatively low and predictable operating costs compared to other development alternatives. The existing seam access would enable such a test to commence rapidly. This assumes necessary licenses and approvals for such a program can be secured without undue delays.

Should geological conditions be proven to be conducive to high volume production operations, Frenstat could be developed more quickly than any comparable mine in Europe. The two ventilation air shafts are already developed to depths suitable for production. Shafts are one of the most extensive components of a new mine project in Europe, and would effectively shorten the lead time for development by three to five years compared to any other major new greenfield mine. Further, this also avoids a major capital expenditure. The Frenstat shafts are not yet outfitted with infrastructure to immediately support production, and will require capital expenditure for production skips, transportation lifts, coal bunkering systems, and completed production levels.

Significant negotiation and resources are likely to be required to gain local trust and necessary approvals at all levels for Frenstat. As a result, an absolute timetable to bring the Frenstat mine into initial or full production can not be estimated due to these uncertainties.

6.0 COKING PLANTS

6.1 Introduction

NWR, through its subsidiary, OKK, a.s. (OKK), operates two coking plants near Ostrava in close proximity to NWR's coal mines. The Sverma Plant produces metallurgical coke, while the Svoboda Plant produces foundry coke. In 2007, approximately 900,000 tonnes of metallurgical coke and 440,000 tonnes of foundry coke were produced by OKK. Coking coal is furnished by NWR mines and also purchased from outside suppliers. In 2007, about 1,100,000 tonnes of NWR coal were consumed and 600,000 tonnes of purchased coal were used. The majority of purchased coals are imported from Poland. According to plant management, both plants produce and sell byproducts including washed coke gas, tar (45,000 tpy), benzene (5,500 tpy), ammonium sulfate (4,000 tpy), and liquid sulfur (1,000 tpy). Annual revenue from coke sales approaches €226 million per year, and byproduct revenues are in the range of €10.8 million per year. BOYD met with the Managing Director and Chief Engineer of OKK on 17 March 2008 and visited each plant.

6.2 Sverma Coking Plant

The Sverma Plant was originally built in 1892. Throughout the years many modernization projects and upgrades have taken place. According to plant management, the coking plant and byproducts facility currently operate within all applicable environmental standards.

Inside coal storage for up to 20,000 tonnes is provided in advance of the plant. In preparation for charging, coal is blended and crushed to 80% -3mm. Environmental regulations no longer permit the addition of fuel oil to the coal to improve bulk density. The typical charge density at Sverma is about 880kg/cubic meter.

Sverma operates two Koppers-type batteries. The No. 3 Battery was constructed in 1985, and the No. 4 Battery in 1990. Each battery contains 72 ovens. Individual ovens (chambers) are 12m long, 3.6m in height, and 430mm wide. Approximately 15 tonnes of coal are charged through the top of each oven. Coking times at the No. 3 Battery are 22 hours, with 22 ovens being pushed per shift. At the No. 4 Battery, coking times are 18 hours and 34 ovens are pushed per shift. The No. 3 Battery is operated at 1,150°C, and No. 4 at 1,250°C; both are fueled with coke gas. The plant is scheduled to operate 24 hours per day, 7 days per week, with 4 hours of scheduled maintenance on Tuesdays.

Product at Sverma is screened and sized at 10mm x 0mm, 20mm x 10mm, 40mm x 20mm, 60mm x 40mm, and 90mm x 40mm. The first three of these size fractions make up about 20% of the total output and are sold as heating fuel. The remaining two fractions represent 80% of the total output and are sold as metallurgical coke. Routine coke quality testing and analysis includes M_{10} and M_{40} hardness testing, coke reactivity, ash, sulfur, and carbon content. Plant management noted they are meeting environmental regulations and are not aware of any current environmental concerns that would adversely affect coke plant operations.

During our brief tour, the plant was clean and appeared to be functioning well. Reportedly, the No. 3 Battery suffered flooding damage in 1997, which resulted in brick cracks and oven wall damage. At the No. 4 Battery, wall cracks are being repaired routinely without additional actions. Without additional recapitalization, coke production at Sverma will cease in 2011, and this issue was discussed with NWR senior management. NWR's current planning is to perform rehabilitation work at Sverma to extend its life beyond 2011, and evaluate whether the batteries should be rebuilt or replaced.

6.3 Svoboda Coking Plant

The Svoboda Plant was originally built in 1908. As with the Sverma Plant, many modernization projects and upgrades have taken place throughout the years. According to plant management, the coking plant and byproducts facility currently operate within applicable environmental standards. Plant management noted the Svoboda Plant is the only coking plant in Europe capable of producing the hard, large sized, high quality foundry coke made in this facility. Product from Svoboda is exported to Western Europe, and additional demand exists for its products.

Svoboda operates three stamp-charged side charge batteries containing a total of 154 total ovens (chambers). The newest battery was placed into operation in 1990. Individual ovens at Svoboda are 13m long, 3.5m in height, and 500mm wide. The normal charge density is about 1,080 kg/cubic meter. A typical oven charge is 21 tonnes of coal and yields 16 tonnes of coke. Coking time is 32 hours at 1,150°C; ovens are fueled with coke gas. Plant output averages about 1,750 tonnes of foundry coke per day. Svoboda operates a full byproduct recovery plant and produces byproducts similar to those at Sverma. On-going oven wall repair work is scheduled to continue throughout 2008.

Foundry coke at Svoboda is sized into three grades: No. 1 Foundry Coke is 250mm x 100mm, No. 2 is 130mm x 70mm, and No. 3 is 90mm x 60mm. These three grades represent 70% to 75% of the total plant output. The -60mm product is further sized and sold as steam coke. A primary parameter of coke quality at the plant is the measure of Micum Hardness. Svoboda's product typically runs 75% to 80% $>M_{80}$,

85% to 90% > M_{40}, and <10% $M_{10,}$ which represents a very high quality foundry coke. In addition, moisture, ash, calorific value, and carbon content are monitored.
Plant management noted they are meeting environmental regulations and are not aware of any current environmental concerns that would adversely affect coke plant operations. During our tour, we observed the plant to be clean and it appeared well maintained.

6.4 Future Operations

The coke plants have an established track record and produce marketable products. The plants appeared to be well maintained and functioning properly with the exception of the oven wall damage noted above. The NWR projections appear consistent with historical and current norms, and BOYD regards future plans as being reasonably derived and achievable.

The NWR board of directors has approved the construction of Battery No. 10 at Svoboda. The new battery will have the capacity to produce about 200kt of foundry coke annually, which will satisfy the majority of remaining demand. All permits have reportedly been obtained, and construction is scheduled to begin this year. Plant management stated coke production from the new 50-chamber battery is projected to commence in 2011.

7.0 MARKET REVIEW

7.1 Introduction

NWR supplies both thermal and coking coal into the domestic Czech market and to customers in surrounding eastern European countries. Presented in this chapter are BOYD's views regarding NWR's market position, customer base, and competitors.

7.2 Summary and Conclusions

The following points summarize the conclusions and findings of our independent review of the European coking and thermal coal market as it relates to NWR coal mining operations.

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 traditional market region, it is unlikely that its mining industries could significantly threaten NWR's market sales on a delivered cost basis. While nearby coal-producing countries will constantly be present as potential 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, or otherwise out-produce NWR's mines on a sustained basis.

NWR and its traditional 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, and at competitive prices. In return, NWR has successfully maintained its market share in these markets.

NWR has limited opportunities to export coal beyond its traditional market due to transportation cost limitations. Conversely, the threat of foreign coal encroaching upon NWR's traditional markets is minimal since these sources (regional coal from Poland and Russia as well as imported coal from international producers such as Australia, South Africa, and the United States) are unable to compete favorably on a delivered cost basis against local NWR mines. Occasional shipments of non-traditional coals may arrive, but are not regarded as a primary threat to NWR.

In the future, expectations for NWR coal prices will be primarily driven by future coal demand within NWR's traditional market regions as well as the competitive position of the Polish coal industry, NWR's closest competitor. From a demand perspective, anticipated economic expansion within the market region provides reasonable assurance of continued coal demand over the 20 year horizon (with the acknowledgement that use of non-coal fuels in the future will temper the level of demand to some degree in the long term). As such, NWR is ideally positioned to meet future demand in light of the limited coal supply alternatives available to consumers. Assuming the continued performance of its mines under current operating standards, BOYD believes NWR will service a defined market demand and will continue to supply this market as long as it is capable of producing coal. It will only cede market share as its mines begin to deplete.

Due to its close proximity, similar mining operations, and common presence in regional markets, it is BOYD's opinion that NWR's prices are in large part governed by prices realized by the Polish coal industry. Since Polish coal competes in both the international seaborne market as well as the domestic European market, Polish prices will frequently dictate the ultimate price NWR may demand within its defined market region. Consequently, the competitive performance of Polish coal relative to international and domestic markets establishes the benchmark against which NWR coal prices can be viewed. The supply of Polish coal has declined significantly in recent years; this creates supply/demand imbalance and subsequent market opportunities for NWR. As such, we anticipate a strong market for Polish coal and NWR coal.

7.3 Overview Czech Coal Industry

There are two types of coal mined in the Czech Republic: hard and brown. Hard coal refers to both metallurgical coking coal, which is used to produce metallurgical coke, and thermal coal, which is used in electricity generation. Brown coal is of lower rank and lower calorific value (heat content contained per unit of weight) and is utilized for power generation. The Czech Republic's overall coal mining industry was once one of the main segments of the country's economy, but has undergone an extensive restructuring program and downsizing of operations over the past decade. There was reduced demand for both hard coal and sub-bituminous brown coal as the electric power generation industry moved away from coal-fired power plants. The reduction in coal demand coincided with the use of more environmentally benign and efficient heating fuels (such as natural gas) by domestic industrial coal users and the power generators. Coal mine production has fallen by nearly 50% since 1980, while coal's share of domestic energy consumption has declined from 55% to 14% over the same time period.

Hard coal in the Czech Republic is mined primarily by NWR in northern Moravia. Declines in hard coal have not been as drastic as those experienced in the brown coal industry, as hard coal continues to experience better export opportunities. NWR produced approximately 13 million tons (Mt) of hard coal in 2007 and exported over 33% of its total output. There have been significant declines of domestic hard coal consumption since 1980, but hard coal production and consumption in the Czech Republic have stabilized over the past several years.

7.4 Czech Republic Domestic Coal Demand

7.4.1 Domestic Coking Coal

Regional coke plants form the primary domestic market for coking coal; these plants produce coke for domestic consumers and for export. Coking coal consumption has fallen since 1990 because of the restructuring (downsizing and changes in process) of the two largest Czech metallurgical companies – Arcelor Mittal Steel and Moravian Steel (Trinecke Zelezarny) – which together account for two-thirds of domestic demand for coking coal and 15% of domestic demand for thermal coal.

The primary threat to coking coal demand is the potential for regional producers to idle integrated steel mills and hot end production, and instead roll imported slabs from lower cost mills in Eastern Europe and elsewhere. This would lower regional coking coal demand since blast furnaces would be shut down. Such a transition would be costly and only occur incrementally, and would be dependent upon local economic growth, availability of steel in required qualities from other sources, and other macro-economic factors. It is BOYD's view that the current environment for steel demand, combined with robust economic growth in the region, makes such a transition unlikely in the near term.

A lesser threat to coking coal demand is the potential conversion of steel production to alternative technologies such as electric arc methods or increased use of pulverized coal injection (PCI). The use of electric arc furnaces is dependent upon scrap metal availability and low-cost electric power. Regional economic growth has resulted in increased demand for electric power. We do not anticipate widespread implementation of electric arc methods given the regional demand for power and its corresponding costs.

PCI is the process whereby finely pulverized coal is injected directly into the raceway of the blast furnace as a secondary source of energy and carbon reductant, thus enabling reduced consumption rates of coke, which is the more expensive primary fuel. The downside for steelmakers is that coke rates are reduced, gas flows within the blast furnace are compromised, and pig iron production capacity is reduced. It is reasonable to assume some increased use of PCI in the future in traditional NWR markets. This is consistent with the global expansion of PCI usage (other technological advancements over the past 15 years) that has contributed to lower coke ratios (coke consumed per ton of pig iron produced) throughout the world.

BOYD expects the reduction in coking coal demand due to PCI use to be relatively small.

7.4.2 Domestic Thermal Coal

Thermal coal is mainly consumed by heat and power generation plants that are located in proximity of the hard coal mining region. Power generation from brown coal stations is significantly greater than hard coal.

The use of brown coal for power plant fuel represents the largest portion of the generation system in the Czech Republic, as evidenced by the generating assets owned by CEZ Group, the country's largest power producer:

Czech Generating Assets

Power Plant Type	No. of Facilities	Total Capacity (MW)	Percent of Total
Thermal ('Black') Coal	1	800	6.30
Brown Coal	9	5,087	40.06
Nuclear	2	3,760	29.61
Hydro	37	1,901	14.97
Pumped Storage	4	1,147	9.03
Wind	1	2	0.02
		11,550	100.00

Table 7.1

CEZ's thermal coal plant is the 800 MW Detmarovice Power Station in Northern Moravia; it is a logical customer of the NWR mines.

7.5 Czech Republic Coal Exports

Coal exports, for the purposes of this report, are defined as sales of Czech coal to sites outside the borders of the Czech Republic. The Czech Republic is a net exporter of coal; approximately two-thirds of hard coal exports are coking coal.

The Czech Republic's major export customers for coking coal are the iron and steel industries of Austria, Poland, and Slovakia. There has been variability in the relative proportion of thermal coal shipments to surrounding countries in recent years, although total thermal coal exports have not varied significantly. Total coal exports from the Czech Republic stabilized over the 2001 to 2005 period, with annual shipments in the range of 5.3 to 5.7 Mt.

7.6 Czech Republic Coal Imports

Coal imports to the Czech Republic have historically been from Poland, with minor quantities received from Russia and the Ukraine.

	Czech Republic Coking and Steam Coal Imports by Origin (tonnes 000)						
	1995	2000	2001	2002	2003	2004	2005
Coking Coal							
Poland	890	217	568	450	422	473	478
Russia	-	-	-	-	-	4	-
Ukraine	-	-	-	-	29	-	-
Subtotal	890	217	568	450	451	477	478
Steam Coal							
Poland	1,800	869	629	742	781	1,030	722
Russia	-	6	3	21	48	100	32
Ukraine	-	2	3	2	1	10	3
Subtotal	1,800	877	635	765	830	1,140	757
Total							
Poland	2,690	1,086	1,197	1,192	1,203	1,503	1,200
Russia	-	6	3	21	48	104	32
Ukraine	-	2	3	2	30	10	3
Grand Total	2,690	1,094	1,203	1,215	1,281	1,617	1,235

Table 7.2

Czech imports have ranged from 1.2 to 1.6 Mt per year in recent years. Polish coking coal is utilized by Czech steel producers Arcelor Mittal Steel and Moravian Steel, which are located in the vicinity of Ostrava (near the Polish border), and OKK, the operator of the Svoboda and Sverma merchant coke oven operations. OKK representatives noted that certain types of Polish coking coal are blended with coking coals that are mined from local NWR mines. This blend is required to produce a specific grade of metallurgical coke. Polish thermal coal is imported for use by the local steel mills, industrial customers, and the regional heat and power plants.

