

Divisional Policy Statements

These divisional policy statements (the “Policy Statements”) are adopted by the New World Resources Plc (“NWR”) Board of Directors (the “Board”) on 8 April 2011 and shall have effect from the time of admission of the A Shares of NWR to the Official List of the UK Financial Services Authority and to trading on the main market of the London Stock Exchange. These Policy Statements are intended to mirror the Divisional Policy Statements adopted by the Board of Directors of New World Resources N.V. (“NWR NV”) with effect from 23:59 on 31 December 2007 (“Commencement Time”) following approval by the then sole shareholder of NWR NV, RPG Industries SE.

NWR intends to follow, and the Board intends to enforce, these Policy Statements in accordance with the terms and principles set out below. These Policy Statements will be approved, if necessary, by the boards of directors of NWR NV, OKD, a.s. and all of its subsidiaries (together “OKD”), and by the boards of directors of any of the other subsidiaries of NWR.

These Policy Statements are a standard for NWR, the Board, NWR NV, OKD and the other subsidiaries of NWR, those companies’ relevant boards of directors, the Real Estate Committee (as defined below) and each of the Mining Division and the Real Estate Division (each, as defined below). These Policy Statements will be referred to as a standard in the charter documents and/or the board rules of OKD and the other relevant subsidiaries of NWR.

From time to time when the assets of the Real Estate Division are not owned or held by the NWR Group or in the event that some or all the assets of the Real Estate Division are transferred from the Real Estate Division to the Mining Division (both as defined below) pursuant to section 3.8 below, these Policy Statements shall no

longer apply to such assets, except to the extent that there is an express indication in these Policy Statements to the contrary. These Policy Statements, coupled with the advisory role of the Real Estate Committee and the approval by the Board of certain matters relating to the interaction between the Divisions, is designed to ensure that the Divisions and the assets of the Real Estate Division are managed in a manner that is in the best interests of NWR as a whole and all of NWR’s shareholders.

Except as set out in section 3.14, all references in these Policy Statements to an approval, consent, decision or other act taken by the holders of the B Shares shall mean a reference to the relevant matter taken, issued or performed at a “meeting of the holders of the B Shares” in accordance with the relevant provisions of NWR’s Articles of Association (the “Articles”) and shall include a reference to a resolution adopted by all of the holders of the B Shares without holding a meeting in accordance with the Articles.

Fundamental and overriding rights of the Mining Division

These Policy Statements have been prepared and adopted on the fundamental and overriding basis that the Mining Division 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 to be in the future, conducted on certain of the Real Estate Assets (as defined below); and
- unrestricted access to the Real Estate Assets in connection with such mining, coking and related operations.

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These rights of the Mining Division and, any applicable legal or regulatory obligations, rights or requirements, the requirements of any accounting standard applicable to NWR and the rules and requirements of any stock exchange on which NWR's shares are traded shall take priority when interpreting and following the policies set out in these Policy Statements.

1. Creation of Separate Accounting and Reporting Divisions

Two divisions, the "Mining Division" and the "Real Estate Division" (each a "Division" and collectively the "Divisions"), have been created within the NWR Group. Each Division, though comprised of indivisible parts of various entities within the NWR Group, shall operate separately for accounting and reporting purposes. The Articles set out the financial and other rights relating to the shares that are attributed to each Division.

1.1 The Mining Division

The assets and liabilities allocated to the Mining Division shall be all assets and liabilities of NWR, other than the assets and liabilities of the Real Estate Division, and shall include all assets and liabilities relating to NWR's activities and operations in connection with hard coal mining (including the production of coking coal and steam coal) and coke production (conducted through OKD and the other subsidiaries of NWR).

All of the financial and other rights relating to or forming part of the Mining Division are to be attributed to the class A shares of NWR (the "A Shares") and thereby to the holders of the A Shares. The A Shares shall be treated as having no financial rights, entitlements or (except to the extent specifically set out in these Policy Statements) obligations in respect of the Real Estate Assets, the Real Estate Division or its assets or liabilities, nor in respect of any dividends or distributions paid or payable in respect of the Real Estate Division or any of the Real Estate Assets.

