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PRESENTATION

Radek Nemecek - *New World Resources Plc - Head of Investor Relations*

Thank you and good morning, everyone. And welcome to the results for the first nine months of 2012 of New World Resources. Marek Jelinek, Executive Director and Chief Financial Officer will take you through the presentation and at the end there will be an opportunity for you to ask questions. Marek, the floor is yours.

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Thank you. And thank you very much for making the time today. I'd like to start with talking about the financial and operational highlights, then look a little bit at the regional steel markets and the pricing environment in which we are operating at the moment before we take a closer look at the financial review for the period in we're through September 2012.

So what we are announcing today is a revenue number of just above EUR1 billion for the first nine months. This is 18% down relative to the same period last year, mainly on the back of lower coking coal pricing.

I am very happy to report however that our mining unit costs are down 2% year-on-year and are at EUR79 a tonne. And all the main cost categories remain very well under control, which I think is a good result in particular when you consider the increasing input cost inflation affecting the sector as a whole. Cost containment and careful management of capital spending will definitely remain a key focus for us as we finish 2012 and head into 2013.

Looking at EBITDA, EUR227 million, which is a decline of 39% year-on-year, lower coking coal prices that affected the top line were partially offset by lower costs and a better product mix for the first nine months this year, net income of EUR47 million, which equates EUR0.17 per share of earnings. And finally our balance sheet remains in a good shape. Net debt was at EUR481 million at the end of September and very importantly we have no meaningful debt maturities in the immediate future.

Moving on into some operational data, we have delivered a broadly flat coal production year-on-year with 8.6 million tonnes and external sales at 7.2 million. Our external sales mix has improved, 53% was coking coal, 47% was thermal. We have produced 525 thousand tonnes of coke with external sales of 423 thousand tonnes. And even though the market visibility is extremely low at the moment and the market is quite volatile, we remain on track to deliver our coal and coke production and sales targets for the full year 2012.

We also continue to make significant progress in the area of safety. Our lost time injury frequency rate is at 7.48, which represents a 6% decrease year-on-year. Safety is and will remain our number one priority. And we continue to push on a number of initiatives with the ultimate goal of reaching an lost time injury frequency rate of not more than five by 2015.

A quick note on development projects, Debiensko nothing significant to report there. The project continues to, or the review of the project is going on schedule, will be completed by the end of the year. And once we have that completed we will be able to make the appropriate decisions and inform the market in due course.

We continue to make progress with our Karvina expansion project. This is in the Czech Republic. The project aims to unlock approximately 30 million tonnes of with the coking coal within the existing footprint of our Czech operations. And we expect production there in 2017.

Moving on to a look at the broader steel environment, the industry obviously continues to be impacted by weak end market demand and excess supply capacity, which results in quite challenging trading conditions and causing a knock-on effect on steel input raw materials including coke and coal and coke. Global steel capacity utilization was at 78% in September and steel production in our customer markets in Central Europe was down 3% year-on-year.

The economic situation in Europe is perhaps more pronounced given the general negative business sentiment in the region. The automotive industry which is a critical sector for us has been hit pretty hard mainly in Western Europe. And the situation has impacted our customer markets with some steel mills and foundries in our region continuing operations at relatively low levels.

However the central, Central Europe as opposed to Europe as a whole remains quite resilient to the wider European problems. Now it has the highest proportion of industrial employment as a percentage of economic activities in Europe and those of you who are looking at the slides you can see that visualized on page ten in the bluish map of Europe. The darker the color the higher concentration of industrial employment. So the point here is if you want to do business in Europe our part of Europe is the right place to be.

Automotive production in Central Europe maintained its momentum with the Czech Republic and Slovakia now taking the two top spots in terms of car production per capital on a global scale. Let's move on to the pricing environment.

The global spot coking coal prices have continued to steadily decrease since about mid 2011, and combined with the oversupply of semisoft coking coal in the region this has negatively impacted coke and coal pricing in our part of the world. Our fourth quarter blended coking coal price is about 20% down relative to the third quarter and the actual number is EUR102 a tonne.