The importation of coal from Poland (and, potentially, Russia and the Ukraine) will likely continue into the future, depending on major market factors such as availability of supply, delivered cost, and economic trends. However, BOYD does not foresee these countries having sufficient advantages that would enable such imports to disproportionately increase market share at the expense of indigenous Czech production. The supply factors supporting BOYD's opinions are discussed later in this text.

7.7 NWR Market Position

The primary coal products marketed by NWR include:

Boiler Thermal Coal – Washed coal destined for use in power generation plants, cement mills, and/or blast furnaces as a Pulverized Coal Injection product.

Graded Washed Boiler Coal – Cleaned, sized coal in the following fractions: 10 x 30 mm, 30 x 50 mm, 30 x 80 mm, and 50 x 200 mm. This product is used in municipal heating and power plants and by industrial customers. Sized coal products are frequently referred to as stoker coal.

Pulverized Thermal Coal – This product is the undersized portion (the 0 x 20 mm or 0 x 30 mm size fractions) that is screened and separated from the mined raw material prior to washing. The product is sold to power generation and heating plants.

Coal Middlings – A low grade by-product of the coal preparation process, typically higher in ash content. This product is directed into the thermal generating market.

Metallurgical Coking Coal – Washed coal with coking properties that is used in the production of blast furnace and foundry coke. Representative qualities of the coking coal from the various NWR mines are:

NWR Representative Coking Coal Qualities

Mine	Ash* Avg. %	S* max. %	SI - min.	V** Avg. %	Dil. min.
Darkov	6.6	0.4	7.0	27.1	60
CSA	8.5	0.5	3.0	28.5	5
Paskov	8.0	0.8	8.1	18.7	40
Lazy	8.0	0.8	7.0	28.0	130
CSM	7.8	0.6	7.1	26.3	90

* Dry Basis
** Dry, Ash-Free Basis

SI = Swelling Index
Dil. = Dilatation

Table 7.3

Over the past several years, coking coal has been NWR's major coal product in terms of both volume and revenues. Most of NWR's coal sales volume is directed into domestic accounts. NWR currently supplies coking coal to domestic coke producers in the Czech Republic as well as regional export customers. NWR's high proportion of regional sales reflects their inherent transportation advantage due to the close proximity of its mines in comparison to competing mining operations situated in bordering countries. The location of these facilities and the stability of their relatively high annual coal demand make these customers the most important in the NWR supply portfolio. Future sales to this market segment are dependent on regional coke demand and the available coking capacity at these coke ovens.

Projected production by mine is shown below. We have not adjusted output from the active mines, which, in the aggregate, decline over NWR's 20-year projection period. Annual output from individual mines varies with geology and mining plans. For illustrative purposes, BOYD also included production from the proposed Debiensko Mine. As described previously, the plan for Debiensko is currently in development stages and exact timing depends on the ability to optimize sequencing of project development.

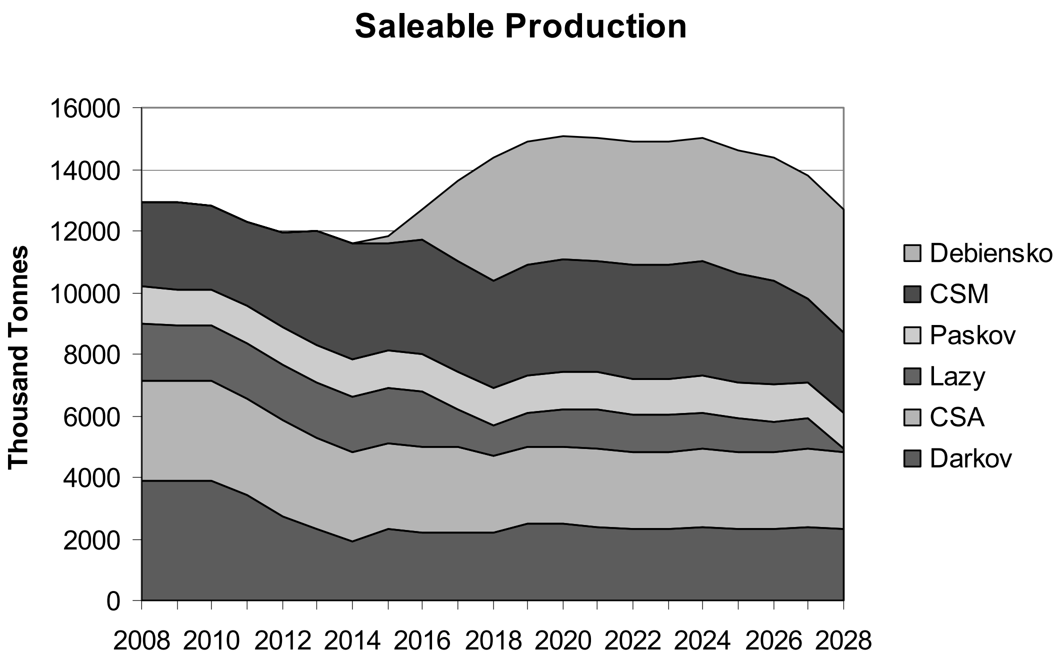


Figure 7.1

7.8 NWR's Competitor Analysis

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. International seaborne coal from other major coal producing countries is also a source of competition to NWR, with shipments delivered via ocean vessels to ports such as Antwerp, Rotterdam or Amsterdam (i.e., the "ARA" region), Gdansk in Poland or to the Black Sea. The following section presents an overview of these coal supply regions and discusses their potential impacts on NWR's market share.

7.8.1 Poland

7.8.1.1 Industry Overview

Hard coal production in Poland (excluding brown coal) has fallen steadily over the last 15 years as output has decreased from 147 Mt in 1990 to approximately 98 Mt in 2005. The number of active mines has decreased from 70 to 40 mines during this period, while the number of employees has decreased from 388,000 to approximately 136,000.

The impetus behind this rationalization has been the transition of the Polish hard coal industry from a state subsidized entity to one governed by conditions of the market economy. The Polish government ultimately aims to create an efficient coal industry that is capable of meeting domestic demand and economically justified coal exports while at the same time adhering to standards for environmental protection as defined by the European Union. This process appears to be moving slowly, and there is no clear date for completion.

Most Polish coal production is from aging underground mines. Many of these operations have mining conditions that are comparable to the NWR mines, as a significant portion of mining activity is focused in the same coal basin as NWR. It is BOYD's opinion that the Polish coal industry does not have any material operating cost advantage over the NWR operations.

7.8.1.2 Reserves

Total recoverable reserves of hard coal in Poland (bituminous and some anthracite) are located in three coal basins: the Upper Silesia Coal Basin, the Lubelskie Coal Basin and the Lower Silesia Coal Basin. Current mining in Poland is situated only in the Upper Silesia Coal Basin and the Lubelskie Coal Basin. Mining in the Lower Silesian Coal Basin ceased in 2000 due to the depletion of viable reserves. The Upper Silesian Coal Basin, which contains thermal, coking, and anthracite coal, comprises nearly 80% of the known viable hard coal reserves within the country.

Estimates of Polish coal reserves vary. Semi-soft coking coal comprises the majority of Poland's coking coal resources, while higher quality hard coking coal (used to produce export-quality metallurgical coke) is in shorter supply. The broad industry perception has been that the Polish coking coal resources would be exhausted in approximately 15 years unless there is a concerted effort to invest in the Polish mining industry. The recent strength of the coking coal market will extend this, as marginal coals will become economically viable. This viewpoint is comparable to estimates that broadly corresponded with the reserve position at the NWR mines several years ago. It is BOYD's view that this is indicative that the mineable output from Poland may be extended, but is unlikely to be expanded to the extent that it displaces NWR from the overall market.

7.8.1.3 Export Capacity

In recent years, Polish export coal demand typically ranged from 19 to 23 Mtpy, and coking coal exports declined from 5 to 3 Mtpy. Most of Poland's coal exports are shipped to thermal coal markets in Europe and countries in the former Soviet Union.

Germany is the largest importer of Polish coal, while Denmark, Austria, and the UK represent other significant markets.

In response to soaring prices in the coking coal market, Poland has announced plans to shift more of its existing production out of thermal coal markets and into coking coal markets (where coal quality is suitable). This would likely limit the availability of Polish thermal coal in the export market.

Polish domestic demand for hard coal is expected to decrease in the near term, primarily due to reduced demand from the utility and municipal power sector following their conversion to alternative fuels, improved efficiencies of energy intensive industries, and the opening of the domestic electricity market to imported power. Polish state agencies previously stated that thermal demand would decline by nearly 12 Mtpy between 2005 and 2010 (from 64 to 52 Mtpy). Conversely, domestic demand for coking coal was expected to remain flat at around 13.5 Mtpy.

Coking coal demand may be influenced by the introduction of PCI technology to the Polish steel industry. Investment in PCI systems could reduce the overall domestic demand for coke (and thus coking coal) in the future.

7.8.1.4 Competitive Position

Hard coal produced by the Polish coal industry is comparable to that of NWR in terms of quality and cost. The Polish mines and NWR both operate in the same coal basin, under similar conditions and with similar mining technologies and methodologies. NWR is believed to be somewhat more productive than the Polish mines in terms of unit of output per employee. This productivity advantage is likely to be offset by wage differentials, although Polish wages continue to rise with its economic growth. Competition for European markets between NWR and Polish producers will therefore be dependent upon the effective delivered price (purchase price plus transportation cost) from each source.

Historic import/export activity demonstrates that major hard coal consumers within the Czech Republic borders (eg, Arcelor Mittal, Moravian Steel, etc.) have been primarily serviced by NWR. The NWR mines are in close proximity to these locations, thus affording NWR a pricing advantage relative to most Polish competitors. Conversely, NWR has occasional but limited marketing opportunities with steel producers within Poland for the same reason. The limited amount of Polish coal that is shipped to Czech steel producers reflects its quality characteristics that contribute to the specific coal blend requirements of regional coke producers. Unless there is a material change in the cost for coal and/or a significant reduction in the availability of coal produced by NWR, it is BOYD's opinion that Polish imports into Czech domestic markets will continue to be limited.

The competitive performance of the Polish coal industry versus NWR in markets outside the Czech Republic is defined primarily by geographic location:

- Polish coal suppliers have greater participation in the German market than NWR, as they are better positioned to ship coal into the German industrial provinces located in northern Germany.
- The amount of Polish coal imports to Austria is approximately the same as that supplied by NWR; however, NWR supplies most coking coal shipped into that market. This reflects the close proximity of NWR mines to the Voest Alpine plant located in Linz.
- Shipments of Polish coal to Slovakian markets travel a significant portion of the way within Poland via Polish rail carriers, thus reducing transport costs and resulting in a relative transportation differential for Polish coal. Coal from NWR is of comparable average quality, but NWR enjoys a significant market advantage versus Polish coal. This reflects the consistency of coal quality as well as consistency of delivery (reliability) provided by NWR.
- Although the transportation differential to Hungary clearly favors NWR versus Polish coal suppliers, Poland supplies most thermal coal into this market. Conversely, NWR dominates the higher margin coking coal market.

The continuation of rational market behavior supports the view that the historical market shares established for NWR and Polish producers will be sustained in the near term. Divergence from market fundamentals may lead to temporary shifts in market share among producers. Such events could occur in response to short-term supply and demand changes (e.g., the sale of coal by Polish producers below their operating costs to avoid mine closures). The POP 2010 re-capitalization program at NWR is likely to maintain, or enhance, NWR's relative market share versus Polish producers as mines in each country pursue deeper and thinner reserves.

In the long term, NWR is well situated to compete with Poland. The Czech mines have been privatized for 15 years and are pursuing market opportunities and recapitalization programs (POP 2010). In contrast, it is general industry perception that the Polish mines have been stagnating. Polish mines appear to be focused on social issues, such as retaining employees. We do not believe the Polish mines, in the aggregate, are innovating their mining business and modernizing standards and practices.

7.8.2 Russia

7.8.2.1 Industry Overview

In 1993, the Russian government embarked on a program of industry restructuring and closure of unprofitable mines with the objective of freeing coal prices from central control and gradually reducing state subsidies. The responsible central government agency was the Ministry of Fuel and Energy. These measures had their intended effects as the number of operating underground mines declined significantly. The recent supply/demand imbalance in the world coal markets and the surge in coal prices have since changed the dynamics of the Russian coal industry. Production also rose following some technological advances and investment in better mines. Output in 2000 was about 149 Mt, and had risen to more than 220 Mt in 2006. It remains to be seen how effects of the previous closure program, and recent development efforts, will influence future production capacity.

Improving markets for Russian coal have contributed to improvements in the levels of "normalized" business transactions (i.e., cash payments for services rendered). For most of the 1990s, the industry subsisted on barter and hugely discounted cash payments for its products. Liquidity in commercial relationships has been gradually improving. The current and future influence of state support (subsidies) for the coal industry, primarily intended to minimize the social consequences of large-scale mine closures, is unknown.

7.8.2.2 Reserves

Russia, being an enormous country, contains vast coal resources in several large sedimentary basins. These deposits are located across the extent of the country and exhibit a broad range of characteristics in terms of geological setting (seam thickness and mineability), coal quality, economic viability, etc. The EIA reported that proven recoverable reserves were in excess of 49 billion tonnes as of 2001.

Russia's mining conditions vary greatly by region and within regions. Its substantial resource base enables mining entities to be selective in comparison to traditional European coalfields. Russia's underground mines therefore can generally pursue reserves that are geologically more attractive than are typical at NWR, in Poland or the Ukraine. Such reserves may be comparable to, or somewhat less favorable than, the broad range of coal reserves mined in the US, China and Australia. Most output is from underground mines, with seam thickness typically in the range of 1.5 m to 3.0 m but varies up to 10 m. Mining depth does not normally exceed 600 m, and usually ranges from 300 m to 500 m. Faulting is frequent, but typically not as significant as experienced at NWR. Reserve blocks are often suitable for high-capacity longwall installations. Seam gradients range from nearly flat to 25 degrees but are commonly in the range of 3 to 10 degrees. Methane liberation is significant in many mines, and in situ and in-mine degasification techniques are commonly used. The principal underground coal mining regions of Russia are:

- Donbass Coalfield, located on the border between Russia and the Ukraine near the Don River, produces thermal coal.
- Pechora Coalfield, located above the Arctic Circle in north-central Russia, produces thermal and coking coal.