1.2 The Real Estate Division

The assets and liabilities allocated to the Real Estate Division are limited to, and shall consist solely of:

- 1.2.1 all of the rights, rental or lease income, title and interest in or to all real estate assets owned and/or registered, with the exception of:
 - (i) leases, other than leases with an unexpired lease term in excess of 50 years; and
 - (ii) options to acquire real estate assets, in favour of NWR or any of its subsidiaries (together the "NWR Group"),as at the Commencement Time (the "Real Estate Assets");
- 1.2.2 all of the issued share capital in OKD, Rekultivace, a.s. and all its assets and liabilities ("Rekultivace");
- 1.2.3 all of the issued share capital in Garáže Ostrava, a.s. owned by NWR Group (representing 49.03% of the entire issued share capital of Garáže Ostrava, a.s. ("Garáže");
- 1.2.4 all assets and liabilities accounted for at the Commencement Time in favour of the IMGE internal business unit of OKD ("IMGE");
- 1.2.5 all rights, rental or lease income, title and interest in or to all the Real Estate Assets, Rekultivace, Garáže and IMGE as they are supplemented, modified or reduced subsequently pursuant to the terms of these Policy Statements (including any business, rights, benefits, shares in companies into which Real Estate Assets have been transferred or spun-off in preparation for transfer (provided that the only assets of such companies are assets of the Real Estate Division) from the NWR Group or as part of the administration of the Real Estate Assets and other assets related to or derived from the Real Estate Assets, Rekultivace, Garáže and IMGE whether existing at the Commencement Time or arising after the Commencement Time), including the goodwill attached to the Real Estate Assets, Rekultivace, Garáže and IMGE and the business, assets, rights, benefits or property relating to the assets of the Real Estate Division that are incidental to the ownership and management of such assets or which arise from the disposal of such assets and the income generated therefrom (as such may be reinvested from time to time); and
- 1.2.6 real estate acquired by the Mining Division after the Commencement Time in accordance with section 3.1.3 below shall not be considered to be assets of the Real Estate Division.

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- 1.3 The financial rights relating to or forming part of the Real Estate Division are to be attributed to the class B shares of NWR (the “B Shares”) and thereby the holders of the B Shares. The B Shares shall be treated as having no financial rights or entitlements in respect of the Mining Division or its assets, nor in respect of any dividends or distributions paid or payable in respect of the Mining Division or its assets. The Real Estate Division, and thereby the holders of the B Shares, shall not be allocated any liability arising out of the Mining Division, including environmental liabilities that arise as a result of the Mining Division’s operations, nor any of the NWR Group’s borrowings, which are all to be allocated to the Mining Division.
- 1.4 The day-to-day operations of the Real Estate Division will be managed by the board of directors of OKD and the other subsidiaries of NWR and their employees who have responsibility for day-to-day operational matters. There shall initially be no personnel employed by the Real Estate Division, other than personnel employed by Rekulivace, Garáže and IMGE.
- 1.5 The Real Estate Division will only undertake business activities related to the holding and management of land and incidental activities.

2. Real Estate Committee

The Board shall create a real estate committee (the “Real Estate Committee”) to oversee the assets and liabilities of the Real Estate Division and manage the interaction between the Divisions in connection with the Real Estate Assets. The Real Estate Committee shall report to and pass on its advice to the Board for its review and consideration and shall act in an advisory role to the Board in connection with the Real Estate Division. Although the Board, or the board of directors of OKD or any other subsidiary of NWR, shall retain the ultimate decision making authority with respect to all matters related to the Real Estate Division, the Board may assign certain advisory or strategic (including day-to-day matters, as they arise and as the Board may require) duties to the Real Estate Committee, subject to the overall responsibility of the Board.

The Real Estate Committee will have, and may exercise, such other powers, authority and responsibilities that the Board, in accordance with the Articles, may delegate to the Real Estate Committee from time to time. Each member of the Real Estate Committee shall act in accordance with his/her duties as a director at all times. Such duties include acting in the interests of both NWR as a whole and the shareholders of NWR and after giving consideration to the potentially divergent interests and all other relevant interests of the separate classes of shares in NWR.

Except as otherwise provided by the Board or as set out in these Policy Statements, the Real Estate Committee shall not have responsibility for accounting, audit or financial disclosure matters, dividends or distributions (either on a routine basis or upon a winding-up) in relation to the Real Estate Division, although the Real Estate Committee will need to provide its advice to the Board on any dividends and distributions, whose decision on such matters is subject to the approval of the holders of the B Shares.

The Board may solicit the Real Estate Committee’s advice from time to time. In addition, the Real Estate Committee may meet on its own volition, to consider certain matters that relate to the assets and liabilities of the Real Estate Division and/or the interaction between the Divisions in connection with the assets and liabilities of the Real Estate Division. As a result of these meetings, the Real Estate Committee may provide the Board (with or without the presence of a scheduled Board meeting) with advice at any time and from time to time as the Real Estate Committee deems appropriate or necessary.

