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PRESENTATION

Operator

Welcome to today's New World Resources Q3 2011 results conference call. For your information, this call is being recorded. At this time, I would like to turn the call over to your host, Mr. Radek Nemecek. Please go ahead.

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

Thank you, Petra. Good morning, everybody, and welcome to NWR third quarter results conference call. With us today we have Marek Jelinek, the Executive Director and Chief Financial Officer of NWR, who will walk you through the presentation. And following the presentation, we will open for your questions.

Without any further delay, I would like to hand over to Marek.

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

Thank you, Radek. Good morning, everyone, and thank you all for joining us this morning. I'd like to start by looking at the financial highlights for the first three quarters of the year, which show a significant improvement year on year, as a result of both increased international coal prices, as well as a very successful cost control on our part.

The key figures; revenues were up 10% year on year to EUR1.2 billion; EBITDA is at EUR369 million, which is a 22% increase, with EBITDA margin reaching 30%; and we recorded a pre-tax profit of EUR166 million.

The underlying net income excluding the one-off gains in 2010 has more than doubled during the nine-month period.

EPS was at EUR0.45 a share.

Mining unit costs are up 6% on a constant currency basis compared to the same period last year, which I think is a very, very good result, especially against the background of the overall global mining industry.

Coke conversion unit costs were down 16% on a constant currency basis, which is mainly due to the consolidation of our coking business, which we completed by the end of last year.

And finally, we generated operating cash flow of EUR210 million, which represents a 16% increase; and our net debt stood at EUR400 million at the end of September.

Moving on to look at the operational and strategic highlights; first, about production and sales for the nine-month period. Our total coal production was 8.6 million tonnes during the period, and external coal sales accounted for just over 8 million tonnes.

Coke production reached 584,000 tonnes, with external sales of 430,000 tonnes.

As we announced recently, our average agreed prices for coking coal for the last quarter of this year are EUR171 a tonne, while the average price for coke for the fourth quarter is EUR341 a tonne.

Importantly, we remain on track to deliver our full-year coal production and sales targets, including the product mix that we guided for earlier.

I will talk more specifically about our growth projects in a few moments, but just to reiterate at this point, developments at Debiensko remain fully on track. We are scheduled to break ground in December this year, with first meaningful coal output in 2017.

Debiensko is a very important milestone, not just for NWR as a company, but also for the overall region, as this will be the first mine to be opened in the Silesian Coal Basin in more than two decades.

Also, we announced in September our intention to explore the hard coal deposit at the Frenstat Mine in the North East of the Czech Republic. Again, I will talk about this project in a bit more detail in a few moments.

Let's move on to the international coal markets, as shown in four charts on slide 6. Let me start with thermal. You can see, in the upper left-hand chart, the resilience of thermal coal pricing. And importantly for our situation, the thermal coal supply/demand environment in Poland, on the lower left-hand chart, remains very positive for NWR, particularly given the decreasing trend of thermal coal production from the overall Polish mining industry.

Looking at the Australian coking coal spot prices in the upper right-hand chart, you can clearly see a softening. But given the constraints on the supply side and the lack of growth projects, we certainly remain very positive on the long-term coking coal fundamentals.

Finally, the world crude steel production has been rising at an average annual rate of about 4% between 2005 and the expected 2013 output figure. And it's particularly interesting to see the ever-increasing importance of the Asia phenomenon; obviously, in particular, the Chinese impact on overall steel production.

Moving on to the next slide, you can see there the recent quarterly price performance for NWR. Starting with coking coal, since April last year, all our coking coal sales have been priced on a quarterly basis, in line with the current international practice.

The average agreed price of coking coal for delivery in the fourth calendar quarter of this year is EUR171 a tonne, which represents a decrease of approximately 9% relative to the previous quarter. That is in line with international trend for both hard and semi-soft coking coal, and, obviously, well above the 2010 average price of EUR141.

Moving on to thermal, we now sell 100% of our thermal coal volumes on a calendar year contract. As we announced previously, the average price for the calendar year 2011 is EUR71 a tonne, which represents a 13% increase relative to the average 2010 price.

And finally, coke. The average price that we agreed for coke sales during the fourth quarter was -- or is EUR341 a tonne, which is a 13% decrease relative to the previous quarter.

Now, I will obviously speak about our outlook at the end of this presentation. But just at this point, speaking about coal prices, we are yet to start negotiations for our coking coal and coke for the first quarter of next year, so I'm not able to comment on that for now.