- Kuzbass Coalfield, located in western Siberia, produces higher thermal and coking coals in addition to brown (subbituminous) coal.

The Kuzbass region is the most important area for underground mining in Russia and accounts for two-thirds of the country's hard coal reserves and a majority of underground output.

7.8.2.3 Export Capacity

Russia's coal exports have historically represented less than a third of the country's overall annual production. Most of Russian coal exports are shipped west into the European market, with the balance being exported to the Asian/Pacific market from the Russian Far East region. Primary export markets are Eastern Europe (including Romania, the Ukraine, and Slovakia), the Baltic region (including Cyprus and Turkey) and Western Europe (including the United Kingdom, Finland and Spain). Russia also exports thermal and coking coal to Pacific Rim markets such as Japan and South Korea.

Coking coal exports historically represented less than 25% of Russia's total exports. The major export markets for Russian coking coal include Japan, Romania, the Ukraine, Turkey, Korea, and Bulgaria. Russian coking coal has not typically been shipped into western European markets.

Due to the remoteness of coal-producing areas from markets and ports, the cost and availability of rail transport plays an important role in the Russian coal supply chain. The cost of rail transport frequently represented about half of the delivered price of coal to consumers. Coal destined for export receives preferential transport rates; otherwise, the actual (unsupported) freight cost would make exports uneconomical. Exports provide a major source of foreign currency, which is essential for the coal supply chain operation. It remains to be seen if there will be continued cooperation between government, railways, and mining companies relative to export coal sales as the economy continues to develop.

7.8.2.4 Competitive Position

Russian coal has historically been viewed in the marketplace as being somewhat unreliable and of inconsistent quality. Tight market period helped Russian coal gain increased acceptance by consumers, who sought alternatives to traditional exporters during periods of minimal availability. This market shift has provided Russia with recent opportunities to make progress in improving both quality and reliability. Long-term reliability and volume of Russian exports, are in large measure, contingent upon a suspect mining and coal transportation infrastructure.

Infrastructure constraints have historically been regarded as the principal limit on increased Russian coal exports. 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 increased coal shipments. Improvement of these infrastructure issues will occur, as there has been increased interest by multiple parties to make significant capital investment.

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 5,000 to 6,500 km while coal shipped to the Asian/Pacific market is railed some 5,000 km to the Port of Vostochny. Due to these extreme distances, Russian export coal is heavily subsidized. Any consumer of NWR production who places reliance on Russian exports to meet growing demand must recognize an inherent high degree of risk due to the requirement for significant investment in new mine development and uncertainty relative to rail deliveries. Overall, it is unlikely that NWR is in danger of ceding substantial market share to Russian coal sources in the near term future.

7.8.3 Ukraine

7.8.3.1 Industry Overview

The Ukrainian coal industry has experienced a dramatic downturn in production since 1992 as a result of efforts to scale back an industry that is widely viewed as inefficient, over-staffed, and high cost. Historical production is in the range of 44 Mt annually. The Ukrainian coal industry is plagued by numerous problems including labor strikes, difficulties associated with hazardous mining conditions, inefficiencies and low productivity. Since the Ukraine's independence in 1991, there have been thousands of deaths and at least 700 reported underground fires in the country's mines. Official state statistics are unavailable, but it is general industry knowledge that labor productivity in Ukrainian mines is much lower than mines operating in the Czech Republic and Poland.

The Ukrainian government has made restructuring the coal industry a priority with the objective of eventually privatizing all operating companies. The process continues at a slow pace, as the government has been reluctant to close mines in regions where there are few other job sources.

7.8.3.2 Reserves

Most of the Ukraine's coal is mined in the Donetsk/Donbass basin in the eastern portion of the country. Ukrainian reserves reportedly consist of nearly 6.8 billion tonnes of bituminous coal, of which 3 billion tonnes are reportedly of coking quality. Remaining reserves are characterized as thin (only 35% of the remaining reserve base has a seam thickness that is greater than 1 meter), deep (average depth is approximately 630 meters), and prone to coal-bed methane ignitions. The magnitude of reported reserves appears to overstate coal tonnages that can be practically and economically recovered.

7.8.3.3 Export Capacity

Despite its sizeable mining industry, the Ukraine has historically been a net importer of coal. Total imports to the Ukraine in 2005 amounted to 7.9 Mt (5.8 Mt of coking coal and 2.1 Mt of thermal coal), while exports totaled only 1.4 Mt (120,000 tonnes of coking coal and 1.3 Mt of thermal coal).

7.8.3.4 Competitive Position

The Ukrainian coal industry is not viewed as a major threat to NWR due to the unreliable nature of its industry and its inability to meet its own domestic demand. Ukrainian producers may be able to capitalize on occasional select market opportunities; however, these situations will be infrequent at best.

7.9 International Coal into the European Market

International coal from supply sources such as the United States, Australia, and South Africa is typically imported into Europe through large import facilities in the ARA (Amsterdam, Rotterdam, Antwerp) region. Alternatively, some market regions are capable of receiving coal shipped to the Black Sea and subsequently trans-loaded into barges for shipment up the Danube River. Coal from these import terminals can be loaded into rail cars for shipment across Europe to select internal markets. Due to transportation limitations, only countries located near sea ports typically import coal from international sources. NWR, as well as suppliers in Poland and Russia, enjoy a substantial market advantage over coals from offshore sources.

The price of international coal has skyrocketed in the past year as a result of shortfalls in supply relative to demand. This is the result of many global factors that have constrained production as demand continues unabated. Concurrently, the mining industry has experienced dramatic increases in costs. Rising commodity prices, labor shortages, insufficient historical investment in capacity, and declining productivity have all played prominent roles. Transportation costs reflect fuel prices and shortages of seaborne vessels. The desperation on the part of buyers has further contributed to the rising prices, as years are required to install additional capacity that will offset depletion and compensate for the additional demand.

Supply constraints of low volatile coking coal has resulted in price run ups for coking coals of nearly all qualities. The following shows historical coking coal prices:

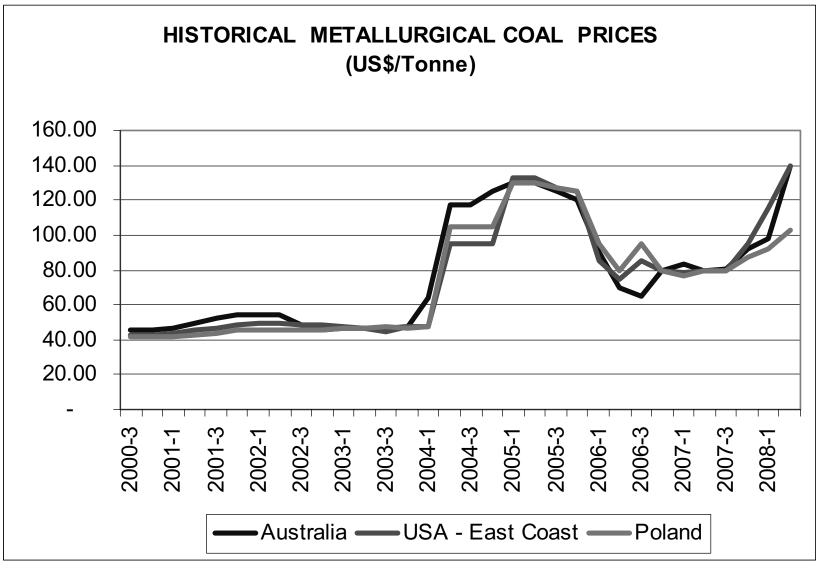


Figure 7.2

Recent coking coal transactions, including contract settlements, have been reported in the range of US$250 to US$325 per tonne fob the port of embarkation. The fact that many current sales have short delivery windows results in the perception that these are panic purchases. It is BOYD's opinion that the price simply reflects "what the market will bear". We concur that new capacity can be developed for lower prices, but until such new capacity materializes, the supply/demand imbalance will drive pricing.

Likewise, similar supply/demand issues have been affecting thermal coal prices during the 2000s.

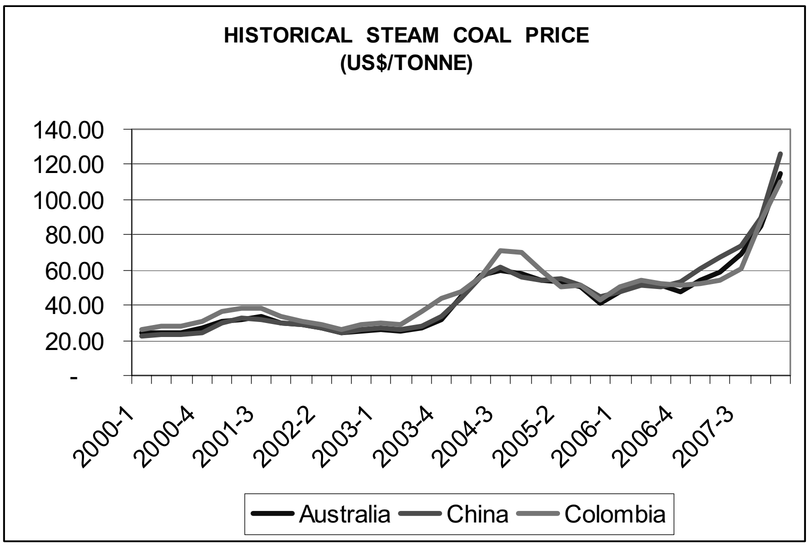


Figure 7.3

Thermal coal prices in 2008 have reached all time highs primarily due to the same factors influencing coking coal prices.

Ocean freight rates have increased dramatically. The shipbuilding industry is overwhelmed by the demand for new ships. Safety and environmental rules have precipitated a rush to build double-hulled tankers. Demand for new container ships has increased as well. The profitability of these types of ships tends to be higher than for dry bulk carriers, so shipbuilders are not concentrating on building new bulk carriers. Shipyards are widely reported to be fully booked, with extended lead times between ordering a bulk carrier and taking delivery.

The following illustrates an example of historical ocean transportation rates:

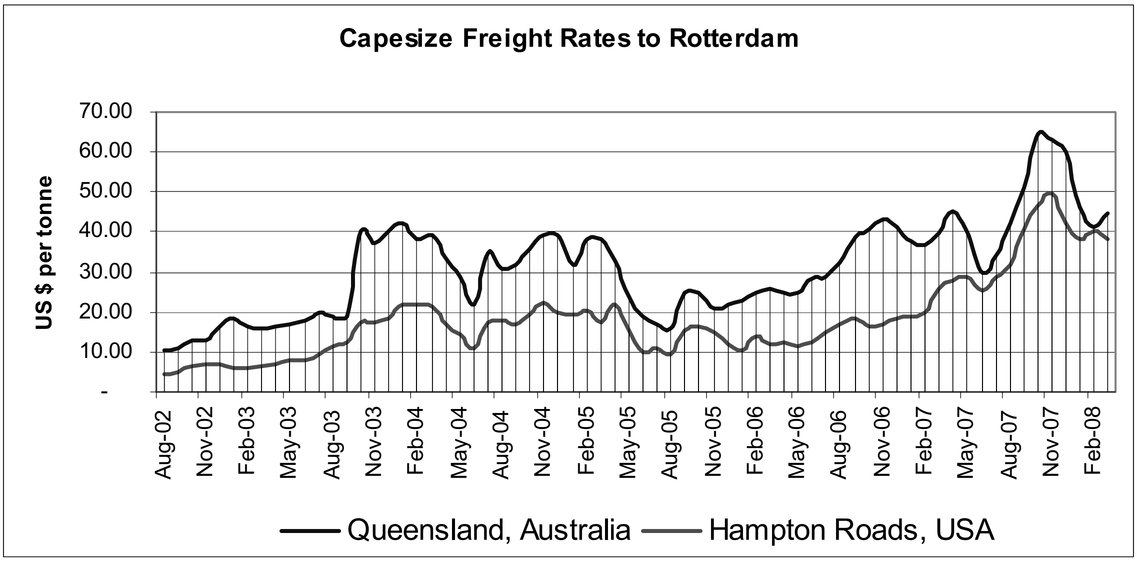


Figure 7.4

While rates have recently come off their historic highs, it is reasonable to expect rates will not return to historical norms. The costs of fuel, increased vessel costs, and robust demand will preclude significant drops in ocean transportation prices through at least the middle of the next decade.

7.10 NWR Competitive Advantage

Seaborne coals from international sources generally do not compete with local coals produced and consumed in the Czech Republic, Poland and other eastern European countries. The following represents a snapshot of delivered prices of various coals to European destinations as of early 2008:

Estimated Delivered Price of Internationally Sourced Coals
Delivered to OKD's Market Region (US$/tonne)

	Coking Coal		Thermal Coal	
Component	Low	High	Low	High
Coal (fobt)	140	225	65	150
Ocean Transportation	30	65	30	65
Handling	3	7	3	7
Inland Transportation	25	50	25	50
Total - Delivered Price	198	347	123	272

Table 7.4

NWR and other regional coal suppliers could command equivalent prices for coking and thermal coals, and regional customers would be indifferent as to the source. Given the substantial transportation advantage, NWR can essentially command a price that is approximately $60 to $130 per tonne greater than seaborne coal and maintain its market position. BOYD has not prepared a long-term price forecast, but believes it is reasonable to anticipate NWR will receive coal prices that reflect their geographical advantages (i.e., economic rent) over other suppliers, particularly as other European producers struggle to sustain coal production levels.