I would just like to take the opportunity here to point out that the blended coking coal price is an average price of mid volatility hard coking coals, semi-soft coking coals and PCI as well. In the period under review the split between those qualities was roughly 47% hard coking coal, 46% semi-soft coking coal and 7% PCI.

Importantly the previously applicable reference to the international quarterly premium hard coking coal benchmark has been quite difficult to attain in the current environment. And it is becoming in our experience less and less relevant, but I would like to note here that at EUR102 per tonne, which again is the price that we are selling at in the current quarter in the fourth quarter of 2012 implies a double-digit premium to the development in the relevant quality adjusted spot prices, as you can see from the benchmarks in the left-hand chart on page 12.

Moving on to thermal coal and just a quick reminder that we continue to sell thermal coal on an annual calendar contract with a blended price of EUR74 a tonne for the full year 2012, negotiations, pricing negotiations for the calendar year of [2013] (Company corrected after the conference call) are in progress and we will update the market once the contracts have been executed.

And finally a quick look at coke, the market continues in a sort of stagnation mode. The fourth quarter blended coke price were -- was 8% down relative to the previous quarter. The actual price is EUR264 a tonne. And we continue to focus on producing a relatively high proportion of foundry coke, which is the type of coke with the highest margin.

Let's move on to the financial review, revenues down EUR228 million at EUR1.013 billion. And again the key factor here is the continuing weakness in coking coal pricing, partially offset by the improvement in the product mix. EBITDA was at EUR227 million. The drop in revenues which we just discussed was partially mitigated by a successful and diligent cost control across all the cost categories whether it's personnel, materials, energy or services.

Net financial expenses down by 58%, most of that variation is attributable to FX development and in particular to the reduction in the FX losses and relatively high profit on the revaluation of derivatives, meaning foreign currency forwards. The effective tax rate is flat at about 30%. You should expect to see a similar number going forward.

Profit for -- net income for the period is at EUR47 million or EUR0.17 per share. Net cash flow from operations was EUR106 million. CapEx for the period was at EUR165 million. This includes maintenance CapEx for both the mining and coking segments, a renewal of mining equipment, vertical and horizontal development safety, as well as the EUR5 million that we spent on the Debiensko project this year. And that number is capped. We will not spend more than EUR5 million.

Zooming into the coal segment on page ten, and interestingly you can see almost sort of mirror images when looking at the coke and coal revenue picture and the thermal revenue picture, coke and coal 28% lower price, partially offset by 8% higher sales while thermal coal has seen a 25% reduction in volumes, but an increase in price by 11%.

As I mentioned, we have continued to focus on controlling costs. And as a result our unit costs in the mining segment are down about 2% to EUR79 a tonne.

And we very much remain on course to deliver on the full year target of flat mining unit costs on a constant currency basis. All this boils down to an EBITDA in the coal segment at EUR228 million, which is a 40% reduction year-on-year.

Looking at the coke segment the coke demand continues to be subdued and the falling prices continue to impact on coke revenues, which were down 19% year-on-year. The coke sales in the nine-month period were approximately 66% foundry coke and 17% blast furnace coke with the balance being other types of coke.

Coke conversion costs increased by 7%, which is a direct result of the 10% fall in production during the period. The nature of the cost base in the coke segment is such that the conversion costs are nearly 100% fixed. And so any variation in output immediately bubbles through into a like-for-like change in the conversion costs.

EBITDA in the coke segment remained roughly flat year-on-year, partly due to a cheaper input coal that goes into the coking process. Looking at the EBITDA reconciliation, clearly the weak coking coal prices remain the single largest factor affecting EBITDA. The coking coal price accounted for about EUR190 million of the EBITDA drop.

Lower coal volumes also had a meaningful impact, translating into about EUR94 million. That however has been nearly offset by the improvement in the coal sales mix. That improved mix generated about EUR75 million of EBITDA. And importantly our push on lowering operating costs has added close to EUR60 million in EBITDA in the first nine months of this year.