A director shall not take part in a discussion and/or decision-making on a transaction in relation to which he/she has a conflict of interest with NWR or any other entity in the NWR Group as determined by the Board after review by, and a recommendation from, the Audit and Risk Management Committee.

For these purposes “transaction” 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 some asset, liability or value can or may transfer, or be allocated,

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between those Divisions (but does not include the declaration or payment of any (interim or final) dividend or distribution from the dividend reserve B, or the share premium reserve of the B Shares, to the holders of the B Shares), in which case a director will have a conflict of interest if the director or the director's related party¹ holds directly or indirectly at least 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 ten percent of the A Shares or B Shares.

The members of the Real Estate Committee shall be selected by the Board and shall be comprised solely of the independent non-executive members of the Board (such independence being determined in accordance with the NWR Corporate Governance Policy and any other standards applicable by law or practice to NWR).

All dealings between the Divisions shall, subject to these Policy Statements, occur on arm's length terms as if the Divisions were separate companies that are unrelated. In the event that there is a matter which the Real Estate Committee or the Board identifies as raising a real or potential conflict of interest or other obstacle to the determination of a resolution of the matter on arm's length terms between the Divisions, in providing advice to the Board by the Real Estate Committee, and in taking a decision by the Board, both the Real Estate Committee and the Board may rely upon the advice of the auditors (if suitably qualified to determine the relevant matter) or an independent valuer or other expert whose nomination is approved pursuant to section 3.11 below, as appropriate, on a case-by-case basis.

After consideration by the Real Estate Committee, the relevant matter will be sent to the Board for consideration and final determination along with the Real Estate Committee's advice.

The Real Estate Committee shall approve a standard form of lease agreement, a standard form of sale of real estate agreement and a standard form of agreement for the grant of rights (all of which will reflect arms' length terms) which shall be used by OKD and the other subsidiaries of NWR in all dealings in relation to Real Estate Assets as a general rule. OKD and the other subsidiaries of NWR

shall report to the Real Estate Committee any material departures from such standard form agreements (provided that all such departures shall only be undertaken if the relevant agreement remains on arms' length terms in the context of any transaction or other matter of which such agreement shall form a part).

The Board will require the management of OKD and the other relevant subsidiaries of NWR to report regularly to the Board (and in any event every 6 months) on their compliance with these Policy Statements (using a standard form for such report to be developed by the Real Estate Committee). Furthermore, the Board will require the members of the management teams of such subsidiaries after each financial year of NWR to complete (using a standard form to be developed by the Real Estate Committee) and sign a compliance certificate to the effect that the relevant subsidiaries have complied with these Policy Statements. The Real Estate Committee is responsible for monitoring the compliance by such subsidiaries with these Policy Statements and for reporting to the Board about such compliance.

3. Relationship between the Mining Division and the Real Estate Division

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, will be resolved consistently with these Policy Statements and in a manner that is in the best interests of NWR as a whole and all of NWR's shareholders. In addition, the following matters between the Mining Division and the Real Estate Division shall be dealt with as described below:

3.1 Transactions between the Divisions

All transactions entered into between the Mining Division and the Real Estate Division will be made consistent with these Policy Statements and in the best interests of NWR as a whole and all of NWR's shareholders.

- 3.1.1 The Mining Division's right to use, access and conduct its operations on any Real Estate Assets, payments for such use and access and liabilities to be allocated to the Divisions.

¹ For the purposes of these Policy Statements, a reference to a "director's related party" is to a person falling within (a), (b), (c) or (d) below in relation to the particular director: (a) the wife/husband of a director; (b) a registered partner or other life companion of a director; (c) a foster child or relative by blood or marriage up to the second degree of a director; or (d) any entity in which a director or a director's related party holds directly or indirectly at least ten percent of the shares or other ownership interest.

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The Mining Division shall have an unrestricted right to use, access and conduct its operations on any Real Estate Asset upon which mining, coking and related operations are conducted, or are expected to be conducted in the future, for the period in which such operations continue. The Mining Division shall make payments to the Real Estate Division, or NWR shall allocate costs to the Mining Division, for such use and access as set out in these Policy Statements.

All liabilities with respect to the Real Estate Assets shall be allocated to the Mining Division, with the exception of the matters as set out in the following sections of these Policy Statements:

- Loans and balances between the Divisions and banking (section 3.1.4);
- Allocations of costs for overhead and support services and Depreciation (section 3.2);
- Indebtedness, loans, mortgages and encumbrances (section 3.6); and
- Allocation of taxes (section 3.9).