APPENDIX A

GLOSSARY OF ABBREVIATIONS AND TERMINOLOGY

ad	Air dried as in coal quality reporting
AFC	Armored face conveyor
AIPG...	American Institute of Professional Geologists
BF..	Blast Furnace
Block	A defined area of coal bordered by gateroads, usually rectangular in configuration, in which the LW face operates
BOYD	John T. Boyd Company
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	Facility used to selectively remove an undesirable portion (waste) from the ROM/raw coal using chemical and mechanical methods. Also known as CPP
Coal Reserve	A Coal Reserve is the economically mineable part of a Measured Coal Resource or an Indicated Coal Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of the 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. Coal Reserves are subdivided in order of increasing confidence into Probable Coal Reserves and Proved Coal Reserves
Coal Resource	A Coal Resource is a concentration or occurrence of coal of intrinsic economic interest in or on the Earth's crust in such form and quantity that there

GLOSSARY OF ABBREVIATIONS AND TERMINOLOGY - Continued

	are reasonable prospects for eventual economic extraction. The location, quantity, quality, geological characteristics and continuity of a coal resource are known, estimated or interpreted from specific geological evidence and knowledge. Coal resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated, and Measured categories
Coal Seam	Portion of the strata that contains solid fossil fuel
Commercial Output	Saleable product from a particular mine, which may include varying proportions of raw and cleaned coals
Contract Services Personnel.....	Personnel typically engaged full-time by OKD who are assigned to operating mines in order to perform specific routine tasks (e.g., Longwall face transfers)
CV	Calorific value – the measure of a coal's energy content
CZK	Czech Koruna – official money of the Czech Republic
daf	Dry, ash-free
Demonstrated Coal Resource ...	Measured Coal Resources and Indicated Coal Resources
Dip	Angle which strata makes with the horizontal
Economic Viability	This term implies that the extraction of a reserve has been demonstrated to be viable under reasonable financial assumptions.
Face	Mine location where active coal extraction is taking place, also refers to the longwall or development mining equipment as installed for mining
Feasibility Study	A Feasibility Study assesses in detail the technical soundness and Economic Viability of an undeveloped mining project, and serves as the basis for the investment decision and as a document which may be used by banks in relation to project financing. The study constitutes an audit of relevant geological, engineering, environmental, legal and economic information accumulated on the project. Generally, a separate environmental impact study is required

GLOSSARY OF ABBREVIATIONS AND TERMINOLOGY - Continued

Fm	Formation
FM	Fully Mechanized, in reference to longwall face equipment complement.
FOB	Free-on-board, a mercantile term meaning that the seller is responsible for delivering goods to a specified location
GAAP	Generally Accepted Accounting Principles
Gate	Bord and pillar development around a longwall panel supporting its operation – also gateroad
Gob	Spoil material allowed to subside behind the longwall retreat
HR	Human Resources
Hr	Hour
Indicated Coal Resource	That part of a Coal Resource for which quantity or quality, densities, shape, physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and quality continuity to be reasonably assumed.
Inferred Coal Resource	That part of a Coal Resource for which quantity and quality can be estimated with a low level of confidence on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and quality continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
In-Place Reserves	In-Place Reserves refers to coal in mineable seams with no recovery factors applied
IPO	Initial public offering
ITR	Independent Technical Review

GLOSSARY OF ABBREVIATIONS AND TERMINOLOGY - Continued

JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Kcal/kg	Kilocalorie per kilogramme — measure of coal heat content
km	Kilometre
kW	KiloWatt
kV	Kilovolt
LOM	Life of Mine, meaning the span of time that a mine is currently planned to operate.
LW	Longwall, meaning the full-extraction minin method or the equipment used to do so.
m	Meter
m^2	Square meter (also sq. m)
m^3	Cubic meter (also cu m)
m^3/min	Cubic metres per minute
m/s	Meters per second
Measured Coal Resource	That part of a Coal Resource for which quantity, quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the Economic Viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity, equivalent to Measured Mineral Resources
Methane	A colorless, odorless, explosive gas (CH_4) typically associated with coal seams
Mine Plan	The current documentation of the state of development and exploitation of a deposit during its economic life including current mining plans. It is generally made by the operator of the mine. The study takes into consideration the quantity and quality of the minerals extracted during the

GLOSSARY OF ABBREVIATIONS AND TERMINOLOGY - Continued

	reporting time, changes in Economic Viability categories due to changes in prices and costs, development of relevant technology, newly imposed environmental or other regulations, and data on exploration conducted concurrently with mining
mm	Millimeter
Modifying Factors	Metallurgical, economic, marketing, legal, environmental, social, and governmental factors used when evaluating whether Coal Resources can be considered Coal Reserves.
Mt	Million tonnes
Mtpa	Million tonnes per annum
mu	A unit of land area measurement equivalent to $^{1}/_{15}$ of a hectare.
Normal Fault	A fault where the hanging wall has dropped along the fault plane (fault angle between 45 and 90 degrees) relative to the footwall
OH & S	Occupational Health and Safety
OKD	Ostravo-Karvinske doly
OSD	Out-of-seam dilution, i.e., roof and floor rock recovered with the coal seam during the normal mining process
Outcrop	The part of the coal formation exposed to the surface
Out-of-Seam	Non-coal material above and below the coal seam recovered during mining
Overburden	Waste material overlying a coal seam
Panel	An area of coal designated for extraction utilizing longwall mining within which a series of blocks (longwall faces) are developed
Partings	Rock material within mineable coal seams usually extracted with the coal
PCI	Pulverized Coal Injection
Phos	Phosphorus, trace element in coal that may adversely affect coal boiler efficiency

GLOSSARY OF ABBREVIATIONS AND TERMINOLOGY - Continued

Pillar	Column of coal left behind for support
Preliminary Feasibility Study	Provides a preliminary assessment of the Economic Viability of a deposit and forms the basis for justifying further investigations (detailed exploration and feasibility). It usually follows a successful exploration campaign and summarizes all geological, engineering, environmental, legal and economic information accumulated to date
Probable Coal Reserve	The economically mineable part of an Indicated Coal Resources, and, in some circumstances, Measured Coal Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, beneficiation, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
Productivity	Measurements of worker efficiency usually expressed in terms of tonnes per unit of time, e.g. tonnes/employee-year
Proved Coal Reserve	The economically mineable part of a Measured Coal Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, beneficiation, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified
Qualified Person or QP	An individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project and the technical report; and is a member or licensee in good standing of a professional association
Railcar	Open-top cars (wagons) used to haul coal from mines to the customers.
Raw Coal	Coal on an as-mined basis, which may be sold directly or processed if necessary
Residual Stone	Low heat content material remaining after commercial coal has been produced from raw coal using crushing, screening and processing methods. Heat content typically is sufficient for

GLOSSARY OF ABBREVIATIONS AND TERMINOLOGY - Continued

	utilization in specially designed boilers for power generation
ROM	Run-of-mine — the as-mined material as it leaves the mine site
Saleable Reserves	Saleable coal is the quantity of coal that can be delivered to the point of use, discounted for coal losses during processing
SEC	Securities and Exchange Commission
SEP	State Energy Policy
Shearer	Mechanized cutting machine utilized to extract coal from a face in a longwall mine
SO_2	Sulfur Dioxide – a chemical compound formed during coal combustion that creates acid rain when released into the atmosphere
SOP	Standard Operating Procedure
SurvCADD	Geological modeling software
Temporary Personnel	Workers employed on a temporary basis at a mining operation to perform specific construction or maintenance tasks. These workers are not reflected in mine employment figures
Tonne	Metric ton equal to 1,000 kilogrammes
tph	Tonnes-Per-Hour
UG	Underground
UN	United Nations
VM	Volatile matter, expressed in percent of the total mass of a sample, refers to components of coal excluding moisture liberated at high temperatures
Wash Plant	Facility used to selectively remove an undesirable portion (waste) from the ROM/Raw coal using chemical or mechanical methods. Also known as a Coal Preparation Plant (CPP)
Yield	Saleable portion of coal cleaned in a preparation plant relative to the total tonnes cleaned

APPENDIX B

RESERVE CLASSIFICATION METHODOLOGIES

USGS Reserve Classification Methodology

OKD's traditional reserve reporting methods comply with the requirements of the Czech Mining Authority. The Czech system for describing and categorizing the reserves is based on, and similar to, the system developed in the former Soviet Union in the 1960s, and still applied in Russia, CIS Countries, and Eastern Europe. The system is very different in principle and detail from the major Western reporting codes (Australia – JORC, South Africa – SAMREC, Canada – CIM / NI43-101, US - USGS / SEC, and the IMM code). Both the Soviet type and Western systems are intended to provide a consistent framework within which reports are prepared.

The basis of the Western codes is recognition of the diversity of mineral deposits, the types of data available, and the economic recovery factors that are to be applied in defining the reserves. They place ultimate responsibility for reporting on a competent person, or qualified person, whose professional judgment in applying the codes is the principal determinant in the reserve figures presented.

In contrast, the Eastern systems aim to achieve total objectivity (and repeatability) by prescribing the entire process of exploration, resource computation, and reporting. The application of professional judgment in regard to economic mineability appears unnecessary.

While the systems appear vastly different there are some similarities that allow broad translation. This has been done in order to gauge how the OKD reserve holdings might be restated in the principal international reporting codes following a detailed assessment of the geologic and mine planning studies underlying the OKD reserve statement and assuming that assessment supports the statement.

Because all mineral rights are owned by the state within the Eastern systems, there is the concept of the "national raw materials base," which must be accounted for in total and remain balanced with depletion offset by discovery. The total geologic resource base is comprised of those deposits, or portions of deposits, that are in "balance" and can be exploited today (generally equivalent to mineable reserves) and those "out-of-balance" that cannot be worked at present (e.g., uneconomic resources).

BOYD completed an independent reserve assessment in February 2008. By assignment, BOYD was directed to opine on coal reserve tonnages using the USGS coal resource classification system. The following USGS[1] definitions and guidelines apply:

Resources

Naturally occurring concentrations or deposits of coal in the Earth's crust, in such forms and amounts that economic extraction is currently or potentially feasible.

Reserve Base

Those parts of the identified resources that meet specified minimum physical and chemical criteria related to current mining and production practices, including those for quality, depth, thickness, rank, and distance from points of measurement. The reserve base is the in-place demonstrated (measured plus indicated) resource from which reserves are estimated. The reserve base may encompass those parts of a resource that have a reasonable potential for becoming economically available within planning horizons beyond those that assume proven technology and current economics. The reserve base includes those resources that are currently economic (reserves), marginally economic (marginal reserves), some of those that are currently sub-economic (sub-economic resources), and some of the resources that have been or will be lost-in-mining but whose attributes indicate possible future recovery.

Reserves

Reserves – Virgin and (or) accessed parts of a coal reserve base which could be economically extracted or produced at the time of determination considering environmental, legal, and technologic constraints. The term reserves need not signify that extraction facilities are in place or operative. Reserves include only recoverable coal; thus, terms such as "extractable reserves" and "recoverable reserves" are redundant and are not a part of this classification system.

Reliability Categories

Reliability Categories – Categories based on distance from points of measurement and (or) sampling. The measured, indicated, inferred, and hypothetical resource categories, as defined, indicate the relative reliability of tonnage estimates as related to distance from points of thickness control of particular parts of a coal deposit. The reliability categories are not indicative of the reliability of the basic data (that is, the accuracy of coal measurements, or the accuracy of location of the coal outcrop). It is assumed that all basic data used in resource estimation have been judged reliable by the estimator and that unreliable data have been discarded.

Reserves can be categorized as measured and indicated, as underground or surface mineable, by thickness or overburden, by thickness of coal in the bed, and by various quality factors. The term "economic reserves" is not to be used because reserves by

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1 Source: Geological Survey Circular 891, Coal Resource Classification System of the U.S. Geological Survey, 1983.

definition are economic. Reserves, which are derived from reserve base coal, exclude coal thinner or deeper than that classified as reserve.

Measured
Measured – The highest-degree of geologic assurance. Estimates of quantity are computed partly from dimensions revealed in outcrops, trenches, workings, and drill holes and partly by projection of thickness, sample, and geologic data not exceeding a specified distance and depth. Rank is calculated from the results of detailed sampling that may be located at some distance from this type of resource and may be on the same or other coal beds. The site for thickness measurement are so closely spaced and the geologic character so well defined that the average thickness, areal extent, size, shape, and depth of coal beds are well established.

Accessed and virgin coal that lies within a radius of 1/4 mile (0.4 km) of a point of thickness of coal measurement.

Indicated
Indicated – A moderate-degree of geologic assurance. Estimates of quantity, rank, thickness, and extent are computed by projection of thickness, sample, and geologic data from nearby outcrops, trenches, workings, and drill holes for a specified distance and depth beyond coal classed as measured. The assurance, although lower than for measured, is high enough to assume continuity between points of measurement.

Virgin coal that lies between 1/4 mile (0.4 km) and 3/4 mile (1.2 km) from a point of thickness of coal measurement.

Demonstrated
A term commonly used for the sum of coal classified as measured and indicated resources.

Traditional Czech Reserve Classification Methodology

The Czech system for classification of reserves and resources 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 classes based on the degree of reliability.

OKD Reliability Categories

The resource/reserve categories are defined in general below according to their level of investigation or survey:

- **Level A** - The reserves/resources in place are known in detail. The boundaries of the deposit have been outlined by trenching, drilling, or underground workings.

The quality and properties of the ore are known in sufficient detail to ensure the reliability of the projected exploitation.

- **Level B** - The reserves/resources in place have been explored, but are only known in fair detail. The boundaries of the deposit have been outlined by trenching, drilling, or underground workings. The quality and properties of the ore are known in sufficient detail to ensure the basic reliability of the projected exploitation.

- **Level C1 -** The reserves/resources in place have been estimated by a sparse grid of trenches, drillholes or underground workings. This category also includes reserves adjoining the boundaries of A and B reserves as well as reserves of very complex deposits in which the distribution cannot be determined even by a very dense grid. The quality and properties of the deposit are known tentatively by analyses and by analogy with known deposits of the same type. The general conditions for exploitation are known. The ore tonnage is derived from estimates of strike length, dip length, and average thickness of the ore body. Allowance for barren blocks may be made statistically.

- **Level C2 -** These reserves/resources are based on an extremely loose exploration grid, with little data. The limits of the orebody are defined mainly by extrapolation within known geological structures, and from comparison with other similar deposits in the vicinity. The grade and mineral properties of the orebody are determined from core samples and comparison with similar mineral deposits in the area. The reserves have been extrapolated from limited data, sometimes only a single hole. This category can include reserves that are adjoining A, B, and C1 reserves in the same deposit.

- **Level D -** Resources are estimated for mineralization outside the limits of areas that have been explored in detail and are often based on data from trenches and from geochemical and geophysical surveys. These resources are considered speculative.

Adjustments to Reflect International Reliability Categories

BOYD has used the level of survey that was assigned to the reserve blocks by OKD as a starting point to classify coal reserves into measured and indicated categories. Reserve blocks in the A and B categories are measured based on the extent of data (drilling, adjacent mining, overlying seam workings). Reserve blocks designated as C1 and C2 by OKD were categorized as either measured or indicated. During our assessment, BOYD used professional judgment to apply mining recoveries to these blocks based on the extent of exploration, adjacent mining, and reserve recoveries in overlying seams. Higher recovery ratios were applied to areas where there is relatively high confidence in mining recovery based on the level of exploration and actual mining experience. Blocks in the C1 and C2 designations that have relatively high recovery ratios are categorized as measured. Those with moderate or low reserve recovery ratios, and deeper coal (> 1,000m below sea level) are placed in the indicated category. Blocks in the D category are regarded as resources, and are not included in BOYD’s measured and indicated categories. BOYD audited mining blocks in individual seams at each mine to confirm the logic of this approach.