Looking at financial position, and this should not be a surprise to anyone, first looking at cash flows, cash flow from operations at EUR223 million, which is a EUR123 million decline relative to the same period last year, again mainly due to the weak coking coal price environment. An increase in inventories caused the negative change in working capital of about EUR43 million, and we paid for a CapEx of EUR165 million and 32 million in interest on the outstanding debt.

We also paid out EUR34 million of dividends, which consisted of a EUR19 million of a final dividend for 2011, which however was paid in 2012, and EUR16 million as an interim dividend for 2012. All of this combined led to a net debt figure at the end of the period of EUR481 million.

Our cash balance is just under EUR450 million, which included the EUR100 million from the drawn revolving credit facility that was fully drawn as at the end of September. And just a reminder on our debt maturities, the first significant maturity is in May 2015 when one of our senior notes comes due. The amount due in 2015 is EUR260 million.

In terms of the outlook for the full year, this remains unchanged. We target production of 11 to 11.1 million tonnes and of coal and 700 thousand tonnes of coke. We also target external sales of 10.2 to 10.3 million tonnes [of coal] (Company corrected after the conference call) and 600 thousand tonnes of coke. Thermal coal continues to be priced at EUR74 a tonne for the full year where we expect the mix to be composed of 80% thermal coal and 20% middlings.

Coking coal in the current fourth quarter averages at EUR102 a tonne with the mix expected to be 47% hard coking coal, 45% semi-soft and 8% PCI. The average price of coke in the current quarter is EUR264 per tonne and the mix we are targeting is 73% foundry coke, 9% blast furnace coke and 18% other types of coke.

We continue to target flat mining unit costs on a constant currency basis for the full year and we will likely see for the full year an increase in the coke conversion costs, which is driven by the lower production when compared to 2011, CapEx numbers unchanged again. We are targeting EUR210 million to EUR220 million of CapEx to be spent for the full calendar year 2012.

We will, going forward, continue to focus on containing costs and protecting cash flows. The short-term market outlook is not very positive and so we need to redouble our efforts in protecting cash flows. So while we are not in a position to give a proper guidance for 2013 on this call and we will do so in due course, you should expect continued efforts to on driving costs down you should also expect a very tight CapEx budgeting for next year.

I think that concludes the summary of the results published today. And we would be happy to take your questions at this time. Thank you.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions). Our first question today comes from Roger Bell of JPMorgan. Please go ahead.

Roger Bell - *JP Morgan - Analyst*

Hi, Marek. Thank you very much for the call. I have two questions if I may. First of all, could you just reconfirm what your guidance is on the split of coking to thermal sales over the next few years, so within your coal sales over the next few years what -- how much -- what percentage of that is likely to be coking coal?

And also just looking at your EUR210 million to EUR220 million CapEx budget for this year, obviously struck by the size that you spent, is that the end of the remainder? Can you break that down between the coal mining segment and the coke segment?

And then within the coal mining segment could you just give a rough outline of how much of that you think is a normal operation of sustaining CapEx and how much would you say is related to sort of improving the mix of production to get it back to where it should have been based on the reserves, in effect catching up on the CapEx cuts which you made during the last sort of 2008/2009 financial crisis?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

All right. Thanks for the questions, Roger. On the product mix you will see sort of similar numbers as we are showing this, so mildly above 50% coking coal in the near-term future. And importantly when you sort of start thinking midterm the reserve base that we are managing in the Czech Republic is about 60% coking, 40% thermal. So over a longer period this should be the average.

In terms of CapEx the number we are spending in the coke segment is rather low. It's about EUR10 million this year and will be a similar number, similar proportion to the total in 2013.

And in terms of what is maintenance that needs to be spent I would give you a rough number of about 100, which is a CapEx spend that would qualify as sort of the technical definition of maintenance CapEx. And I think you are sort of rightly alluding to the last round of crises where we have made the order late on the CapEx costs a little bit, and inadvertently caused the product mix problem that we have been dealing with for the last couple of years. We are being very careful in budgeting for next year not to repeat the same mistake.