For the avoidance of doubt, the liabilities allocated to the Mining Division include all environmental liabilities (whether such environmental liabilities result from historical environmental damage or otherwise) in relation to the Real Estate Assets.

The Mining Division shall pay, or NWR shall allocate, to the Real Estate Division for the use of and access to the Real Estate Assets €3.6 million per annum (pro rated for periods of less than one year) such amount being the "Cap". The Cap does not include any amounts payable to Rekultivace, Garáže or IMGÉ arising in the ordinary course of their operations on arms' length terms. All such payments shall be included in the 6-month reports prepared by OKD and the other subsidiaries of NWR for the Real Estate Committee.

The Cap shall be paid or allocated in advance, in 12 equal monthly instalments, on the first day of each month and, if such day is not a business day, on the next following business day. With effect from 1 January 2009 and on each following 1 January, the Cap shall be adjusted by reference to the Harmonised Indices of Consumer Prices for Czech Republic published by Eurostat ("Czech Inflation Index") covering the 12 month period to such 1 January or, if such index is not published, then an alternative index

having a similar economic profile as the Czech Inflation Index as determined by the Board upon the advice of the Real Estate Committee. After such adjustment the Cap is referred to as the "Adjusted Cap".

As property is transferred to, or prepared for transfer to, the holders of the B Shares or to a company nominated by such holders, leases or other agreements to grant rights will be put in place to the extent that the Mining Business requires such property or rights for the purposes of its Mining Business. Payment or allocation of the Adjusted Cap shall cease when all of the assets of the Real Estate Division have been transferred to the holders of the B Shares or to a company nominated by such holders, at which time the B Shares shall be repurchased and/or cancelled by NWR in as efficient a manner as is practicable in light of all tax and other consequences (including, without limitation, the receipt of appropriate undertakings for any future adjustment of previously reported tax liability to be re-allocated between the Divisions in accordance with the terms of the Appendix). The rental or other payments for rights due under such leases or agreements granting rights shall reduce the amount of the Cap or Adjusted Cap, as applicable, to the extent of such payments, so that the aggregate of (i) the rental or other payments for rights due under any such leases or agreements, whether the landlord or grantor is within or outside the Real Estate Division, and (ii) the Cap or Adjusted Cap, as applicable, (after reduction) shall never exceed the Cap or Adjusted Cap, as applicable, (prior to any reduction). To the extent that the aggregate of the rental or other payments for rights due under such leases or agreements would exceed the Cap or Adjusted Cap, as applicable, (prior to reduction) a fair and reasonable mechanism (whether by a rebate, payment, allocation of cash between the Divisions or otherwise) will be put into place to ensure that the Cap or Adjusted Cap, as applicable, is not exceeded.

Whilst any Real Estate Assets are held within the Real Estate Division, all real estate maintenance, repair or other expenses or liabilities (other than taxes allocated pursuant to section 3.9) shall be allocated to the Mining Division. The Mining Division shall cease to be responsible for the maintenance, repair or other expenses or liabilities attributable to Real Estate Assets which have been transferred to the holders of the B Shares or to

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a company nominated by such holders, and the holders of the B Shares (or the company to which they have been transferred) shall then assume responsibility for them, subject to the terms of any lease or other agreement granting rights to the Mining Division and to any liabilities of the Mining Division arising by law (including, without limitation the environmental or recultivation liabilities arising by law).

The terms of all leases or other agreements granting rights to the Mining Division shall be made on arm's length terms as between parties of equal bargaining power willing to enter into the relevant agreement on a commercially reasonable basis. All such leases or other agreements shall, before being entered into, be considered by an independent valuer or other expert whose nomination is approved pursuant to section 3.1.1 below to ascertain whether it is on arm's length terms and only if such independent valuer or other expert shall consider it to be on arm's length terms, when considered in the context of any transaction or other matter of which such lease or other agreement shall form a part, may the Mining Division enter into it, subject to the other provisions of these Policy Statements.

- 3.1.2 Review and approval of real estate transactions. In the event that the Real Estate Division proposes to enter into any transaction that: (i) is not considered by the Board to be in the ordinary course of business of the Real Estate Division; or (ii) relates to assets of the Real Estate Assets Division which have a book value of 5% or more of the total book value of all of the assets of the Real Estate Division (or such lower percentage or in relation to such other transactions or matters as determined by the Real Estate Committee), the proposed transaction shall be subject to the Board's prior review and approval after the Real Estate Committee has provided its advice to the Board.