APPENDIX C

DETAIL OF SALEABLE COAL RESERVES AS OF 1 JANUARY 2008
OSTRAVA-KARVINA ACTIVE COLLIERIES
Ostrava, Czech Republic
Prepared For
NEW WORLD RESOURCES, N.V.
By
John T. Boyd Company
Mining and Geological Consultants
April 2008

				Saleable Reserves (Tonnes 000)										
					Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)				
Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
CSA	804	Coking	Probable	1,151	-	170	981	-	-	-	349	803	-
				1,151	-	170	981	-	-	-	349	803	-
	747	Coking	Proved	108	-	108	-	-	-	-	-	108	-
			Probable	2,157	-	422	1,735	-	-	-	271	1,886	-
				2,265	-	530	1,735	-	-	-	271	1,994	-
	735	Coking	Proved	140	-	140	-	-	-	-	-	140	-
			Probable	1,205	-	47	1,158	-	-	-	97	1,108	-
				1,344	-	186	1,158	-	-	-	97	1,247	-
	723	Coking	Proved	1,396	-	315	1,080	-	-	-	-	1,396	-
			Probable	1,083	-	-	1,083	-	-	-	-	1,083	-
				2,479	-	315	2,163	-	-	-	-	2,479	-
	719	Coking	Proved	219	-	219	-	-	-	-	219	-	-
			Probable	511	-	110	401	-	-	78	433	-	-
				730	-	329	401	-	-	78	652	-	-
	718	Coking	Probable	256	-	201	54	-	-	-	-	256	-
				256	-	201	54	-	-	-	-	256	-
	712	Coking	Proved	1,834	-	232	1,603	-	-	-	-	-	1,834
			Probable	934	-	-	934	-	-	-	-	579	355
				2,768	-	232	2,537	-	-	-	-	579	2,190

APPENDIX C - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Saleable Reserves (Tonnes 000) Total Reserves	Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	711	Coking	Proved	1,923	517	1,406	-	-	-	-	-	30	1,892
			Probable	961	-	665	296	-	-	-	-	435	526
				2,884	517	2,071	296	-	-	-	-	466	2,419
	707	Coking	Proved	1,652	-	356	1,296	-	-	-	-	1,652	-
			Probable	1,039	20	306	713	-	-	4	279	756	-
				2,691	20	662	2,009	-	-	4	279	2,408	-
	686	Coking	Proved	35	-	-	35	-	-	-	8	28	-
			Probable	1,777	-	241	1,535	-	-	-	115	226	1,435
				1,812	-	241	1,570	-	-	-	123	254	1,435
		Thermal	Proved	144	-	111	33	-	-	-	-	144	-
			Probable	1,056	-	966	90	-	-	-	-	-	1,056
				1,201	-	1,077	124	-	-	-	-	144	1,056
		Total - 686		3,012	-	1,319	1,694	-	-	-	123	398	2,492
	684	Coking	Proved	1,106	-	-	1,106	-	-	-	1,106	-	-
				1,106	-	-	1,106	-	-	-	1,106	-	-
	674	Coking	Proved	18	-	-	18	-	-	-	-	-	18
			Probable	2,233	-	936	1,297	-	-	-	51	1,731	450
				2,251	-	936	1,315	-	-	-	51	1,731	468
	658	Coking	Probable	737	-	-	737	-	-	56	681	-	-
				737	-	-	737	-	-	56	681	-	-
	634	Coking	Proved	82	-	51	30	-	-	-	-	82	-
			Probable	1,225	-	10	1,215	-	-	-	345	880	-
				1,306	-	61	1,245	-	-	-	345	961	-

APPENDIX C - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
					0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	626	Coking	Probable	2,031	-	-	2,031	-	-	-	-	1,217	814
				2,031	-	-	2,031	-	-	-	-	1,217	814
	614	Coking	Probable	123	-	-	123	-	-	-	-	123	-
				123	-	-	123	-	-	-	-	123	-
	612	Thermal	Probable	1,332	-	-	1,332	-	-	-	46	462	825
				1,332	-	-	1,332	-	-	-	46	462	825
	605	Coking	Probable	2,860	-	-	2,860	-	-	-	23	168	2,669
				2,860	-	-	2,860	-	-	-	23	168	2,669
	564	Coking	Probable	1,014	-	127	886	-	-	81	436	497	-
				1,014	-	127	886	-	-	81	436	497	-
	561	Coking	Probable	976	-	-	976	-	-	-	67	909	-
				976	-	-	976	-	-	-	67	909	-
	558	Coking	Proved	387	-	387	-	-	-	-	-	-	387
			Probable	1,817	-	-	1,817	-	-	-	34	677	1,106
				2,204	-	387	1,817	-	-	-	34	677	1,492
	548	Coking	Proved	53	-	53	-	-	-	-	53	-	-
			Probable	1,169	-	124	1,044	-	-	-	93	945	130
				1,222	-	178	1,044	-	-	-	146	945	130
	530	Coking	Probable	292	-	23	269	-	-	-	36	256	-
				292	-	23	269	-	-	-	36	256	-

Saleable Reserves (Tonnes 000)

APPENDIX C - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Saleable Reserves (Tonnes 000) Total Reserves	Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
		Thermal	Proved	2,397	-	1,150	1,246	-	-	-	-	36	2,361
			Probable	2,148	-	43	2,105	-	-	-	-	43	2,105
				4,545	-	1,193	3,352	-	-	-	-	79	4,466
		Total - 530		4,836	-	1,216	3,620	-	-	-	36	334	4,466
	514	Thermal	Proved	5,540	-	5,098	443	-	-	-	-	-	5,540
			Probable	489	-	-	489	-	-	-	-	222	267
				6,030	-	5,098	932	-	-	-	-	222	5,807
	512	Thermal	Proved	953	-	953	-	-	-	-	-	-	953
			Probable	218	-	-	218	-	-	-	-	-	218
				1,170	-	953	218	-	-	-	-	-	1,170
	504	Coking	Proved	10,289	-	4,950	5,340	-	-	-	-	-	10,289
			Probable	1,963	-	1,027	936	-	-	-	-	-	1,963
				12,252	-	5,976	6,276	-	-	-	-	-	12,252
		Thermal	Proved	4,275	-	3,664	611	-	-	-	-	-	4,275
			Probable	425	-	-	425	-	-	-	-	-	425
				4,700	-	3,664	1,036	-	-	-	-	-	4,700
		Total - 504		16,952	-	9,641	7,311	-	-	-	-	-	16,952
	485	Coking	Probable	367	-	-	367	-	-	20	347	-	-
				367	-	-	367	-	-	20	347	-	-
	479	Coking	Probable	1,610	-	-	1,610	-	-	587	895	128	-
				1,610	-	-	1,610	-	-	587	895	128	-
	461	Coking	Probable	1,167	-	-	1,167	-	-	52	76	1,038	-
				1,167	-	-	1,167	-	-	52	76	1,038	-

APPENDIX C - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Saleable Reserves (Tonnes 000) Total Reserves	Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
Total - CSA		Coking	Proved	19,241	517	8,217	10,508	-	-	-	1,385	3,435	14,421
			Probable	30,654	20	4,409	26,225	-	-	878	4,627	15,700	9,449
				49,895	537	12,626	36,733	-	-	878	6,013	19,135	23,870
		Thermal	Proved	13,310	-	10,976	2,333	-	-	-	-	181	13,129
			Probable	5,668	-	1,009	4,659	-	-	-	46	727	4,895
				18,977	-	11,985	6,992	-	-	-	46	907	18,024
		Total	Proved	32,551	517	19,193	12,841	-	-	-	1,385	3,616	27,550
			Probable	36,321	20	5,418	30,884	-	-	878	4,673	16,426	14,344
				68,872	537	24,611	43,725	-	-	878	6,058	20,042	41,894
CSM	650	Coking	Proved	977	-	977	-	-	-	-	64	341	572
			Probable	1,672	-	1,386	286	-	-	-	236	120	1,317
				2,649	-	2,363	286	-	-	-	299	461	1,889
	649	Coking	Proved	427	-	427	-	-	-	-	-	88	338
			Probable	3	-	3	-	-	-	-	3	-	-
				429	-	429	-	-	-	-	3	88	338
	648	Coking	Proved	856	-	856	-	-	-	-	-	856	-
			Probable	101	-	101	-	-	-	-	48	52	-
				957	-	957	-	-	-	-	48	908	-
	634	Coking	Proved	2,324	118	1,895	311	-	-	-	-	1,143	1,181
			Probable	1,296	-	716	580	-	-	-	-	181	1,115
				3,620	118	2,612	890	-	-	-	-	1,323	2,296
		Thermal	Probable	101	-	101	-	-	-	-	-	-	101
				101	-	101	-	-	-	-	-	-	101
		Total - 634		3,720	118	2,712	890	-	-	-	-	1,323	2,397

APPENDIX C - Continued

				Saleable Reserves (Tonnes 000)									
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	626	Coking	Probable	7	-	-	7	-	-	-	-	-	7
				7	-	-	7	-	-	-	-	-	7
		Thermal	Proved	505	-	505	-	-	-	-	-	-	505
				505	-	505	-	-	-	-	-	-	505
		Total - 626		512	-	505	7	-	-	-	-	-	512
	624	Coking	Proved	1,883	-	1,758	124	-	-	-	-	1,883	-
			Probable	353	-	156	198	-	-	-	-	353	-
				2,236	-	1,914	322	-	-	-	-	2,236	-
	608	Coking	Proved	3,571	-	2,988	583	-	-	-	215	1,254	2,102
			Probable	453	-	257	197	-	-	-	295	33	125
				4,024	-	3,244	780	-	-	-	509	1,287	2,228
	606	Coking	Proved	2,824	8	2,817	-	-	-	-	-	2,824	-
			Probable	409	-	348	61	-	-	-	347	62	-
				3,233	8	3,164	61	-	-	-	347	2,886	-
	548	Coking	Proved	1,445	-	401	1,044	-	-	-	94	758	593
			Probable	855	-	293	536	27	-	184	134	471	66
				2,300	-	694	1,580	27	-	184	228	1,229	658
	546	Coking	Proved	178	-	178	-	-	-	-	178	-	-
			Probable	642	-	237	392	13	-	141	502	-	-
				820	-	414	392	13	-	141	679	-	-
	530	Coking	Proved	2,357	-	1,491	866	-	-	-	117	2,240	-
			Probable	1,256	-	534	690	32	-	246	249	761	-
				3,613	-	2,024	1,556	32	-	246	366	3,001	-

APPENDIX C - Continued

				Saleable Reserves (Tonnes 000)									
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
		Thermal	Probable	290	-	113	177	-	-	147	68	74	-
				290	-	113	177	-	-	147	68	74	-
		Total - 530		3,903	-	2,138	1,733	32	-	393	434	3,075	-
	512	Coking	Probable	55	-	55	-	-	-	-	-	55	-
				55	-	55	-	-	-	-	-	55	-
		Thermal	Proved	3,302	-	1,907	1,396	-	-	-	-	1,540	1,762
			Probable	754	-	339	320	95	-	-	35	415	304
				4,057	-	2,246	1,716	95	-	-	35	1,955	2,066
		Total - 512		4,112	-	2,301	1,716	95	-	-	35	2,010	2,066
	504	Coking	Proved	3,251	-	1,076	2,175	-	-	-	-	-	3,251
				3,251	-	1,076	2,175	-	-	-	-	-	3,251
		Thermal	Proved	12,778	-	4,333	8,445	-	-	-	-	-	12,778
			Probable	9,666	-	1,208	6,315	2,143	-	-	-	-	9,666
				22,444	-	5,541	14,759	2,143	-	-	-	-	22,444
		Total - 504		25,695	-	6,618	16,934	2,143	-	-	-	-	25,695
	463	Coking	Proved	625	-	625	-	-	-	-	-	625	-
				625	-	625	-	-	-	-	-	625	-

APPENDIX C - Continued

				Saleable Reserves (Tonnes 000)									
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
Total - CSM		Coking	Proved	20,717	125	15,488	5,103	-	-	-	667	12,013	8,037
			Probable	7,101	-	4,084	2,945	72	-	571	1,813	2,088	2,630
				27,818	125	19,572	8,048	72	-	571	2,480	14,101	10,667
		Thermal	Proved	16,585	-	6,745	9,840	-	-	-	-	1,540	15,045
			Probable	10,811	-	1,761	6,812	2,238	-	147	104	489	10,071
				27,396	-	8,506	16,652	2,238	-	147	104	2,029	25,116
		Total	Proved	37,302	125	22,233	14,944	-	-	-	667	13,553	23,082
			Probable	17,912	-	5,845	9,757	2,310	-	718	1,916	2,577	12,701
				55,214	125	28,078	24,700	2,310	-	718	2,583	16,130	35,783
Darkov	735	Coking	Proved	666	524	142	-	-	-	-	93	573	-
			Probable	197	75	122	-	-	-	-	-	197	-
				863	599	263	-	-	-	-	93	770	-
	725	Coking	Proved	708	579	129	-	-	-	-	-	579	129
			Probable	365	71	294	-	-	-	-	148	217	-
				1,073	650	423	-	-	-	-	148	795	129
	703	Coking	Proved	810	425	386	-	-	-	-	-	139	672
			Probable	480	250	230	-	-	-	-	-	480	-
				1,290	675	616	-	-	-	-	-	618	672
	686	Coking	Proved	489	402	87	-	-	-	-	-	489	-
			Probable	646	167	479	-	-	-	-	129	517	-
				1,135	569	566	-	-	-	-	129	1,006	-
	682	Coking	Proved	633	208	425	-	-	-	-	-	-	633
			Probable	508	16	492	-	-	-	-	-	41	467
				1,141	224	917	-	-	-	-	-	41	1,100

APPENDIX C - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Saleable Reserves (Tonnes 000) Total Reserves	Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	674	Coking	Proved	315	-	315	-	-	-	-	-	315	-
			Probable	162	22	140	-	-	-	-	-	162	-
				477	22	455	-	-	-	-	-	477	-
	652	Coking	Proved	724	140	584	-	-	-	-	-	-	724
			Probable	1,114	44	1,071	-	-	-	-	-	515	599
				1,838	183	1,655	-	-	-	-	-	515	1,323
	628	Coking	Proved	977	-	977	-	-	-	-	-	-	977
			Probable	1,277	118	926	233	-	-	-	-	-	1,277
				2,253	118	1,903	233	-	-	-	-	-	2,253
	605	Coking	Proved	1,080	-	694	387	-	-	-	-	387	694
			Probable	1,143	90	773	279	-	-	-	-	196	947
				2,223	90	1,467	666	-	-	-	-	582	1,641
	562	Coking	Proved	113	113	-	-	-	-	-	-	113	-
				113	113	-	-	-	-	-	-	113	-
	561	Coking	Proved	459	7	452	-	-	-	-	139	39	281
			Probable	584	99	29	456	-	-	-	149	152	283
				1,043	105	482	456	-	-	-	288	191	564
	554	Coking	Proved	216	56	160	-	-	-	-	216	-	-
			Probable	1,111	298	300	512	-	-	66	833	212	-
				1,326	354	460	512	-	-	66	1,049	212	-
	548	Coking	Proved	640	571	69	-	-	-	69	-	571	-
			Probable	886	179	449	258	-	-	519	69	298	-
				1,527	750	519	258	-	-	588	69	869	-
	546	Coking	Proved	739	-	739	-	-	-	-	2	737	-
			Probable	941	-	240	701	-	-	-	419	523	-
				1,681	-	979	701	-	-	-	421	1,260	-