As regards thermal coal, we are just about starting our pricing talk for the next calendar year, 2012, and we do see a potential of an uptick in the regional thermal coal prices relative to 2011. We think that this might be quite like the development that we have seen in the years 2009 and 2010 in Central Europe, where the thermal coal prices seem to have significantly detached from the global pricing environment.

As always, we will provide further specific updates on our pricing as the negotiations conclude.

Moving on to an operational and business review, starting on slide 9, the year-to-date steel production for September, which is the last month that is available at the moment, show that steel production was up 5% during the period, relative to the same period in 2010. And also, prices for European flat steel products were up 6%, and long steel was up 18% during the period.

Nevertheless, we clearly see a potential slowdown in our region as our customers are showing increased levels of caution in light of recent macroeconomic news. Therefore, we are quite cautious about our near-term outlook, and we are very conscious of the volatility in not just our business but in the overall economy, including interest rates and exchange rates.

In light of this, we have recently revised our coke sales guidance for the year, and we now expect to sell between 525,000 tonnes and 575,000 tonnes of coke for the full year 2011.

Again, our coal sales targets remain unchanged, and we are confident that we will actually reach the overall sales target for 2011.

Moving on to health and safety on slide 10. As the picture here shows very clearly, the improvement over the last six years has been very dramatic, and this is the result of our very significant investment in improving technology, as well as a great deal of hard work and dedication from our workforce. Going forward, safety of our workforce remains the absolute top priority for NWR.

I'd like to move on now to discuss the growth projects in a bit more detail. Page 11 talks about Debiensko and Frenstat. On Debiensko, just to recap, in June this year the Board of Directors gave its final approval to go ahead with the Debiensko project. This is a significant part of our growth strategy.

As we stated previously, the total coal reserves in Debiensko amount to 190 million tonnes, of which about seven-eights is high quality coking coal. We expect an average production of about 2 million tonnes per year, with first meaningful production showing in 2017.

The long-term supply and demand dynamics of the Central European region fully supports the additional supplies of Debiensko quality hard coking coal into the area that we serve today.

The project is progressing fully to schedule, with an official groundbreaking ceremony expected in the first half of December. And this will be followed by a portal opening, which is technically referred to as a box cut, for one of the two planned slopes. We will continue to provide updates on the project as we progress.

Now turning to Frenstat, which is a Czech project, we announced in September this year the exploration program at Frenstat, which is aimed to examine the economic viability of developing this resource. Based on our internal estimate, we believe there is about 1.5 billion tonnes of hard coal resources, as opposed to reserves, resources, at the site.

The aim of the exploration is to estimate the economic viability of the deposit, as well as the approximate reserve number. We will spend the next four years going through the exploration process, and only then will be able to make a decision on whether or not to take the project forward. What this also means, and I'd like to make this very clear, is that none of the coal resource or reserve in Frenstat is currently included in our JORC reserve number. So our JORC reserves exclude Frenstat, at the moment.

Moving on to slide 13, which is the first slide discussing the financial performance in the first nine months of this year. You can see here a quick overview of our progress during the year in terms of revenues and EBITDA. As you can see, going into the fourth quarter, both revenues and EBITDA are significantly ahead of both 2009 and 2010; again, with the nine-month 2011 revenues of EUR1.2 billion and EBITDA of EUR369 million.

Moving on to slide 14, let me highlight just some of the figures here that I think are worth your attention. Revenues are up 10% on the same period last year, driven by a strong performance in our Coal business where EBITDA was 32% ahead of the same period last year, reflecting both the increased coal prices, as well as a tight cost control that we managed to put in place for this year.

Consolidated EBITDA margin remains strong at 30%.

Operating income of EUR235 million for the period is 30% ahead of the same number for 2010.

Now, looking at the underlying net income, adjusting for the one-off gains that we have seen in 2010, those were a EUR82 million gain on the sale of NWR Energy and a EUR22 million tax refund.

The net income this year of EUR121 million represents a more than 100% increase relative to the corresponding number of last year. Also, the net income figure for this year, the EUR121 million, actually includes a EUR12 million loss on revaluation on FX derivatives. This is a revaluation of our currency forward hedging program. It has been caused by the rather significant volatility of the Czech koruna exchange rate in the most recent quarter.

Just to clarify, this loss is a non-cash loss. It's just an accounting entry marking-to-market the existing forwards that are in place.

Looking at the performance of the Coal segment in isolation on page 15, the Coal business has done very well with 32% EBITDA growth relative to last year.