So while we are aiming to be very aggressive about CapEx for 2013 for the obvious reasons of facing a relatively weak market in the near term, we want to do it in a way that doesn't jeopardize the profitability of the business after the market has come back.

Roger Bell - *JP Morgan - Analyst*

Okay. Thank you. Can I just follow up on the first question just in terms of how long you expect it to take to get back to that 60/40 long-term split? I think last time we spoke we were looking at maybe three years. Is that still the case?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

It's a number of years. I think three years is a good guess, but it's important though when we -- when you look at the reported numbers it's important to be aware of two things. One is we have a relatively high level of inventory at the moment and the vast majority of that inventory is thermal coal. So once it gets hopefully a little colder in the course of European winter we will be selling down that inventory and that will increase the proportion of thermal in the overall sales mix. That is number one. Number two I mentioned the Karvina development project in the Czech Republic. That is about 30 million tonnes of high quality coking coal. And that should start producing, or would be in full production in 2017. And again that's going to increase the proportion of coking in the mix.

Roger Bell - *JP Morgan - Analyst*

Okay. Thank you.

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Thank you.

Operator

Our next question comes from Michael Boam of RBS. Please go ahead.

Mike Boam - *RBS - Analyst*

Hi. It's Mike Boam with RBS, two questions if I can. Firstly, can you tell us the sort of balance on the restricted payments basket at the end of the quarter please?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Hi, Michael, good to have you back. I'm afraid I'm going to have to get back to you on that. I don't have that number on the top of my mind, sorry.

Mike Boam - *RBS - Analyst*

Okay. In terms of --

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Radek will email you with the figure if that's okay.

Mike Boam - *RBS - Analyst*

Yes. That's fine. In terms of your volume targets for full year I know that they haven't changed. Can you just I guess give us some comfort that fourth quarter is trucking towards hitting those targets because they look pretty aggressive compared to what's been shipped so far this year?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

This is a good question, Michael. And I cannot sort of overemphasize the extreme lack of visibility that we have at the moment. So we think we will deliver on the performance, on the production on sales, but my level of confidence in saying that is not huge to be honest.

Mike Boam - *RBS - Analyst*

Okay. And then the--obviously I haven't been around for the last year, the Karvina development, can you just sort of comment on what the costs of that are in total and how much you will be spending each year to bring that up by 2017 please?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

So it is about 30 million tonnes of high quality coking coal. First production is all goes well is in 2016, full production in 2017. And the CapEx is actually relatively meager because what is happening this is an expansion of a footprint of one of our existing mines. So the buildup of this deposit does not entail constructing masses of new mining infrastructure, a sinking shaft and the like. So this is a very interesting project and the CapEx spend that we are budgeting for next year on this for example is about it's CZK200 million, so that's less than EUR10 million.

Mike Boam - *RBS - Analyst*

Okay. Thank you very much for your time.

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Thank you.

Operator

Our next question comes from Dmitry Glushakov of Credit Suisse. Please go ahead.

Dmitry Glushakov - *Credit Suisse - Analyst*

Yes, hi. It's Dmitry Glushakov from Credit Suisse. I have only one question regarding your personnel expense. Basically you managed to decrease the cost of staff by EUR10 million in one quarter and more than 10%. And I just wanted to check how did you manage to reach this? And what should we expect in the fourth quarter and going forward?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

The reason for the comparative decrease is the fact that we have paid performance-related bonuses in the same period of 2011. And that has not been the case in 2012. So that's how -- what particularly looks like a significant increase. That's how it happened.

Dmitry Glushakov - *Credit Suisse - Analyst*

But did you pay any bonuses in the second quarter, because I compare quarter-on-quarter, and are for in fact --

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Well I think they were paid in the third quarter 2011.

Dmitry Glushakov - *Credit Suisse - Analyst*

Oh no. I mean that I look at second quarter 2012. And the personnel expense was EUR95 million while in third quarter 2012 is already [eight nine].