APPENDIX C - Continued

				Saleable Reserves (Tonnes 000)									
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	534	Coking	Proved	172	172	-	-	-	-	-	-	172	-
				172	172	-	-	-	-	-	-	172	-
	530	Coking	Proved	1,960	641	1,081	238	-	-	-	473	1,438	48
			Probable	1,489	106	750	633	-	-	-	162	1,327	-
				3,449	748	1,831	870	-	-	-	635	2,765	48
	524	Thermal	Proved	471	471	-	-	-	-	-	-	233	238
			Probable	122	-	122	-	-	-	-	-	122	-
				593	471	122	-	-	-	-	-	354	238
	518	Thermal	Proved	682	-	443	239	-	-	-	63	619	-
			Probable	117	-	-	117	-	-	-	86	30	-
				799	-	443	356	-	-	-	149	650	-
	512	Coking	Proved	2,639	323	1,545	771	-	-	-	144	1,676	819
			Probable	863	75	186	462	-	140	-	403	460	-
				3,502	398	1,731	1,233	-	140	-	547	2,136	819
		Thermal	Proved	435	222	213	-	-	-	-	-	213	222
			Probable	165	10	82	73	-	-	-	130	35	-
				600	233	295	73	-	-	-	130	248	222
		Total - 512		4,102	631	2,025	1,306	-	140	-	677	2,384	1,041
	504	Coking	Proved	13,966	3,456	9,650	860	-	-	-	-	-	13,966
			Probable	7,774	-	2,566	3,193	-	2,015	-	-	-	7,774
				21,740	3,456	12,216	4,053	-	2,015	-	-	-	21,740
		Thermal	Proved	1,907	316	1,590	-	-	-	-	-	-	1,907
			Probable	391	77	314	-	-	-	-	-	-	391
				2,298	393	1,905	-	-	-	-	-	-	2,298
		Total - 504		24,038	3,849	14,121	4,053	-	2,015	-	-	-	24,038

APPENDIX C - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	Saleable Reserves (Tonnes 000) — Reserves by Elevation (below sea level - meters): 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters): 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	436	Coking	Probable	162	-	-	91	-	71	-	162	-	-
				162	-	-	91	-	71	-	162	-	-
Total - Darkov		Coking	Proved	27,306	7,616	17,434	2,255	-	-	69	1,067	7,228	18,942
			Probable	19,701	1,610	9,047	6,818	-	2,226	584	2,475	5,294	11,348
				47,007	9,226	26,481	9,073	-	2,226	654	3,542	12,522	30,290
		Thermal	Proved	3,495	1,010	2,246	239	-	-	-	63	1,065	2,367
			Probable	795	87	518	190	-	-	-	217	187	391
				4,290	1,097	2,764	429	-	-	-	279	1,252	2,759
		Total	Proved	30,801	8,626	19,680	2,495	-	-	69	1,130	8,293	21,309
			Probable	20,496	1,698	9,565	7,008	-	2,226	584	2,691	5,482	11,739
				51,297	10,324	29,245	9,503	-	2,226	654	3,821	13,774	33,049
Lazy	530	Thermal	Proved	2,874	2,874	-	-	-	-	-	-	-	2,874
				2,874	2,874	-	-	-	-	-	-	-	2,874
	512	Thermal	Proved	4,847	4,847	-	-	-	-	-	-	-	4,847
			Probable	62	62	-	-	-	-	-	-	-	62
				4,909	4,909	-	-	-	-	-	-	-	4,909
	504	Thermal	Proved	8,762	8,762	-	-	-	-	-	-	-	8,762
			Probable	1,121	832	289	-	-	-	-	-	-	1,121
				9,883	9,594	289	-	-	-	-	-	-	9,883
	463	Coking	Proved	1,701	-	1,189	511	-	-	1,394	307	-	-
			Probable	129	-	-	129	-	-	-	129	-	-
				1,830	-	1,189	640	-	-	1,394	436	-	-
	461	Coking	Proved	688	-	623	65	-	-	-	688	-	-
			Probable	1,135	-	208	80	-	847	34	1,101	-	-
				1,823	-	831	144	-	847	34	1,789	-	-

APPENDIX C - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	Saleable Reserves (Tonnes 000) Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	436	Coking	Proved	231	-	-	231	-	-	231	-	-	-
			Probable	61	-	61	-	-	-	61	-	-	-
				292	-	61	231	-	-	292	-	-	-
	432	Coking	Proved	181	-	-	181	-	-	181	-	-	-
				181	-	-	181	-	-	181	-	-	-
	424	Coking	Proved	3,404	-	-	3,404	-	-	836	923	1,644	-
			Probable	535	-	-	112	423	-	-	535	-	-
				3,939	-	-	3,516	423	-	836	1,458	1,644	-
	386	Coking	Probable	174	-	-	-	174	-	104	70	-	-
				174	-	-	-	174	-	104	70	-	-
Total - Lazy		Coking	Proved	6,204	-	1,813	4,392	-	-	2,642	1,918	1,644	-
			Probable	2,034	-	269	321	597	847	199	1,835	-	-
				8,238	-	2,081	4,713	597	847	2,841	3,753	1,644	-
		Thermal	Proved	16,483	16,483	-	-	-	-	-	-	-	16,483
			Probable	1,183	894	289	-	-	-	-	-	-	1,183
				17,665	17,376	289	-	-	-	-	-	-	17,665
		Total	Proved	22,687	16,483	1,813	4,392	-	-	2,642	1,918	1,644	16,483
			Probable	3,217	894	558	321	597	847	199	1,835	-	1,183
				25,904	17,376	2,370	4,713	597	847	2,841	3,753	1,644	17,665
Paskov	88 (23c)	Coking	Proved	409	-	409	-	-	-	70	339	-	-
			Probable	9	-	-	9	-	-	-	9	-	-
				418	-	409	9	-	-	70	348	-	-
	84 (22f)	Coking	Proved	1,288	-	95	1,193	-	-	62	1,226	-	-
			Probable	662	64	24	575	-	-	362	124	177	-
				1,950	64	119	1,768	-	-	424	1,350	177	-

APPENDIX C - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Saleable Reserves (Tonnes 000) Total Reserves	Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	80 (22b)	Coking	Proved	70	-	-	70	-	-	-	70	-	-
			Probable	294	-	-	294	-	-	104	190	-	-
				364	-	-	364	-	-	104	260	-	-
		Thermal	Proved	216	-	-	216	-	-	-	216	-	-
				216	-	-	216	-	-	-	216	-	-
		Total - 80 (22b)		580	-	-	580	-	-	104	476	-	-
	77 (21d)	Coking	Proved	521	162	123	236	-	-	330	191	-	-
			Probable	186	-	-	186	-	-	32	154	-	-
				707	162	123	422	-	-	362	345	-	-
	74 (21a)	Coking	Proved	3,010	120	347	2,543	-	-	712	2,298	-	-
			Probable	899	-	-	139	760	-	103	796	-	-
				3,908	120	347	2,682	760	-	814	3,094	-	-
		Thermal	Probable	207	-	-	207	-	-	207	-	-	-
				207	-	-	207	-	-	207	-	-	-
		Total - 74 (21a)		4,115	120	347	2,889	760	-	1,021	3,094	-	-
	72 (20b)	Thermal	Probable	361	-	-	361	-	-	-	268	93	-
				361	-	-	361	-	-	-	268	93	-
	71 (20a)	Coking	Proved	2,423	-	418	2,005	-	-	903	1,215	304	-
			Probable	4,701	75	250	2,288	2,088	-	1,560	3,044	97	-
				7,123	75	668	4,292	2,088	-	2,463	4,259	401	-
	65 (18)	Coking	Proved	628	463	165	-	-	-	228	400	-	-
			Probable	2,131	43	-	562	1,526	-	454	1,677	-	-
				2,759	505	165	562	1,526	-	682	2,077	-	-

APPENDIX C - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	Saleable Reserves (Tonnes 000) Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	63 (17b)	Coking	Proved	1,084	123	-	961	-	-	-	181	903	-
			Probable	1,425	-	99	763	563	-	498	519	409	-
				2,509	123	99	1,724	563	-	498	700	1,311	-
	59 (16a)	Coking	Proved	738	397	205	136	-	-	-	738	-	-
			Probable	287	200	86	-	-	-	173	114	-	-
				1,025	598	292	136	-	-	173	852	-	-
	54 (14b)	Coking	Proved	16	-	16	-	-	-	-	16	-	-
			Probable	219	-	-	219	-	-	-	219	-	-
				236	-	16	219	-	-	-	236	-	-
	50 (13a)	Coking	Proved	181	-	181	-	-	-	-	181	-	-
			Probable	287	217	70	-	-	-	287	-	-	-
				467	217	251	-	-	-	287	181	-	-
	41 (10a)	Coking	Proved	762	513	249	-	-	-	-	762	-	-
			Probable	134	-	-	134	-	-	-	134	-	-
				896	513	249	134	-	-	-	896	-	-
		Thermal	Proved	1,530	264	389	878	-	-	482	1,049	-	-
			Probable	1,704	416	198	811	187	92	784	894	27	-
				3,235	680	586	1,689	187	92	1,265	1,943	27	-
		Total - 41 (10a)		4,131	1,193	835	1,823	187	92	1,265	2,839	27	-
	38 (9a)	Coking	Probable	195	82	-	113	-	-	82	113	-	-
				195	82	-	113	-	-	82	113	-	-
	145 (B14)	Coking	Probable	39	-	39	-	-	-	-	39	-	-
				39	-	39	-	-	-	-	39	-	-
	121 (B7)	Coking	Proved	238	-	-	238	-	-	123	116	-	-
			Probable	17	-	-	17	-	-	-	17	-	-
				256	-	-	256	-	-	123	133	-	-

APPENDIX C - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Saleable Reserves (Tonnes 000) Total Reserves	Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	112 (B4)	Coking	Proved	805	-	-	805	-	-	-	805	-	-
			Probable	133	79	54	-	-	-	-	133	-	-
				938	79	54	805	-	-	-	938	-	-
Total - Paskov		Coking	Proved	12,172	1,777	2,208	8,187	-	-	2,427	8,539	1,207	-
			Probable	11,617	759	622	5,298	4,937	-	3,654	7,281	682	-
				23,789	2,537	2,830	13,485	4,937	-	6,081	15,819	1,889	-
		Thermal	Proved	1,746	264	389	1,093	-	-	482	1,264	-	-
			Probable	2,272	416	198	1,379	187	92	991	1,162	120	-
				4,019	680	586	2,473	187	92	1,473	2,426	120	-
		Total	Proved	13,918	2,042	2,596	9,281	-	-	2,909	9,803	1,207	-
			Probable	13,889	1,175	820	6,678	5,124	92	4,645	8,443	802	-
				27,807	3,217	3,416	15,958	5,124	92	7,553	18,246	2,008	-
Total - Active Mines		Coking	Proved	85,641	10,036	45,159	30,446	-	-	5,139	13,576	25,527	41,400
			Probable	71,107	2,389	18,431	41,607	5,606	3,073	5,885	18,031	23,764	23,426
				156,747	12,425	63,590	72,053	5,606	3,073	11,024	31,607	49,291	64,826
		Thermal	Proved	51,618	17,756	20,356	13,506	-	-	482	1,327	2,785	47,024
			Probable	20,729	1,397	3,774	13,040	2,425	92	1,138	1,528	1,523	16,540
				72,347	19,154	24,130	26,546	2,425	92	1,620	2,855	4,308	63,565
		Total	Proved	137,259	27,792	65,515	43,952	-	-	5,620	14,903	28,312	88,424
			Probable	91,836	3,787	22,205	54,647	8,031	3,165	7,023	19,559	25,287	39,967
				229,094	31,579	87,720	98,599	8,031	3,165	12,644	34,461	53,599	128,391

Note: Some numbers may not add due to rounding.

APPENDIX C - Continued

		Probable Saleable Reserves Debiensko Mine (Tonnes 000)								
Coal		Total	Reserves by Elevation (below sea level - meters)				Reserves by Thickness (meters)			
Seam	Coal Type	Reserves	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
409/1	Coking	11,067	-	-	6,167	4,899	-	-	1,789	9,278
408/5	Coking	2,648	-	-	1,609	1,038	-	2,383	265	-
408/3	Coking	8,050	-	504	1,722	5,824	-	6,487	1,564	-
408/2	Coking	16,914	-	1,208	5,087	10,618	-	550	16,083	281
408/1	Coking	9,776	-	997	1,766	7,014	-	8,985	791	-
407/3	Coking	16,155	-	2,962	7,966	5,227	-	5,227	10,928	-
407/2	Coking	12,854	-	2,876	5,195	4,783	1,573	4,975	6,305	-
405	Coking	36,442	1,100	8,787	13,210	13,346	-	-	7,982	28,460
404/9	Coking	16,120	871	5,099	10,150	-	-	1,589	14,530	-
404/9	Thermal	1,012	-	-	1,012	-	-	-	1,012	-
404/1	Coking	15,662	1,789	4,788	9,085	-	-	15,662	-	-
403/2	Coking	5,913	1,868	3,039	1,006	-	903	5,010	-	-
403/1	Coking	15,719	2,632	5,615	7,472	-	-	13,105	2,613	-
402/1	Coking	9,414	1,713	3,314	4,387	-	1,055	5,633	2,727	-
401/1	Coking	12,114	4,118	3,853	4,143	-	1,093	8,307	2,715	-
Grand Total		189,858	14,091	43,040	79,977	52,750	4,623	77,912	69,303	38,019

Note: Some numbers may not add due to rounding.

