



# New World Resources

## Site visit

Friday 27 April 2012, Ostrava

Jan Fabian, Chief Operating Officer



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# Agenda

- NWR overview
- Current markets and recent developments
- Appendix

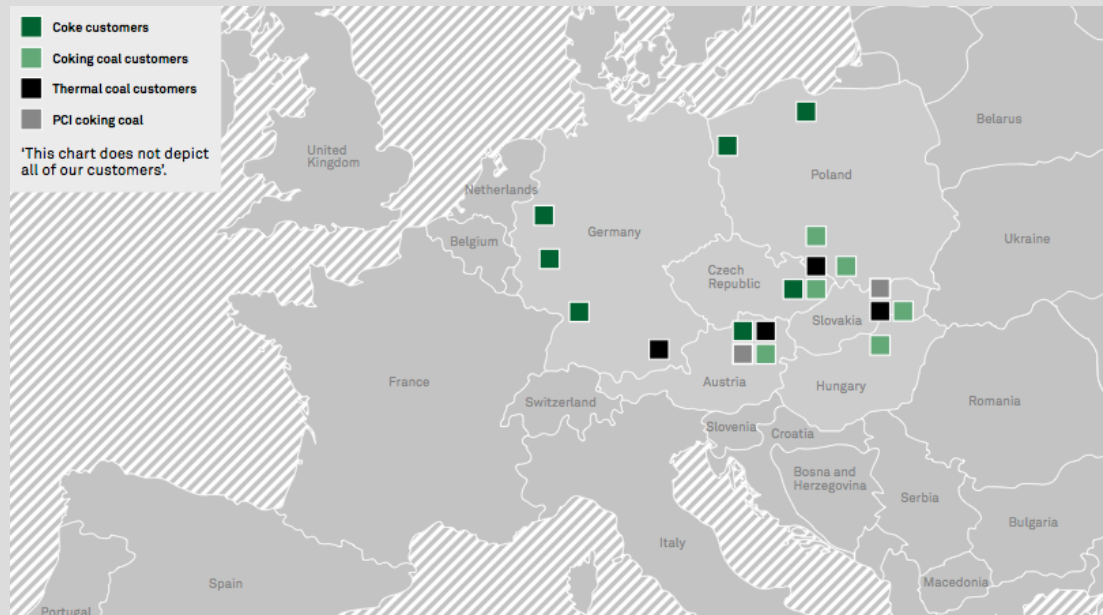
# Introduction

- NWR produces quality coking coal, thermal coal and coke from assets in the Czech Republic for the steel and energy sectors in the CEE.
- Principal subsidiary OKD is the Czech Republic's only hard coal mining company and second largest private employer.
- Subsidiary OKK is Europe's largest producer of foundry coke.
- NWR is strategically located in the CEE and supplies to a blue chip customer base of steel makers and power generators in the area including Arcelor Mittal, U.S. Steel, voestalpine, CEZ, Verbund, Moravia Steel, and ThyssenKrupp.
- Four active mines in the Czech Republic.
- Three development projects in Poland and the Czech Republic, monitoring Poland and Ukraine for M&A opportunities.
- Total JORC<sup>1</sup> reserves: 385Mt as at 1 January 2012.
- Incorporated in the UK and constituent of FTSE 250 and FTSE 350 Mining indices.

<sup>1</sup> Full name: Joint Ore Reserves Committee. The Group currently uses the JORC system to report reserves and resources. The Group employs a certified geologist who prepares the reserve numbers and is the designated 'Competent Person' as defined by the JORC code.