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Yes sorry. So you're looking at the Q-on-Q within 2012. That's the correct measure.

Dmitry Glushakov - *Credit Suisse - Analyst*

Right, right, right, yes.

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

All right. Okay, sorry, I misunderstood your question. Yes, so this is -- there's a number of factors that include the intensity of underground developments, of the drivage, which is labor intensive. It also deals with or is impacted by the headcount reduction. There's a sort of natural attrition that is taking place throughout the year. What has not happened we have not done any sort of organized layoffs or any sort of dramatic change in the headcount.

Dmitry Glushakov - *Credit Suisse - Analyst*

So what should we expect? What would be your for fourth quarter and for 2013? Should the run rate of personnel costs remain at current level or you expect some increase in cost?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

This is difficult to answer for me at the moment because we may end up paying some performance-related bonuses in December, depending on the level of achieving the production and sales targets that I mentioned earlier. So if we do achieve them and we do pay those performance bonuses you would see an uptick in the fourth quarter personnel and vice versa.

Dmitry Glushakov - *Credit Suisse - Analyst*

And I might ask one for one questions on inventories. Basically you reported 1.3 million tonnes of inventories as of the quarter end. And like how confident are you that you will sell them off in the fourth quarter or in first quarter next year?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

That's a million dollar question. We -- one thing I can say is that the vast majority of the inventory is thermal coal. And thermal coal does has -- so that thermal coal sales are not split evenly throughout the year. In the colder part of the year you could sell more thermal coal than during summer.

So I think it's a very safe bet that we will sell down some of the inventory. How much will very much depend on the market. And I think I should note sort of in fairness that there is a relatively significant level of inventory in Poland at the moment. It's probably on the order of seven or eight million tonnes, which is a very high level of inventory. And that's clearly not helping the situation.

Dmitry Glushakov - *Credit Suisse - Analyst*

I see. And what is the maximum level for the others you can keep in your stockpiles?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

We still have room to store coal, but obviously the focus is on minimizing the working capital cash drain.

Dmitry Glushakov - *Credit Suisse - Analyst*

Got you, got you. Yes, thanks, Marek.

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Thank you.

Operator

From Bram Buring from Wood and Company. Please go ahead.

Bram Buring - *Wood and Company - Analyst*

Hi, Marek. I would have I guess two questions now please. Locally at least there's been a lot of talk about higher power prices in 2013 due to a roughly 30% increase in renewable support. Should we assume that this is going to impact you fully? Or do you have some way of mitigating this effect?

And the second question would be towards the final dividend for the second half of this year. Given the very low outlook, are you confident that you would be able to pay out a dividend assuming you're profitable in the second half of the year? Would you maybe like to keep something back in reserve?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Bram, thank you for the questions. As regards prices of power, and what we are trying to achieve in the budgeting for 2013 is a reduction in the overall expense on energy. So it is unlikely for us to see an increase at all, and certainly nowhere near the sort of indications that are making rounds in the Czech Republic at the moment. So we should see the opposite happening when you look at the absolute amount of money spent on energy, which is different from the unit cost perhaps.

On the final dividend we as you know we don't generally provide guidance on individual P&L items. And the dividend policy states that we pay out 50% of net income. So I think it is very simple. If we do generate net income in the second half of the year we will be in a position to pay a dividend and vice versa. I said we don't provide guidance on P&L, but there's as you know freely available market consensus that doesn't suggest that we wouldn't be profitable.

Bram Buring - *Wood and Company - Analyst*

Thanks. Just quickly with regards to power consumption, where would you find the savings in power consumption next year?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

There's a number of and sort of initiatives that we are looking at. And there is no single sort of one large item that we would be able to count. It is rather dozens of little items that combined produce the cost saving. And it's sort of tiny technical details that generate that.

Bram Buring - *Wood and Company - Analyst*

Okay. Thank you.

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Thank you.

Operator

(Operator Instructions). Our next question comes from Romy Kruger from Exane BNP. Please go ahead.