APPENDIX D

DETAIL OF MINEABLE COAL RESERVES AS OF 1 JANUARY 2008
OSTRAVA-KARVINA ACTIVE COLLIERIES
Ostrava, Czech Republic
Prepared For
NEW WORLD RESOURCES, N.V.
By
John T. Boyd Company
Mining and Geological Consultants
April 2008

				Mineable Reserves by Mine (Tonnes 000)									
					Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
CSA	804	Coking	Probable	1,212	-	179	1,033	-	-	-	367	845	-
				1,212	-	179	1,033	-	-	-	367	845	-
	747	Coking	Proved	114	-	114	-	-	-	-	-	114	-
			Probable	2,270	-	444	1,826	-	-	-	285	1,985	-
				2,384	-	558	1,826	-	-	-	285	2,099	-
	735	Coking	Proved	147	-	147	-	-	-	-	-	147	-
			Probable	1,268	-	49	1,219	-	-	-	102	1,166	-
				1,415	-	196	1,219	-	-	-	102	1,313	-
	723	Coking	Proved	1,469	-	332	1,137	-	-	-	-	1,469	-
			Probable	1,140	-	-	1,140	-	-	-	-	1,140	-
				2,609	-	332	2,277	-	-	-	-	2,609	-
	719	Coking	Proved	230	-	230	-	-	-	-	230	-	-
			Probable	538	-	116	422	-	-	82	456	-	-
				768	-	346	422	-	-	82	686	-	-
	718	Coking	Probable	269	-	212	57	-	-	-	-	269	-
				269	-	212	57	-	-	-	-	269	-
	712	Coking	Proved	1,931	-	244	1,687	-	-	-	-	-	1,931
			Probable	983	-	-	983	-	-	-	-	609	374
				2,914	-	244	2,670	-	-	-	-	609	2,305

APPENDIX D - Continued

					Mineable Reserves by Mine (Tonnes 000)								
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	711	Coking	Proved	2,024	544	1,480	-	-	-	-	-	32	1,992
			Probable	1,012	-	700	312	-	-	-	-	458	554
				3,036	544	2,180	312	-	-	-	-	490	2,546
	707	Coking	Proved	1,739	-	375	1,364	-	-	-	-	1,739	-
			Probable	1,094	21	322	751	-	-	4	294	796	-
				2,833	21	697	2,115	-	-	4	294	2,535	-
	686	Coking	Proved	37	-	-	37	-	-	-	8	29	-
			Probable	1,870	-	254	1,616	-	-	-	121	238	1,511
				1,907	-	254	1,653	-	-	-	129	267	1,511
		Thermal	Proved	152	-	117	35	-	-	-	-	152	-
			Probable	1,112	-	1,017	95	-	-	-	-	-	1,112
				1,264	-	1,134	130	-	-	-	-	152	1,112
		Total - 686		3,171	-	1,388	1,783	-	-	-	129	419	2,623
	684	Coking	Proved	1,164	-	-	1,164	-	-	-	1,164	-	-
				1,164	-	-	1,164	-	-	-	1,164	-	-
	674	Coking	Proved	19	-	-	19	-	-	-	-	-	19
			Probable	2,350	-	985	1,365	-	-	-	54	1,822	474
				2,369	-	985	1,384	-	-	-	54	1,822	493
	658	Coking	Probable	776	-	-	776	-	-	59	717	-	-
				776	-	-	776	-	-	59	717	-	-
	634	Coking	Proved	86	-	54	32	-	-	-	-	86	-
			Probable	1,289	-	10	1,279	-	-	-	363	926	-
				1,375	-	64	1,311	-	-	-	363	1,012	-

APPENDIX D - Continued

					Mineable Reserves by Mine (Tonnes 000)								
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	626	Coking	Probable	2,138	-	-	2,138	-	-	-	-	1,281	857
				2,138	-	-	2,138	-	-	-	-	1,281	857
	614	Coking	Probable	129	-	-	129	-	-	-	-	129	-
				129	-	-	129	-	-	-	-	129	-
	612	Thermal	Probable	1,402	-	-	1,402	-	-	-	48	486	868
				1,402	-	-	1,402	-	-	-	48	486	868
	605	Coking	Probable	3,010	-	-	3,010	-	-	-	24	177	2,809
				3,010	-	-	3,010	-	-	-	24	177	2,809
	564	Coking	Probable	1,067	-	134	933	-	-	85	459	523	-
				1,067	-	134	933	-	-	85	459	523	-
	561	Coking	Probable	1,027	-	-	1,027	-	-	-	70	957	-
				1,027	-	-	1,027	-	-	-	70	957	-
	558	Coking	Proved	407	-	407	-	-	-	-	-	-	407
			Probable	1,913	-	-	1,913	-	-	-	36	713	1,164
				2,320	-	407	1,913	-	-	-	36	713	1,571
	548	Coking	Proved	56	-	56	-	-	-	-	56	-	-
			Probable	1,230	-	131	1,099	-	-	-	98	995	137
				1,286	-	187	1,099	-	-	-	154	995	137
	530	Coking	Probable	307	-	24	283	-	-	-	38	269	-
				307	-	24	283	-	-	-	38	269	-

APPENDIX D - Continued

				Mineable Reserves by Mine (Tonnes 000)									
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
		Thermal	Proved	2,523	-	1,211	1,312	-	-	-	-	38	2,485
			Probable	2,261	-	45	2,216	-	-	-	-	45	2,216
				4,784	-	1,256	3,528	-	-	-	-	83	4,701
		Total - 530		5,091	-	1,280	3,811	-	-	-	38	352	4,701
	514	Thermal	Proved	5,832	-	5,366	466	-	-	-	-	-	5,832
			Probable	515	-	-	515	-	-	-	-	234	281
				6,347	-	5,366	981	-	-	-	-	234	6,113
	512	Thermal	Proved	1,003	-	1,003	-	-	-	-	-	-	1,003
			Probable	229	-	-	229	-	-	-	-	-	229
				1,232	-	1,003	229	-	-	-	-	-	1,232
	504	Coking	Proved	10,831	-	5,210	5,621	-	-	-	-	-	10,831
			Probable	2,066	-	1,081	985	-	-	-	-	-	2,066
				12,897	-	6,291	6,606	-	-	-	-	-	12,897
		Thermal	Proved	4,492	-	3,857	635	-	-	-	-	-	4,492
			Probable	437	-	-	437	-	-	-	-	-	437
				4,929	-	3,857	1,072	-	-	-	-	-	4,929
		Total - 504		17,826	-	10,148	7,678	-	-	-	-	-	17,826
	485	Coking	Probable	386	-	-	386	-	-	21	365	-	-
				386	-	-	386	-	-	21	365	-	-
	479	Coking	Probable	1,695	-	-	1,695	-	-	618	942	135	-
				1,695	-	-	1,695	-	-	618	942	135	-
	461	Coking	Probable	1,228	-	-	1,228	-	-	55	80	1,093	-
				1,228	-	-	1,228	-	-	55	80	1,093	-

APPENDIX D - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
				Mineable Reserves by Mine (Tonnes 000)									
Total - CSA		Coking	Proved	20,254	544	8,649	11,061	-	-	-	1,458	3,616	15,180
			Probable	32,267	21	4,641	27,605	-	-	924	4,871	16,526	9,946
				52,521	565	13,290	38,666	-	-	924	6,329	20,142	25,126
		Thermal	Proved	14,002	-	11,554	2,448	-	-	-	-	190	13,812
			Probable	5,956	-	1,062	4,894	-	-	-	48	765	5,143
				19,958	-	12,616	7,342	-	-	-	48	955	18,955
		Total	Proved	34,256	544	20,203	13,509	-	-	-	1,458	3,806	28,992
			Probable	38,223	21	5,703	32,499	-	-	924	4,919	17,291	15,089
				72,479	565	25,906	46,008	-	-	924	6,377	21,097	44,081
CSM	650	Coking	Proved	1,028	-	1,028	-	-	-	-	67	359	602
			Probable	1,760	-	1,459	301	-	-	-	248	126	1,386
				2,788	-	2,487	301	-	-	-	315	485	1,988
	649	Coking	Proved	449	-	449	-	-	-	-	-	93	356
			Probable	3	-	3	-	-	-	-	3	-	-
				452	-	452	-	-	-	-	3	93	356
	648	Coking	Proved	901	-	901	-	-	-	-	-	901	-
			Probable	106	-	106	-	-	-	-	51	55	-
				1,007	-	1,007	-	-	-	-	51	956	-
	634	Coking	Proved	2,446	124	1,995	327	-	-	-	-	1,203	1,243
			Probable	1,364	-	754	610	-	-	-	-	190	1,174
				3,810	124	2,749	937	-	-	-	-	1,393	2,417
		Thermal	Probable	106	-	106	-	-	-	-	-	-	106
				106	-	106	-	-	-	-	-	-	106
		Total - 634		3,916	124	2,855	937	-	-	-	-	1,393	2,523

APPENDIX D - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
				Mineable Reserves by Mine (Tonnes 000)									
	626	Coking	Probable	7	-	-	7	-	-	-	-	-	7
				7	-	-	7	-	-	-	-	-	7
		Thermal	Proved	532	-	532	-	-	-	-	-	-	532
				532	-	532	-	-	-	-	-	-	532
		Total - 626		539	-	532	7	-	-	-	-	-	539
	624	Coking	Proved	1,982	-	1,851	131	-	-	-	-	1,982	-
			Probable	372	-	164	208	-	-	-	-	372	-
				2,354	-	2,015	339	-	-	-	-	2,354	-
	608	Coking	Proved	3,759	-	3,145	614	-	-	-	226	1,320	2,213
			Probable	477	-	270	207	-	-	-	310	35	132
				4,236	-	3,415	821	-	-	-	536	1,355	2,345
	606	Coking	Proved	2,973	8	2,965	-	-	-	-	-	2,973	-
			Probable	430	-	366	64	-	-	-	365	65	-
				3,403	8	3,331	64	-	-	-	365	3,038	-
	548	Coking	Proved	1,521	-	422	1,099	-	-	-	99	798	624
			Probable	900	-	308	564	28	-	194	141	496	69
				2,421	-	730	1,663	28	-	194	240	1,294	693
	546	Coking	Proved	187	-	187	-	-	-	-	187	-	-
			Probable	676	-	249	413	14	-	148	528	-	-
				863	-	436	413	14	-	148	715	-	-
	530	Coking	Proved	2,481	-	1,569	912	-	-	-	123	2,358	-
			Probable	1,322	-	562	726	34	-	259	262	801	-
				3,803	-	2,131	1,638	34	-	259	385	3,159	-

APPENDIX D - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
		Thermal	Probable	305	-	119	186	-	-	155	72	78	-
				305	-	119	186	-	-	155	72	78	-
		Total - 530		4,108	-	2,250	1,824	34	-	414	457	3,237	-
	512	Coking	Probable	58	-	58	-	-	-	-	-	58	-
				58	-	58	-	-	-	-	-	58	-
		Thermal	Proved	3,476	-	2,007	1,469	-	-	-	-	1,621	1,855
			Probable	794	-	357	337	100	-	-	37	437	320
				4,270	-	2,364	1,806	100	-	-	37	2,058	2,175
		Total - 512		4,328	-	2,422	1,806	100	-	-	37	2,116	2,175
	504	Coking	Proved	3,422	-	1,133	2,289	-	-	-	-	-	3,422
				3,422	-	1,133	2,289	-	-	-	-	-	3,422
		Thermal	Proved	13,450	-	4,561	8,889	-	-	-	-	-	13,450
			Probable	10,175	-	1,272	6,647	2,256	-	-	-	-	10,175
				23,625	-	5,833	15,536	2,256	-	-	-	-	23,625
		Total - 504		27,047	-	6,966	17,825	2,256	-	-	-	-	27,047
	463	Coking	Proved	658	-	658	-	-	-	-	-	658	-
				658	-	658	-	-	-	-	-	658	-

APPENDIX D - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	Mineable Reserves by Mine (Tonnes 000): Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
Total - CSM		Coking	Proved	21,807	132	16,303	5,372	-	-	-	702	12,645	8,460
			Probable	7,475	-	4,299	3,100	76	-	601	1,908	2,198	2,768
				29,282	132	20,602	8,472	76	-	601	2,610	14,843	11,228
		Thermal	Proved	17,458	-	7,100	10,358	-	-	-	-	1,621	15,837
			Probable	11,380	-	1,854	7,170	2,356	-	155	109	515	10,601
				28,838	-	8,954	17,528	2,356	-	155	109	2,136	26,438
		Total	Proved	39,265	132	23,403	15,730	-	-	-	702	14,266	24,297
			Probable	18,855	-	6,153	10,270	2,432	-	756	2,017	2,713	13,369
				58,120	132	29,556	26,000	2,432	-	756	2,719	16,979	37,666
Darkov	735	Coking	Proved	701	552	149	-	-	-	-	98	603	-
			Probable	207	79	128	-	-	-	-	-	207	-
				908	631	277	-	-	-	-	98	810	-
	725	Coking	Proved	745	609	136	-	-	-	-	-	609	136
			Probable	384	75	309	-	-	-	-	156	228	-
				1,129	684	445	-	-	-	-	156	837	136
	703	Coking	Proved	853	447	406	-	-	-	-	-	146	707
			Probable	505	263	242	-	-	-	-	-	505	-
				1,358	710	648	-	-	-	-	-	651	707
	686	Coking	Proved	515	423	92	-	-	-	-	-	515	-
			Probable	680	176	504	-	-	-	-	136	544	-
				1,195	599	596	-	-	-	-	136	1,059	-
	682	Coking	Proved	666	219	447	-	-	-	-	-	-	666
			Probable	535	17	518	-	-	-	-	-	43	492
				1,201	236	965	-	-	-	-	-	43	1,158

APPENDIX D - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
				Mineable Reserves by Mine (Tonnes 000)									
	674	Coking	Proved	332	-	332	-	-	-	-	-	332	-
			Probable	170	23	147	-	-	-	-	-	170	-
				502	23	479	-	-	-	-	-	502	-
	652	Coking	Proved	762	147	615	-	-	-	-	-	-	762
			Probable	1,173	46	1,127	-	-	-	-	-	542	631
				1,935	193	1,742	-	-	-	-	-	542	1,393
	628	Coking	Proved	1,028	-	1,028	-	-	-	-	-	-	1,028
			Probable	1,344	124	975	245	-	-	-	-	-	1,344
				2,372	124	2,003	245	-	-	-	-	-	2,372
	605	Coking	Proved	1,137	-	730	407	-	-	-	-	407	730
			Probable	1,203	95	814	294	-	-	-	-	206	997
				2,340	95	1,544	701	-	-	-	-	613	1,727
	562	Coking	Proved	119	119	-	-	-	-	-	-	119	-
				119	119	-	-	-	-	-	-	119	-
	561	Coking	Proved	483	7	476	-	-	-	-	146	41	296
			Probable	615	104	31	480	-	-	-	157	160	298
				1,098	111	507	480	-	-	-	303	201	594
	554	Coking	Proved	227	59	168	-	-	-	-	227	-	-
			Probable	1,169	314	316	539	-	-	69	877	223	-
				1,396	373	484	539	-	-	69	1,104	223	-
	548	Coking	Proved	674	601	73	-	-	-	73	-	601	-
			Probable	933	188	473	272	-	-	546	73	314	-
				1,607	789	546	272	-	-	619	73	915	-
	546	Coking	Proved	778	-	778	-	-	-	-	2	776	-
			Probable	991	-	253	738	-	-	-	441	550	-
				1,769	-	1,031	738	-	-	-	443	1,326	-