The Board shall issue guidance to OKD and the other subsidiaries of NWR on the types of matters or transactions falling within the terms of this section.

- 3.1.3 Acquisition of real estate by the Mining Division. All acquisitions of real estate made by NWR

after the Commencement Time shall be made by the Mining Division out of resources allocated to the Mining Division pursuant to these Policy Statements. Any such acquired real estate shall be allocated to the Mining Division. No new real estate may be acquired by, or on behalf of, the Real Estate Division, except such incidental or minor rights or real estate that is acquired with Real Estate Division assets, is considered by the Real Estate Committee and is approved by both the Board and the holders of the B Shares.

- 3.1.4 Loans and balances between the Divisions and banking. Credit, debit unpaid or unsatisfied balances between the Divisions shall be avoided wherever practicable (except pursuant to the NWR Group treasury management, cash pooling or similar arrangements), but should such credit, debit unpaid or unsatisfied balances exist, they shall be operated on arm's length terms as to payment of interest at such rate of interest no greater than apply (or would apply if the Real Estate Division were a separate member or party to such arrangements) pursuant to the NWR Group treasury management, cash pooling or similar arrangements or, if there are none, the rate of interest determined by the Board after receiving the advice of the Real Estate Committee.

Except pursuant to the NWR Group treasury management, cash pooling or similar arrangements, any balances as arising between the Divisions shall be on an "on demand" basis (reflecting that such outstanding balances are not, and are not intended to be, long-term debts) and calculated on the internal ledgers of each respective Division or otherwise settled as soon as practicable.

In addition, bank accounts for the Real Estate Division shall be opened and separately operated from Mining Division bank accounts.

- 3.2 **Allocation of the costs for overhead and support services and Depreciation**

Each Division will have access to the corporate support services of the Mining Division (for

example, tax, banking, accounting and audit functions). Costs relating to such services provided will be allocated directly to the Division utilising those services, and if not directly allocable to one Division or the other, allocated between the Divisions on a fair and reasonable basis as the Board determines is consistent with an arm's length transaction, after receiving the advice of the Real Estate Committee, provided that the costs to be allocated to the Real Estate Division shall not exceed €100,000 per annum (subject to adjustment by the same adjustment percentage and at the same time as applies to the Cap or Adjusted Cap).

The Mining Division shall seek to achieve enterprise efficiencies (i.e., economies of scale) to minimise the aggregate costs incurred by the two Divisions combined, although the Mining Division will also be entitled to negotiate and procure support services on its own behalf or from third parties. Depreciation attributable to the assets of the Real Estate Division in accordance with applicable accounting standards based on the Real Estate Division's right, entitlement and interest in the assets of the Real Estate Division shall be allocated to the Real Estate Division.

3.3 Corporate opportunities for the Divisions

The Board will allocate any business opportunities and operations, acquired assets and assumed liabilities between the two Divisions, in whole or in part, as it considers to be in the best interests of NWR as a whole and all of NWR's shareholders, but subject to the restrictions applicable to the Real Estate Division and other matters as contemplated by the other provisions of these Policy Statements, after giving fair consideration to the potentially divergent interests and all other relevant interests of NWR's shareholders.

3.4 Accounting and reporting arrangements

NWR shall prepare fully consolidated financial statements and statutory NWR only financial statements showing separate financial segments within such financial statements for each of the Divisions. The financial statements and information for each of the Divisions will reflect the financial

position, results of operations and cash flows of the respective Divisions. Such consolidated, statutory and segmented financial statements shall be audited annually by NWR's auditors.

3.5 Dissolution, Liquidation or Winding-Up

Pursuant to the Articles, in the event of a dissolution, liquidation or winding-up of NWR, whether voluntary or involuntary, the holders of the A Shares and the B Shares shall share in the funds or assets of NWR available for distribution to them, in proportion to the value of the Mining Division (which will be attributable to the A Shares) and to the value of the Real Estate Division (which will be attributable to the B Shares) as determined by the Board or as required by applicable law.

3.6 Indebtedness, loans, mortgages and encumbrances

All current and future indebtedness arising from NWR's Senior Facilities Agreement, NWR's high yield bond and all other facilities in place at the Commencement Time will be allocated to the Mining Division.

Neither the Mining Division, the Real Estate Committee nor the Board may create or authorise the creation of a mortgage, charge or other encumbrance over any assets of the Real Estate Division or any loan from a third party to the Real Estate Division without the consent of the holders of the B Shares (which may be withheld in their sole discretion).