We have seen increase in revenues from both coking coal and thermal coal; 12% increase in coking coal revenues and 50% increase in thermal coal revenues. The coking coal revenues were really driven by a 38% growth in prices relative to the same period last year, while the strong thermal coal performance was driven by both a price increase of 12% and a volume increase of 34%.

Our unit costs in the mining segment are EUR81 a tonne, which represents a 6% increase on a constant currency basis. Again, I think this is a very solid result.

Moving on the next slide, which shows the Coke segment in isolation, even though the Coke business has been performing very strongly this year, the comparison year on year is somewhat distorted due to the fact that our production capacity, and indeed production, has gone down quite significantly as a result of the closure of the Jan Sverma coking plant last year.

As a result of this, volumes were 47% lower than the previous year, and this has more than offset the 45% increase in average prices. So revenues from coke are at EUR159 million, and EBITDA is at EUR8 million for the first nine months of this year.

However, the coke conversion costs are down 16% on a stable currency basis, despite the significantly inflationary environment and decreased output. All this, I believe, underlines the wisdom of our decision to concentrate our coke production at a single plant, which clearly has resulted in a dramatic improvement in the unit costs.

Also, this move has provided for higher flexibility in terms of managing the product mix. It is now easier for us to switch between blast furnace coke and foundry coke production, and that, we believe, is a good thing, especially when the foundry coke market seems to be coming down, at the moment.

I'm sorry, Radek is correcting me that it's obviously the blast furnace market that seems to be coming down at the moment, while the foundry coke market seems to be doing quite fine.

Moving on to slide 17, which shows the key factors that has driven our EBITDA performance this year relative to the same period last year, the key aspects there are prices and product mix.

EBITDA overall has rose 22% to EUR369 million this year. Again, this was mainly due to the favorable price environment, both in the Coal segment, as well as the Coke segment. However, the product mix, which as you know, this year does not have as much coking coal in it as we would have like, has caused -- has had a negative impact on the overall EBITDA performance this year.

Moving on to net debt. Net debt, we started the year at EUR321 million of net debt, and the net debt figure reached EUR400 million at the end of September. The key figures there, the key impacts there are the cash flow from operations, which stood at a very strong EUR292 million. The key outflows there are CapEx of EUR156 million, and a total combined dividend payment so far this year of EUR141 million.

I think it's important to note that our balance sheet remains strong and our financial position remains robust. And, as most of you will know, we have no refinancing needs until the year 2015.

Finally, I'd like to turn now to our guidance for the full-year 2011. Our coal guidance is unchanged. We fully expect to hit our targets and produce approximately 11 million tones; and externally sell approximately 10.3 million tones, of which, about 52% will be thermal coal, 44% will be coking coal, and 4% will PCI.

We expect to produce approximately 800,000 tonnes of coke this year.

And with respect to coal sales, given the short-term uncertainty and the cooling off of the blast furnace coke market, we have recently revised downward our coke sales targets. We now expect to sell between 525,000 tonnes and 575,000 tonnes of coke for the full calendar year 2011.

The rest of our guidance remains unchanged, including the expected increase in unit costs in the coal segment of 10% on a constant currency basis, and the decrease in coke conversion costs of approximately 15%, again, on a constant currency basis.

To sum up this part of the call, our safety performance has been very strong, and we will continue to push on this. We remain on track to deliver our coal sales and production targets and our previously announced volume mix for the full year. Also unchanged is the guidance on costs.

Our Debiensko activities are progressing very well, and we will break ground on the site in December this year. Our costs are developing fully in line with our guidance, and the fourth quarter coking coal and coke prices are fully in line with global trends.

We also have retained our strong balance sheet. Again, no refinancing issues until 2015. That certainly, I think, is a measure of comfort given the current volatile debt markets in Europe.

Now, to finalize this outlook section, obviously, we are all aware of the recent turmoil in the macroeconomic environment in Europe and the various macro data points that would indicate a potential slowdown. That said, the German GDP growth has recently been better than anticipated, and the Central European car industry continues to perform very strongly.

Those two items, the German economic growth and the regional car industry, are the two most important factors that drive our performance and so the only physical evidence of any slowdown that we have is the weakening in blast furnace coke. That can very well mean the beginning of a slowdown, or it can just mean a more cautious attitude on the part of our customers, which, by the way, is the exact same attitude that we are adopting at the moment.