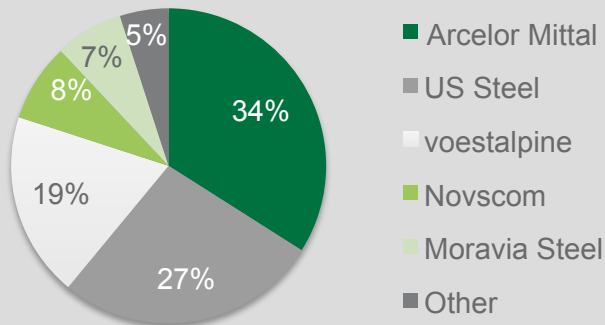
# Customers

## Customer base

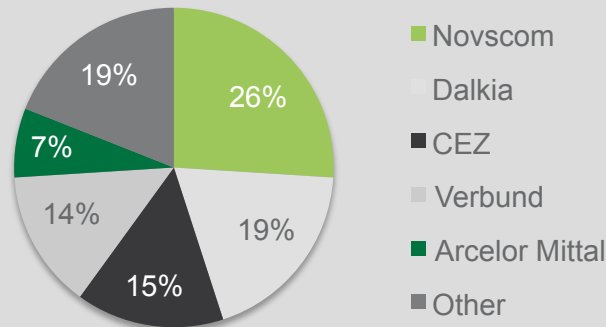


## 2011 sales volumes by customer

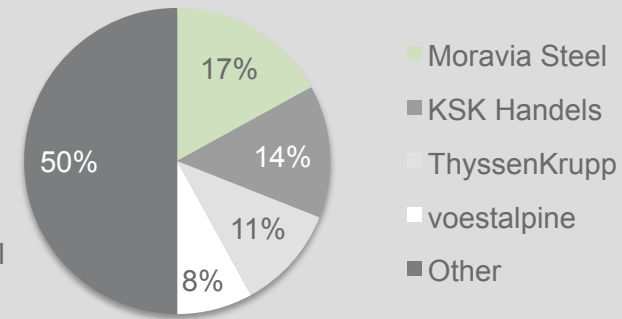
### Coking coal



### Thermal coal



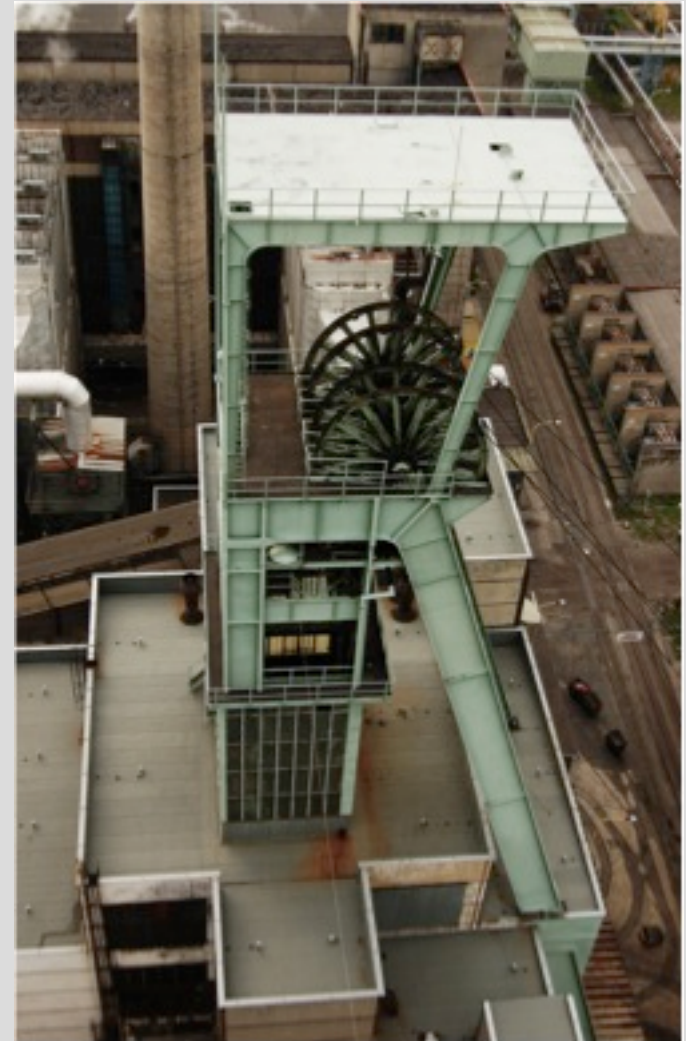
### Coke



# Today's visit

## CSM Mine

- Comprises of two mine sites – CSM North and CSM South – which are interconnected underground.
- Mining in the area began after the Second World War and currently employs around three thousand miners.
- Principally hard coking coal and thermal coal.
- Yearly production of around 3Mtpa; expected mine life until 2028 following extensive modernization initiatives.
- Three longwalls and five development sets (POP 2010).
- Washing plant with nominal capacity of 1,100 tonnes per hour.
- Total JORC reserves of around 44Mt as at 1 January 2012.
- Mining area covers approx. 22 km<sup>2</sup>
- OKD's other active mines: Karvina, Paskov and the largest Darkov.



# Today's visit

## Svoboda coking plant



- OKK is the leading European producer of coke and the largest producer of foundry coke in Europe.
- Svoboda coking plant produces both foundry and blast furnace coke primarily using coking coal from the NWR mines, with the balance imported.
- Annual production capacity of 800kt.
- Production is performed by four coking batteries.
- New battery No.10 has a capacity of up to 220ktpa.