3.7 Rights Against Third Parties and the Ecological Agreement

Where the Real Estate Division has the benefit of certain rights against a third party, including the right of indemnification granted by the Czech State for certain historical environmental liabilities under the Ecological Agreement entered into between OKD and the National Property Fund of the Czech Republic in 1996 (as amended in 1998), the Mining Division shall take all reasonably appropriate steps to protect, preserve and maximise such rights, including on any distribution or transfer to the holders of the B Shares or to a company nominated

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by such holders of assets of the Real Estate Division to which such third party rights relate.

3.8 **Transfer of the Real Estate Assets, Rekultivace, Garáže, IMGE and other assets of the Real Estate Division.**

Subject to the fundamental and overriding rights of the Mining Division to use and access the Real Estate Assets in connection with their mining, coking and related operations and the other matters set out above, all of the assets of the Real Estate Division shall be transferred out of the Real Estate Division in one of the following ways:

- 3.8.1 Transfers to the holders of the B Shares or to a company nominated by such holders
It is expected that all Real Estate Assets (held through one or more companies), Rekultivace, Garáže, IMGE and all other assets of the Real Estate Division will be distributed or otherwise transferred as soon as practicable to the holders of the B Shares or to a company nominated by such holders.

It is proposed that Real Estate Assets upon which from time to time: (i) the Mining Division has permanently ceased all mining, coking and related operations; and (ii) the Mining Division has no proposed plans to commence and/or recommence mining, coking or related operations in the future, shall be distributed or otherwise transferred to the holders of the B Shares or to a company nominated by such holders upon the Mining Division obtaining all necessary governmental, regulatory or other approvals, including documentary evidence of the assignment of rights from OKD to the transferee of such Real Estate Assets under the Ecological Agreement described in section 3.7. Such Real Estate Assets together with IMGE and the shares in Rekultivace and Garáže and all other assets of the Real Estate Division that may be available for distribution or transfer from time to time shall be distributed or otherwise transferred to the holders of the B Shares or to a company nominated by such holders with the title to such Real Estate Assets, shares and assets being the best available to the Real Estate Division, free and clear of all encumbrances or other liens other than as arising

by operation of law.

With respect to the Real Estate Assets upon which the Mining Division is conducting mining, coking and related operations, the Real Estate Division may not transfer any such Real Estate Asset until the mining, coking and related operations have been permanently terminated and the Mining Division has obtained all necessary governmental and regulatory approvals or other consents to effect such transfer. The Mining Division shall obtain all necessary governmental and regulatory approvals or other consents as quickly and in as efficient a manner as practicable. The external costs of this transfer (e.g., legal costs for such transfer) shall be allocated to the Real Estate Division and all internal costs (e.g., administrative costs for such approvals and consents) shall be allocated to the Mining Division. The Mining Division shall be allocated liability for any environmental, maintenance, or other historical liability that arises prior to the date of transfer to the holders of B Shares or to a company nominated by such holders or reclamation costs, in any such case, as arise by law prior to the date of transfer to the holders of B Shares or to a company nominated by such holders and this liability shall remain with the Mining Division after the transfer of the Real Estate Assets to the holders of the B Shares or to a company nominated by such holders. For the avoidance of doubt, liabilities to be allocated to the Mining Division include all environmental liabilities (whether such environmental liability results from historical environmental damage or otherwise) in relation to the Real Estate Assets.

To the extent that the Real Estate Division has to bear a liability to the Mining Division or some third party, the Mining Division shall take all appropriate steps to isolate that liability within an entity which solely holds Real Estate Division property pending the transfer of such entity to the holder of the B Shares or to a company nominated by such holders.

If there are incidental assets or liabilities arising or attaching by law to any transfer of the assets of the Real Estate Division to the holders of the B Shares

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or to a company nominated by such holders which have been or are allocated to the Mining Division pursuant to those Policy Statements, arrangements shall be made for the compensation for such assets, or the assumption of such liabilities, by the Mining Division, and vice versa.

Upon the final dividend or distribution of the assets of the Real Estate Division, arrangements shall be made for any outstanding or contingent liabilities to be met by the holders of the B Shares.