So we are very careful about the short-term outlook. We are planning for next year in a number of scenarios that include a mild and severe recession, as well as a potentially more stable economic environment.

We have lived through a tough year in 2009. We have learned a lot from that experience, and we believe that we know what to do to protect our business and our financial strength should the regional economies and the coal and coke market take a deeper dive than what's, perhaps, currently expected.

All that said, we remain very confident in the long-term fundamentals of both our business and the attractiveness of the Central and Eastern European region in which we operate.

Thank you very much for your attention throughout this presentation part of the call, and I would like now to open the session up for your questions.

QUESTION AND ANSWER

Operator

(Operator Instructions). [Andre Fruchard], Allianz.

Andre Fruchard - ***Allianz Global Investors - Analyst***

I have two questions, if I may. The first one is could you elaborate a little bit on the Q3 results in terms of volume and margins?

And secondly is what is your CapEx guidance for 2011 and '12 given the new exploration that you're going to make in Czech Republic? Thank you.

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

Thank you for the question. The CapEx guidance is unchanged. We will continue to spend between EUR200 million and EUR250 million a year in our existing operations. The exploration that I talked about with regards to the Frenstat project is not going to have a meaningful impact on our CapEx or on our OpEx.

You also asked about the third quarter in isolation. I'm happy to talk about that, although I have to say somewhat reluctantly, because I think the first thing to note is that a single quarter is not indicative of our overall performance.

Nevertheless, we have sold [1.45 million] tonnes of coking coal and 1.56 million tonnes of thermal coal in the quarter. The EBITDA margin in the third quarter this year was 33.0%, so identical to the January through September number. Net income stood at EUR34 million, and operating cash flow was EUR89 million.

Andre Fruchard - ***Allianz Global Investors - Analyst***

Okay, thank you.

Operator

[Vartek Pastel], Legal & General.

Vartek Pastel - ***Legal & General - Analyst***

Maybe first question relating to your planning for 2012. You mentioned potentially you're getting ready for a recession, what sort of scenario are you exactly forecasting? Or what's your thinking along those lines? What kind of -- how do you define that?

And what will be your downside in terms of maybe CapEx, and earnings, and prices on coal? If you can maybe give us more guidance in terms of your preparations for the potential recession.

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

I'm not going to give you any actual numbers. We don't have a single recessionary scenario; we have a number of scenarios that deal with various levels of, I guess, [severance] of a potential recession.

We have identified significant areas of potential cutbacks in both operating expenses and capital expenditures, but we are still going through the budgetary process. And once we have determined what the operational budgets are, we will of course make an announcement accordingly.

Vartek Pastel - ***Legal & General - Analyst***

Okay. And maybe a second question. On your coke production, it's going to be 800,000, and your sales of under 600,000, so the balance, I suppose that's going to end up in your inventories. What sort of cash flow do you expect for the fourth quarter, and particularly on working capital?

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

Yes, there is likely going to be an increase in coke inventory. It's not the entire difference between the coke production and the coke sales because a part of the production is actually self-consumed; it's recycled in the production of coke.

I'm not in a position to give you a specific number about working capital increase; I think at this moment it's difficult to estimate.

Vartek Pastel - ***Legal & General - Analyst***

But, in general, what's your view for net debt for year end? Do you have any idea about that?

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

We don't generally provide guidance on specific balance sheet or P&L numbers.

Vartek Pastel - ***Legal & General - Analyst***

Okay, thank you.

Operator

[Bart Ferrick], Credit Suisse.

Bart Ferrick - ***Credit Suisse - Analyst***

I have two questions. My first question is about your expected production mix for 2012 for the long term.

And my second question is, given your robust financial position, do you plan any acquisitions in the CE region? Thank you.

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

In terms of the product mix, it will improve next year. But again, as I mentioned earlier, we are still going through the budget cycle and we don't have a specific number to tell you yet. Once we have it, we will make it public.

In terms of the significant liquidity and potential M&A, we continue to believe in the logic of consolidating the Central European coal mining industry. A potential downturn in the industry might lead to a downward move in valuations of assets that are available so, yes, there is a potential for M&A, although, to be absolutely clear, we do not have an acquisition in the pipeline at the moment.

Bart Ferrick - ***Credit Suisse - Analyst***

Okay, thank you.

Operator

Peter Czaszar, KBC Securities.