APPENDIX D - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Total Reserves	Mineable Reserves by Mine (Tonnes 000) — Reserves by Elevation (below sea level - meters) 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters) 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	534	Coking	Proved	181	181	-	-	-	-	-	-	181	-
				181	181	-	-	-	-	-	-	181	-
	530	Coking	Proved	2,063	675	1,138	250	-	-	-	498	1,514	51
			Probable	1,567	112	789	666	-	-	-	170	1,397	-
				3,630	787	1,927	916	-	-	-	668	2,911	51
	524	Thermal	Proved	496	496	-	-	-	-	-	-	245	251
			Probable	128	-	128	-	-	-	-	-	128	-
				624	496	128	-	-	-	-	-	373	251
	518	Thermal	Proved	718	-	466	252	-	-	-	66	652	-
			Probable	123	-	-	123	-	-	-	91	32	-
				841	-	466	375	-	-	-	157	684	-
	512	Coking	Proved	2,778	340	1,626	812	-	-	-	152	1,764	862
			Probable	908	79	196	486	-	147	-	424	484	-
				3,686	419	1,822	1,298	-	147	-	576	2,248	862
		Thermal	Proved	458	234	224	-	-	-	-	-	224	234
			Probable	174	11	86	77	-	-	-	137	37	-
				632	245	310	77	-	-	-	137	261	234
		Total - 512		4,318	664	2,132	1,375	-	147	-	713	2,509	1,096
	504	Coking	Proved	14,701	3,638	10,158	905	-	-	-	-	-	14,701
			Probable	8,183	-	2,701	3,361	-	2,121	-	-	-	8,183
				22,884	3,638	12,859	4,266	-	2,121	-	-	-	22,884
		Thermal	Proved	2,007	333	1,674	-	-	-	-	-	-	2,007
			Probable	410	81	329	-	-	-	-	-	-	410
				2,417	414	2,003	-	-	-	-	-	-	2,417
		Total - 504		25,301	4,052	14,862	4,266	-	2,121	-	-	-	25,301

APPENDIX D - Continued

					Mineable Reserves by Mine (Tonnes 000)								
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	436	Coking	Probable	171	-	-	96	-	75	-	171	-	-
				171	-	-	96	-	75	-	171	-	-
Total - Darkov		Coking	Proved	28,743	8,017	18,352	2,374	-	-	73	1,123	7,608	19,939
			Probable	20,738	1,695	9,523	7,177	-	2,343	615	2,605	5,573	11,945
				49,481	9,712	27,875	9,551	-	2,343	688	3,728	13,181	31,884
		Thermal	Proved	3,679	1,063	2,364	252	-	-	-	66	1,121	2,492
			Probable	835	92	543	200	-	-	-	228	197	410
				4,514	1,155	2,907	452	-	-	-	294	1,318	2,902
		Total	Proved	32,422	9,080	20,716	2,626	-	-	73	1,189	8,729	22,431
			Probable	21,573	1,787	10,066	7,377	-	2,343	615	2,833	5,770	12,355
				53,995	10,867	30,782	10,003	-	2,343	688	4,022	14,499	34,786
Lazy	530	Thermal	Proved	3,025	3,025	-	-	-	-	-	-	-	3,025
				3,025	3,025	-	-	-	-	-	-	-	3,025
	512	Thermal	Proved	5,102	5,102	-	-	-	-	-	-	-	5,102
			Probable	65	65	-	-	-	-	-	-	-	65
				5,167	5,167	-	-	-	-	-	-	-	5,167
	504	Thermal	Proved	9,223	9,223	-	-	-	-	-	-	-	9,223
			Probable	1,180	876	304	-	-	-	-	-	-	1,180
				10,403	10,099	304	-	-	-	-	-	-	10,403
	463	Coking	Proved	1,790	-	1,252	538	-	-	1,467	323	-	-
			Probable	136	-	-	136	-	-	-	136	-	-
				1,926	-	1,252	674	-	-	1,467	459	-	-
	461	Coking	Proved	724	-	656	68	-	-	-	724	-	-
			Probable	1,195	-	219	84	-	892	36	1,159	-	-
				1,919	-	875	152	-	892	36	1,883	-	-

APPENDIX D - Continued

					Mineable Reserves by Mine (Tonnes 000)								
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	436	Coking	Proved	243	-	-	243	-	-	243	-	-	-
			Probable	64	-	64	-	-	-	64	-	-	-
				307	-	64	243	-	-	307	-	-	-
	432	Coking	Proved	191	-	-	191	-	-	191	-	-	-
				191	-	-	191	-	-	191	-	-	-
	424	Coking	Proved	3,583	-	-	3,583	-	-	880	972	1,731	-
			Probable	563	-	-	118	445	-	-	563	-	-
				4,146	-	-	3,701	445	-	880	1,535	1,731	-
	386	Coking	Probable	183	-	-	-	183	-	109	74	-	-
				183	-	-	-	183	-	109	74	-	-
Total - Lazy		Coking	Proved	6,531	-	1,908	4,623	-	-	2,781	2,019	1,731	-
			Probable	2,141	-	283	338	628	892	209	1,932	-	-
				8,672	-	2,191	4,961	628	892	2,990	3,951	1,731	-
		Thermal	Proved	17,350	17,350	-	-	-	-	-	-	-	17,350
			Probable	1,245	941	304	-	-	-	-	-	-	1,245
				18,595	18,291	304	-	-	-	-	-	-	18,595
		Total	Proved	23,881	17,350	1,908	4,623	-	-	2,781	2,019	1,731	17,350
			Probable	3,386	941	587	338	628	892	209	1,932	-	1,245
				27,267	18,291	2,495	4,961	628	892	2,990	3,951	1,731	18,595
Paskov	88 (23c)	Coking	Proved	431	-	431	-	-	-	74	357	-	-
			Probable	9	-	-	9	-	-	-	9	-	-
				440	-	431	9	-	-	74	366	-	-
	84 (22f)	Coking	Proved	1,356	-	100	1,256	-	-	65	1,291	-	-
			Probable	697	67	25	605	-	-	381	130	186	-
				2,053	67	125	1,861	-	-	446	1,421	186	-

APPENDIX D - Continued

				Mineable Reserves by Mine (Tonnes 000)									
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	80 (22b)	Coking	Proved	74	-	-	74	-	-	-	74	-	-
			Probable	309	-	-	309	-	-	109	200	-	-
				383	-	-	383	-	-	109	274	-	-
		Thermal	Proved	227	-	-	227	-	-	-	227	-	-
				227	-	-	227	-	-	-	227	-	-
		Total - 80 (22b)		610	-	-	610	-	-	109	501	-	-
	77 (21d)	Coking	Proved	548	171	129	248	-	-	347	201	-	-
			Probable	196	-	-	196	-	-	34	162	-	-
				744	171	129	444	-	-	381	363	-	-
	74 (21a)	Coking	Proved	3,168	126	365	2,677	-	-	749	2,419	-	-
			Probable	946	-	-	146	800	-	108	838	-	-
				4,114	126	365	2,823	800	-	857	3,257	-	-
		Thermal	Probable	218	-	-	218	-	-	218	-	-	-
				218	-	-	218	-	-	218	-	-	-
		Total - 74 (21a)		4,332	126	365	3,041	800	-	1,075	3,257	-	-
	72 (20b)	Thermal	Probable	380	-	-	380	-	-	-	282	98	-
				380	-	-	380	-	-	-	282	98	-
	71 (20a)	Coking	Proved	2,550	-	440	2,110	-	-	951	1,279	320	-
			Probable	4,948	79	263	2,408	2,198	-	1,642	3,204	102	-
				7,498	79	703	4,518	2,198	-	2,593	4,483	422	-
	65 (18)	Coking	Proved	661	487	174	-	-	-	240	421	-	-
			Probable	2,243	45	-	592	1,606	-	478	1,765	-	-
				2,904	532	174	592	1,606	-	718	2,186	-	-

APPENDIX D - Continued

					Mineable Reserves by Mine (Tonnes 000)								
	Coal		Reserve	Total	Reserves by Elevation (below sea level - meters)					Reserves by Thickness (meters)			
Colliery	Seam	Coal Type	Classification	Reserves	0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	63 (17b)	Coking	Proved	1,141	129	-	1,012	-	-	-	191	950	-
			Probable	1,500	-	104	803	593	-	524	546	430	-
				2,641	129	104	1,815	593	-	524	737	1,380	-
	59 (16a)	Coking	Proved	777	418	216	143	-	-	-	777	-	-
			Probable	302	211	91	-	-	-	182	120	-	-
				1,079	629	307	143	-	-	182	897	-	-
	54 (14b)	Coking	Proved	17	-	17	-	-	-	-	17	-	-
			Probable	231	-	-	231	-	-	-	231	-	-
				248	-	17	231	-	-	-	248	-	-
	50 (13a)	Coking	Proved	190	-	190	-	-	-	-	190	-	-
			Probable	302	228	74	-	-	-	302	-	-	-
				492	228	264	-	-	-	302	190	-	-
	41 (10a)	Coking	Proved	802	540	262	-	-	-	-	802	-	-
			Probable	141	-	-	141	-	-	-	141	-	-
				943	540	262	141	-	-	-	943	-	-
		Thermal	Proved	1,611	278	409	924	-	-	507	1,104	-	-
			Probable	1,794	438	208	854	197	97	825	941	28	-
				3,405	716	617	1,778	197	97	1,332	2,045	28	-
		Total - 41 (10a)		4,348	1,256	879	1,919	197	97	1,332	2,988	28	-
	38 (9a)	Coking	Probable	205	86	-	119	-	-	86	119	-	-
				205	86	-	119	-	-	86	119	-	-
	145 (B14)	Coking	Probable	41	-	41	-	-	-	-	41	-	-
				41	-	41	-	-	-	-	41	-	-
	121 (B7)	Coking	Proved	251	-	-	251	-	-	129	122	-	-
			Probable	18	-	-	18	-	-	-	18	-	-
				269	-	-	269	-	-	129	140	-	-

APPENDIX D - Continued

Colliery	Coal Seam	Coal Type	Reserve Classification	Mineable Reserves by Mine (Tonnes 000): Total Reserves	Reserves by Elevation (below sea level - meters): 0 - 600	601-800	801-1,000	1,001-1,200	1,201-1,400	Reserves by Thickness (meters): 0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
	112 (B4)	Coking	Proved	847	-	-	847	-	-	-	847	-	-
			Probable	140	83	57	-	-	-	-	140	-	-
				987	83	57	847	-	-	-	987	-	-
Total - Paskov		Coking	Proved	12,813	1,871	2,324	8,618	-	-	2,555	8,988	1,270	-
			Probable	12,228	799	655	5,577	5,197	-	3,846	7,664	718	-
				25,041	2,670	2,979	14,195	5,197	-	6,401	16,652	1,988	-
		Thermal	Proved	1,838	278	409	1,151	-	-	507	1,331	-	-
			Probable	2,392	438	208	1,452	197	97	1,043	1,223	126	-
				4,230	716	617	2,603	197	97	1,550	2,554	126	-
		Total	Proved	14,651	2,149	2,733	9,769	-	-	3,062	10,319	1,270	-
			Probable	14,620	1,237	863	7,029	5,394	97	4,889	8,887	844	-
				29,271	3,386	3,596	16,798	5,394	97	7,951	19,206	2,114	-
Total - Active Mines		Coking	Proved	90,148	10,564	47,536	32,048	-	-	5,409	14,290	26,870	43,579
			Probable	74,849	2,515	19,401	43,797	5,901	3,235	6,195	18,980	25,015	24,659
				164,997	13,079	66,937	75,845	5,901	3,235	11,604	33,270	51,885	68,238
		Thermal	Proved	54,327	18,691	21,427	14,209	-	-	507	1,397	2,932	49,491
			Probable	21,808	1,471	3,971	13,716	2,553	97	1,198	1,608	1,603	17,399
				76,135	20,162	25,398	27,925	2,553	97	1,705	3,005	4,535	66,890
		Total	Proved	144,475	29,255	68,963	46,257	-	-	5,916	15,687	29,802	93,070
			Probable	96,657	3,986	23,372	57,513	8,454	3,332	7,393	20,588	26,618	42,058
				241,132	33,241	92,335	103,770	8,454	3,332	13,309	36,275	56,420	135,128

Appendix D - Continued

Probable Mineable Reserves - Debiensko Mine (Tonnes 000)

Coal		Total	Reserves by Elevation (below sea level - meters)				Reserves by Thickness (meters)			
Seam	Coal Type	Reserves	601-800	801-1,000	1,001-1,200	1,201-1,400	0.75-0.99	1.00-1.49	1.50-2.49	+ 2.50
409/1	Coking	11,649	-	-	6,492	5,157	-	-	1,883	9,766
408/5	Coking	2,787	-	-	1,694	1,093	-	2,508	279	-
408/3	Coking	8,474	-	530	1,813	6,131	-	6,828	1,646	-
408/2	Coking	17,804	-	1,272	5,355	11,177	-	579	16,929	296
408/1	Coking	10,291	-	1,049	1,859	7,383	-	9,458	833	-
407/3	Coking	17,005	-	3,118	8,385	5,502	-	5,502	11,503	-
407/2	Coking	13,530	-	3,027	5,468	5,035	1,656	5,237	6,637	-
405	Coking	38,360	1,158	9,249	13,905	14,048	-	-	8,402	29,958
404/9	Coking	16,968	917	5,367	10,684	-	-	1,673	15,295	-
404/9	Thermal	1,065	-	-	1,065	-	-	-	1,065	-
404/1	Coking	16,486	1,883	5,040	9,563	-	-	16,486	-	-
403/2	Coking	6,224	1,966	3,199	1,059	-	950	5,274	-	-
403/1	Coking	16,546	2,771	5,910	7,865	-	-	13,795	2,751	-
402/1	Coking	9,909	1,803	3,488	4,618	-	1,110	5,929	2,870	-
401/1	Coking	12,752	4,335	4,056	4,361	-	1,150	8,744	2,858	-
Grand Total		199,850	14,833	45,305	84,186	55,526	4,866	82,013	72,951	40,020

NEW WORLD RESOURCES

Merrill Corporation Ltd, London
08ZBE70101