3.8.2 Transfers between the Divisions

The acquisition of a Real Estate Asset by, or allocation to, the Mining Division from the Real Estate Division shall be subject to the prior approval of both the holders of the B Shares (which may be withheld in its sole discretion) and the Board, subject to the Real Estate Committee's prior review of the terms of such acquisition to ensure that the transaction, or allocation, occurs on arm's length terms. In such instance, the Mining Division shall bear all the costs for such transfer, including, without limitation, legal costs and the relevant Real Estate Assets so transferred shall cease to be within the meaning of "Real Estate Assets" for the purposes of these Policy Statements.

3.8.3 Swap or exchange of Real Estate Assets with local municipality

Real Estate Assets that were as at the Commencement Time identified for a swap or exchange with a local municipality or other person may be used for such swap or exchange. The Mining Division shall pay in cash, or allocate to, the Real Estate Division an arm's length price for such property as ascertained by an independent valuer or other expert whose nomination is approved pursuant to section 3.11. OKD's and the other subsidiaries of NWR's previous policy or practices of swapping or exchanging real estate with any local municipality or other person shall cease insofar as it relates to property within the Real Estate Division without the consent of the B Shareholders. All future proposed swaps or exchanges of Real Estate Assets shall be treated as falling within section 3.8.2 as if an acquisition of

Real Estate Assets by, or allocation to, the Mining Division.

3.9 Allocation of taxes

The Mining Division and the Real Estate Division shall be allocated the tax liability and the tax benefits of the NWR Group based on there being two hypothetical affiliated groups consisting of the Divisions. The general principle is that the consolidated tax liability of the NWR Group will be allocated between the Divisions based on the contribution of each Division to the consolidated taxable income and gains of the NWR Group, taking into account losses, deductions and other tax attributes (such as capital losses or charitable donations) that are utilised by the NWR Group even if these attributes could not be utilised on a stand-alone basis. To the extent that 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 Appendix sets out the allocation of taxes and benefits between the Divisions, and in particular sets out the basis on which the Real Estate Division shall be liable for the Real Estate Income Tax Liability, how the Mining Division shall be liable for the Mining Income Tax Liability and how the liability for other taxes shall be allocated.

3.10 Appointment of a Board member

Pursuant to the Articles, the holders of the B Shares, shall have the right to make a binding nomination for the appointment of one (1) Board member.

3.11 Nomination and approval of an Independent Valuer or other Expert

An independent valuer or other expert shall be nominated and approved pursuant to the following process:

- 3.11.1 OKD or the relevant other subsidiary of NWR shall nominate an independent valuer or other expert who, in its reasonable opinion:
- is appropriately qualified to provide a valuation or advice (as appropriate) in relation to the relevant matter; and

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(b) is sufficiently capable and has a sufficient status, bearing in mind the nature of the matter to be considered, to provide a valuation or advice which can be regarded as both professional and independent of both NWR Group and each of the Divisions.

The Real Estate Committee or the Board may provide its advice or requirements to OKD and the other subsidiaries of NWR in relation to the particular qualifications, capabilities, status or identity of the independent valuer or expert prior to or after OKD's, or the other subsidiary of NWR's, nomination;

- 3.11.2 such nomination shall be put by OKD or the other subsidiary of NWR to the Real Estate Committee for its review and approval. If the Real Estate Committee does not approve the nomination, the matter shall be referred back to OKD or the other subsidiary of NWR, as appropriate, for nomination of a further independent valuer or other expert pursuant to section 3.11.1;
- 3.11.3 upon the approval of OKD's or the other subsidiary of NWR's nomination by the Real Estate Committee, the independent valuer's or expert's valuation or advice may be taken into account by the Real Estate Committee. The Real Estate Committee shall then pass on to the Board its advice on the relevant matter. Should the Board reject the independent valuer or other expert's nomination, the matter shall be referred back to OKD or the other subsidiary of NWR, as appropriate, for nomination of a further independent valuer or other expert pursuant to sections 3.11.1 and 3.11.2.

The provisions of this section 3.11 shall not preclude OKD or any other subsidiary of NWR from appointing and receiving the valuation or advice of any independent valuer or other expert and presenting any valuation or advice received to the Real Estate Committee at the same time as seeking the review and approval of its nomination of such independent valuer or other expert.

3.12 **Dividends and Distributions**

Other than in relation to dividends or distributions in specie of assets or shares in companies forming part of the Real Estate Division which

shall be divided or distributed solely to the holders of the B Shares, the Board shall, as a general rule, recommend pursuant to NWR's Articles of Association the payment of dividends or distributions of cash amongst the holders of A Shares and the B Shares in proportion to the accumulated undistributed profits of the Mining Division and the Real Estate Division, respectively, 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 may then be applied towards such dividend or distribution. Where there is to be a distribution or dividend in specie, the Board shall put in place a mechanism under which the recipients of such dividend or distribution in specie shall put NWR in funds to enable it to satisfy its withholding tax obligations by law and its obligations to account for such tax (if any).