Peter Czaszar - ***KBC Securities - Analyst***

Just two questions on your cost side. Firstly, within the consumption of material and energy, the external coal consumption for coking was, I think, the highest in your history in euro terms. And I know this is only a single quarter, but can you please give us some indication what was the reason for this, and what we should expect for the next quarters in this item?

Secondly, on personnel expenses, in the last quarter you noted that you haven't paid your bonus payments, annual bonus, and you shifted it for the fourth quarter. Do you continue to plan to pay out these bonuses next quarter?

And finally, a follow-up. On your sales mix or production mix for 2012, when should we expect the announcement to come? Should it be together with your press announcement, or it's rather with the fourth quarter results announcement? Thanks.

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

Thank you for the question. As regards the timing of the product mix, I think it will depend on when exactly we finalize the pricing negotiations. If it's not too late into the New Year, I think we will package the pricing announcement with any operational guidance, including the product mix.

As regards Polish coal -- or let's say third party coal, as regards the single most important factor there I think is the fact that coking coal is simply expensive, especially when it comes to high quality hard coking coal, which is generally the type of coal that we are buying from third parties.

Our production capacity has now been stabilized at about 800,000 tonnes a year, and so the coal input, whether it's internal or external, should not be changing in terms of tonnage going forward. The only thing that is likely to change, or inevitable to change, is the coal price.

And finally, on the bonuses, we have a policy of treating our employees fairly. In a year which is a good year we generally would pay bonuses at the end of the year, but that decision for this year is yet to be made.

Peter Czaszar - ***KBC Securities - Analyst***

Okay. And just a follow-up on the external consumption. Your coking coal price quarter on quarter decreased, but if the volumes were practically flat for the Polish coal consumption then it appears that the price for that coal increased. Can you please confirm that, and should we expect this to continue? Or we should also expect that coal price to decrease in the upcoming quarters?

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

There might be some time shifting between quarters. Again, that's why we are not too keen to let you guys read too much into a single quarter worth of performance. But, generally speaking, the third party coal that we buy, its price follows the same curve as the price of the coal that we sell.

Peter Czaszar *- KBC Securities - Analyst*

Okay, brilliant. Thank you very much for your answers.

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

Thank you.

Operator

Marcin Gatarz, UniCredit.

Marcin Gatarz *- UniCredit - Analyst*

I have one question regarding your sales volumes guidance for 2010. The guidance and proportion of coking coal, thermal coal that you guide, implies that in 4Q we should see some 1 million tonne sales of thermal coal, 1.3 million of sales in coking coal, so do you actually see such a shift in product mix happening? Or we may see some kind of adjustment to this guidance?

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

We don't expect to further adjust the guidance. And, indeed, the numbers that you mentioned are, yes, implied by the guidance, and that's what we expect.

Marcin Gatarz *- UniCredit - Analyst*

Okay, thank you.

Operator

(Operator Instructions). Donald Phillips, Baillie Gifford.

Donald Phillips *- Baillie Gifford Investment Management - Analyst*

My question is just, you mentioned the long-term supply/demand dynamic in relation to your growth projects, can you just elaborate on that a little bit and just talk about from a demand -- sorry, from a supply point of view what leads you to that confidence?

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

If you look at the longer-term history of the Central European coal mining, its output has shrunk very, very, very significantly, and it continues to shrink year after year, including this year.

So, in a rather simplistic manner, we are not looking for new markets or new customers for the Debiensko output of on average 2 million tonnes a year; we are simply replacing a coal that has been missing in the region for a while. Today, including right now this year, the marginal coking coal tonne actually comes from outside of the region, mostly from North America.

Donald Phillips - ***Baillie Gifford Investment Management - Analyst***

Okay, thanks.

Operator

Petr Bartek, Erste Group.

Petr Bartek - ***Erste Group - Analyst***

I would have one question. If you can elaborate a bit on your outlook on mining unit costs for the next year, if you expect further increase, or let's say a flat production.

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

I think you will continue to see the normal inflationary pressures on all cost items. I think the one potential positive news in the event of an economic slowdown would be the cheapening of steel, which is one of the significant input costs in our P&L.

But, overall, I think we will not be able to get around the fact that we continue to mine in deeper and deeper and more and more difficult conditions in the existing operations, so there is always going to be a certain cost inflation. Again, once we complete the budgetary process, we will provide guidance on unit costs for next year.

The one-off change that you will see in our cost base will be after 2017 when the Debiensko project has come online, where we expect the unit costs to be in the area of EUR70 a tonne, which compares to the current EUR81 in the existing operations.