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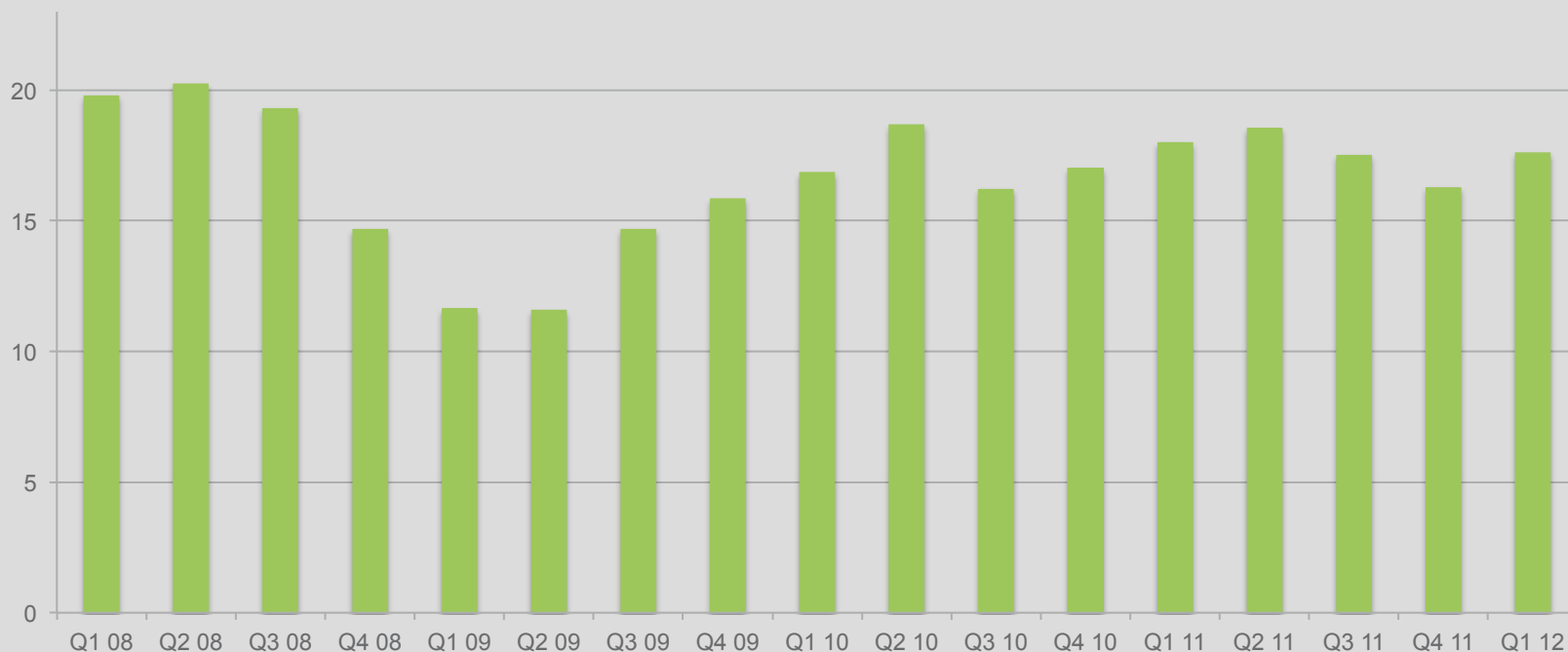


# Steel environment

## Steel production, NWR's customer markets<sup>1</sup>

Million tonnes

Source: World Steel Association



- Steel production in NWR's main customer markets was up 7% in Q1 2012 compared to the previous quarter.
- March production in the region was up 10% on the previous month.
- Global steel capacity utilisation ratio was at 81% in March, up 2% on February<sup>2</sup>.

<sup>1</sup> Czech Republic, Poland, Slovakia, Germany, and Austria.

<sup>2</sup> 64 countries as reported by the World Steel Association, March report

# FY 2012 outlook

## Production

- 10.8 –11Mt of coal and 700kt of coke.

## External sales

- Coal: 10.25 –10.5Mt of which 52% thermal coal and 48% coking coal including PCI coking coal.
- Coke: 600kt.

## Prices

- Thermal coal priced at EUR 74/t for calendar year 2012 with expected mix 82% thermal coal and 18% middlings.
- Coking coal priced quarterly: Q2 2012 average price agreed at EUR 130/t with expected mix of 50% hard coking coal, 43% semi soft coking coal and 7% PCI coking coal.
- Coke priced quarterly: Q2 2012 average price agreed at EUR 298/t with expected mix of 67% foundry coke, 16% blast furnace coke and 16% other types of coke.