3.13 **Amendment of Policy Statements**

The Board, subject to the approval of the general meeting of shareholders of NWR and the holders of the B Shares, may amend, rescind or suspend that part of these Policy Statements in relation to the fundamental and overriding rights of the Mining Division, the payments for use and access to Real Estate Assets pursuant to section 3.1.1, the costs for overhead and support services pursuant to section 3.2, the principles contained in the remainder of these 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 these 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 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 NWR and all of NWR's shareholders and after giving, among other matters, fair consideration to

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the potentially divergent interests and all other relevant interests of the holders of the separate classes of shares in NWR. Any amendment, rescission or suspension of these Policy Statements shall be notified to NWR's shareholders by publication on NWR's website or in any other manner determined by the Board.

3.14 **Investigation Request**

Any holder of the B Shares have the right to request an investigation into the affairs of the Company (enqueterecht) with the Enterprise Chamber of the Court of Appeal in Amsterdam based on the fact that NWR has conducted mismanagement.

3.15 **Issues of B Shares**

The authorised but unissued B Shares are expected to be issued to the extent NWR 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 these 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 UK Listing Authority 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.

APPENDIX

Allocation of Taxes and Benefits

Allocation of Czech Corporate Income Tax

The Real Estate Division shall bear the Real Estate Income Tax Liability and the Mining Division shall bear the Mining Income Tax Liability, and these shall be calculated as follows:

Total Reported Income Tax Liability shall mean, with respect to any taxable year, the total amount of **NWR Group's** income tax liability (including tax imposed on capital gains), after adjustments for any income tax credits and reliefs and including any related interest, penalties or other additions to the tax for such taxable year.

Real Estate Income Tax Liability shall mean, with respect to any taxable year, an amount determined by taking the total separately computed Real Estate Taxable Income multiplied by the applicable Czech corporate income tax rate and adjusted by any income tax credits and reliefs attributable to the Real Estate Division, including any related interest, penalties or other additions to the tax for such taxable year. The Real Estate Income Tax Liability may be a negative amount.

Real Estate Taxable Income shall mean, with respect to any taxable year, the sum of income tax profits (positive income tax bases) less income tax losses (negative income tax bases) computed as if the Real Estate Division was not and never was part of the NWR Group but rather was a separate affiliated group of corporations. Such computation shall be made: (A) without regard to the income (including capital gains), deductions (including loss deductions and loss carryforwards) and credits in any year attributable to the Mining Division (B) by taking account of any income (including capital gains), deductions (including loss deductions and loss carryforwards) and credits attributable to the Real Estate Division, (C) reflecting the positions, elections and accounting methods and periods used with respect to the Real Estate Division in preparing the tax returns and (D) reflecting as taxable income or tax deductible expense

of the respective division any notional or actual amounts payable between the Real Estate Division and the Mining Division as referred in sections 3.1.1, 3.2., 3.6 and 3.7 of these Policy Statements. The Real Estate Taxable Income may be a negative amount.

Mining Income Tax Liability shall mean, with respect to any taxable year, the amount determined as the Total Reported Income Tax Liability less the Real Estate Income Tax Liability. If the Real Estate Income Tax Liability is negative, the Mining Income Tax Liability is to be effectively increased by this amount and the allocation of income for the year to which the tax relates shall be adjusted accordingly.

Allocation of other Tax Liabilities, Tax Benefits and Future Adjustments

The Real Estate Division shall bear any other tax imposed on, and shall benefit from any refund, tax credit or other tax benefit arising from any asset or activity attributable to the Real Estate Division, including, but not limited to, any real estate tax, real estate transfer tax, value added tax, environmental tax, payroll and withholding tax.

The Mining Division shall bear any other tax imposed on and shall benefit from any refund, tax credit or other tax benefit arising from any asset or activity attributable to the Mining Division, including, but not limited to, any real estate tax, real estate transfer tax, value added tax, environmental tax, payroll and withholding tax.

Non-Czech taxes (whether in respect of income, gains or otherwise) shall be dealt with in as similar a fashion as is practicable to the above provisions.

For the avoidance of doubt, any future adjustments of any previously reported tax liability allocated pursuant to these Policy Statements (including tax underpayments and overpayments) shall be split as if those adjustments were already included in the original tax liability calculation.