Petr Bartek - ***Erste Group - Analyst***

Thank you. Maybe one more question to CapEx. What is your flexibility on the maintenance CapEx for the next year? Are you able to decrease it meaningfully?

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

Yes, we are. And I alluded earlier to various budgetary scenarios in the case of a negative economic situation and, yes we would be able to significantly defer both CapEx and -- or cut back both CapEx and OpEx.

The one thing, and let me make this clear, that we do not want to touch at the moment is the Debiensko project. We want to go ahead with it, regardless of the short-term economic outlook. We believe that slowing it down or temporarily halting it would be very bad news for the overall economic profile of the project and so we are pressing ahead with that regardless of the GDP situation next year.

Petr Bartek - ***Erste Group - Analyst***

Thank you.

Operator

Stephen Tapley, Scottish Widows.

Stephen Tapley *- Scottish Widows Investment Partnership - Analyst*

With the moving parts of existing capacity expansion planned, and also potential slowdown in Europe, I'm wondering what kind of net leverage level would you still be interested participating in industry consolidation? What kind of net leverage would you be comfortable at?

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

We generally would like to stay below 2 times leverage in terms of net debt-to-EBITDA. We are obviously very, very much ahead of that self-imposed target today.

I think the only scenario that I could foresee where we would sort of break through this level would be if it was a short-term leverage potentially, for example, associated with a short-term acquisition bridge debt piece that we would have a good visibility of taking out very soon. But other than that, we do not want to lever the Company more than 2 times.

Stephen Tapley *- Scottish Widows Investment Partnership - Analyst*

Thank you.

Operator

Andrzej Knigawka, ING.

Andrzej Knigawka *- ING - Analyst*

I have two questions. One is on your coal inventory. In the third quarter, it was going up, I think you explained that some of those inventories also [role] coal, but did you see that increase coming from the thermal coal, or coking coal in the third quarter?

And the second question, in the environment of soft demand for semi-soft coking coal, do you have ability or flexibility to convert semi-soft coal into thermal coal in you coal processing plants?

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

On the last question about us changing the label on the coal, there is some flexibility to that effect, but it's not 100%.

In terms of the inventories, we have seen an increase in inventories for both coking coal and thermal coal.

Andrzej Knigawka *- ING - Analyst*

Thank you very much.

Operator

Roger Bell, JPMorgan.

Roger Bell *- JPMorgan - Analyst*

Sorry, I joined the call late, so you may have covered this already. Given the leverage in the Company and the investments you're making at Debiensko, and further down the line at Frenstat, what is your view on the dividend? Previously, you've been paying out around 50% of earnings in divvies, would you think about adjusting that policy in light of what you said about not increasing your leverage?

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

Roger, we don't foresee the change in the policy. It's still at 50% of net income. And I think that there are only two conditions to -- for us to pay the dividend; one is that there is net income, which obviously this year is not a question at all, we are very profitable; and the other condition is the absence of a significantly negative short-term outlook.

We do not see the short-term outlook as significantly negative for the purpose of a dividend discussion at the moment. But, just to cover my back here a little bit, we are not making a decision on a final dividend today. We will be making it in February, and I really don't know what the environment will be then. But that is the only motive that I can see would cause us to revise the dividend policy. We do not expect any changes as a result of the growth plan.

Operator

Vartek Pastel, Legal & General.

Vartek Pastel *- Legal & General - Analyst*

Just to follow-up on the CapEx, what was your total cost for the Debiensko project, please? I may have missed that.

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

It's EUR411 million of CapEx, and about EUR120 million of operating expenses in the course of the opening.

Vartek Pastel *- Legal & General - Analyst*

Okay. And then is the EUR411 million included in your EUR200 million to EUR250 million CapEx for next year? Or is that on top of that?

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

No, it's not. The EUR200 million to EUR250 million is the --

Vartek Pastel *- Legal & General - Analyst*

That's on top. That's existing operations.

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

CapEx in the existing operations. Correct.

Vartek Pastel *- Legal & General - Analyst*

Right, okay. And how much would you expect to spend for the Debiensko part next year, assuming everything goes okay macro economically?

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

It's on the order off EUR80 million, less that EUR100 million. But, again, we will provide a specific guidance once we have completed the budget.

Vartek Pastel *- Legal & General - Analyst*

Understood. Okay, 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*

Thank you all very much for your attention. Should you have any follow-up questions, please contact our Investor Relations department. Thank you. Bye.

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

Bye-bye.