## Costs

- Mining unit costs expected to be broadly flat, on a constant FX basis.
- Agreement with trade unions reached implying flat personnel costs year on year.
- Coke conversion unit costs expected to increase in line with expected decrease in production.

## CAPEX

- Expected CAPEX of EUR 250m of which EUR 40-50m for Debiensko.

Note: Final realised prices can be influenced by a range of factors including, but not limited to, exchange rate fluctuations, quality mix, timing of the deliveries and flexible provisions in the individual agreements. Thus the actual realised price for the period may differ from the average agreed prices previously announced. All of the forward-looking price guidance for 2012 is based on an exchange rate of CZK/EUR of 25.00. Prices are expressed as a blended average between the different qualities of coal and coke and are ex works.

## H1 2012 financial calendar and conferences

16 May	NWR Q1 2012 Financial Results
17 May	CS Poland/CE3, London
14 June	Debiensko Capital Markets Day, London

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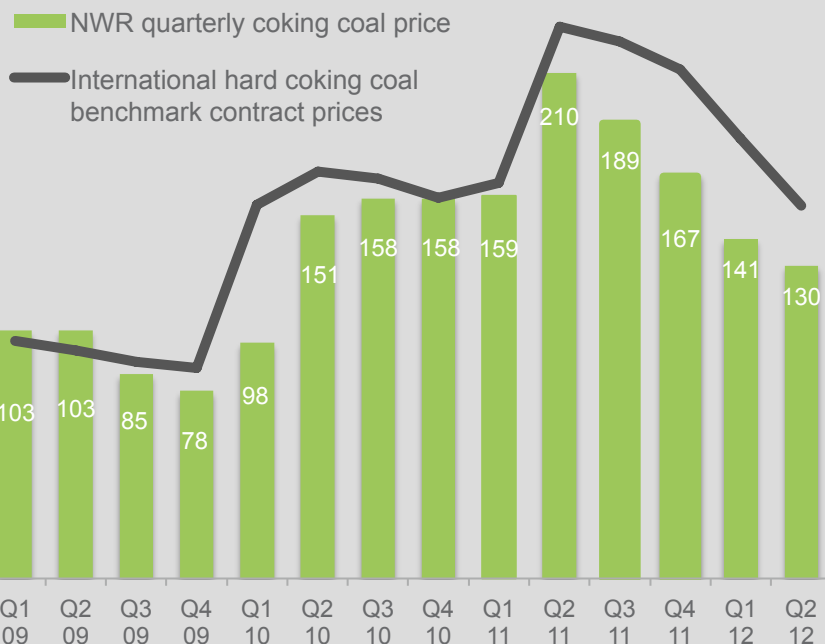
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# NWR quarterly prices

## Coking coal

EUR/t

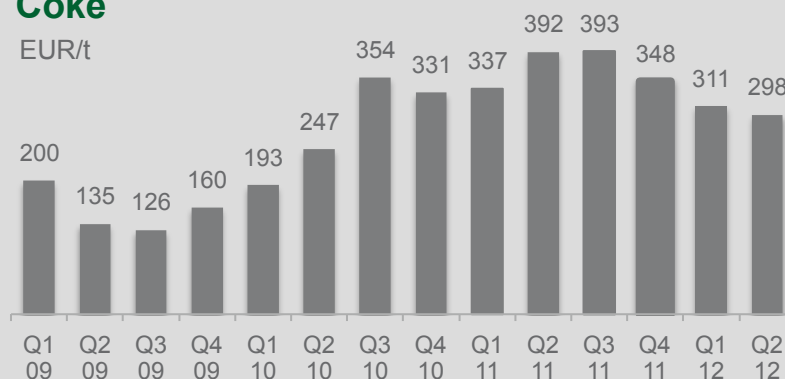


Note 1: Given the ultimate consumer of PCI coking coal is the steel making industry, we started to classify its sales as coking coal as of 1 January 2012, in line with industry practice.

Note 2: Final realised prices can be influenced by a range of factors including, but not limited to, exchange rate fluctuations, quality mix, timing of the deliveries and flexible provisions in the individual agreements. Thus the actual realised price for the period may differ from the average agreed prices previously announced. All of the forward-looking price guidance for 2012 is based on an exchange rate of CZK/EUR of 25.00. Prices are expressed as a blended average between the different qualities of coal and coke and are ex works.

## Coke

EUR/t



## Thermal coal

EUR/t