Romy Kruger - *Exane BNP - Analyst*

Yes. Good morning, gentlemen. Most of my questions have been answered, but I'm afraid I have to come back to the thermal coal. Can you just remind us over which period exactly you are negotiating for next year? You said you're currently doing it. From when to when are your negotiations actually running, and then also given the high thermal coal inventories in the region how much are you going to be affected by the recent weakness in the thermal coal spot price?

And then just maybe a follow-up on the currency forwards, can you just explain a little bit more about the gain that you had on your hedging? Did you take any directional bet there, or where did the evaluation come from? Thank you.

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Thanks, Romy for the questions. On -- we start with the last bit on the currencies. We are not -- our hedging program is designed to minimize uncertainty, not to generate profit. What we do is look at the annual outlook of our FX balance and to hedge 70% of the what's typically a koruna shortage. So we hedge 70% of that shortage from in cash flow terms for the year. And then we on a quarterly basis fine-tune the hedging level to manage the actual Czech koruna needs.

Now because we do this with a sort of annual horizon and sometimes even slightly longer than an annual horizon, inevitably sometimes the hedges are in the money and sometimes are out of the money, but this is not something that we would be actively managing or trying to generate profit through this.

The other question was on thermal coal and the sort of the negotiations. The pricing talks typically start towards the end of October and run for as long a period of time as necessary to agree with the customers, which is typically around the end of the year.

And I think the other question was how affected will we be by the spot price development and by the level of inventories. Clearly those are difficult conditions and especially the comparatively high inventory level in Central Europe, particularly in Poland is a problem at the moment.

Romy Kruger - *Exane BNP - Analyst*

Okay. So I might just follow up on the hedging. Is there any possibility that you might actually reduce your hedging policy going forward given that there is a certain cost attached to the hedging?

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

We are not thinking in that direction at the moment. We for next year we are planning to sort of keep implementing the same policy of trying to fix the exchange rate for about 70% of the net krona shortage.

Romy Kruger - *Exane BNP - Analyst*

Okay. Thanks very much.

Operator

Our final question today will come from Petr Bartek from Erste. Please go ahead.

Petr Bartek - *Erste Group - Analyst*

Hello and good morning, only one question, if you can tell us what's your pace for your headcount reduction for the organized headcount reduction, not the natural attrition.

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Well that -- thank you for the question. That's clearly driven by any sort of massive reduction in output, which we don't think will take place in the near future, not for example in 2013. And so as a result you shouldn't expect any dramatic reduction in headcount.

We -- clearly the mood in the industry and perhaps on this call is quite subdued, but if you look at the bigger picture and sort of try to beyond the next quarter I think it is not a very difficult job to come to a conclusion that we operate in a relatively resilient part of the global economy. I would remind you of what I said earlier about the sort of high level of industrial employment in our part of the world, the dynamics of the automotive industry again in our part of the world.

All that is -- would suggest a certain level of optimism is in order. So we are living in a difficult period in this current quarter and we think it is going to continue for a few more quarters, but we are not in a very negative mood when thinking about sort of the mid and long-term prospects for our business. We produce coking coal, which fundamentally is a short commodity, especially in Central Europe. And it is going to -- this feature of the market is going to be even more pronounced going forward. And we serve our customers who are dependent on locally produced raw materials.

So we think we -- what people have to do is hunker down for a few quarters to make sure that the current market doesn't cause us too much damage, but there is no question in my mind about the very positive prospects of our business and Central Europe as a whole. That's perhaps a longwinded answer to the question about headcount, but I guess the simple answer is we are not planning any dramatic headcount reduction.

Petr Bartek - *Erste Group - Analyst*

Thank you.

Marek Jelinek - *New World Resources Plc - Executive Director and CFO*

Thank you.

Operator

That will conclude today's question-and-answer session. I would now like to turn the call back over to your host for any additional or closing remarks.

Radek Nemecek - *New World Resources Plc - Head of Investor Relations*

Okay. Thank you, operator, and have a good day. Bye.
