ANNUAL REPORT AND ACCOUNTS 2014

NEW WORLD RESOURCES PLC

Note: The average exchange rate for 2014 used throughout the report is 27.536 EUR/CZK, unless stated otherwise. All the forward-looking price guidance for 2015 is based on an exchange rate of EUR/CZK of 27.50. Prices are expressed as a blended average between the different qualities of coal and are ex-works. Final realised prices can be influenced by a range of factors including, but not limited to, exchange rate fluctuations, quality mix, timing of deliveries and flexible provisions in individual agreements. Thus, the actual realised price for the period may differ from the average agreed prices previously announced.

NWR or the 'Company' refers to New World Resources Plc. The 'Group' or 'NWR Group' refers to New World Resources Plc and its subsidiaries.

Directors' report

For the purpose of Disclosure and Transparency Rules 4.1 ('DTR 4.1') the Directors' report comprises the Strategic Report, Corporate governance, the Audit and Risk Management Committee Report, the Remuneration Report, Shareholder and Ancillary information for the shareholders sections. The report has been prepared in accordance with the requirements of the Companies Act 2006.

The Directors' report was approved by the Board of Directors and authorised for issue on 17 March 2015 and signed on its behalf by:

Ivona Ročárková, Company Secretary

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Overview

Who we are

New World Resources Plc ('NWR' or the 'Company') is a Central European hard coal producer. Headquartered in Amsterdam, with listings on stock exchanges in London, Prague and Warsaw.

What we do

Our principal mining assets are in the Czech Republic and we have several development projects in the Czech Republic and Poland. The Company employs over 14,000 people including contractors. As at 31 December 2014 Coal Reserves at NWR's operating mines were estimated at 83 million tonnes[1] which, on beneficiation, are predicted to yield 58[2] million tonnes of Marketable Coal Reserves.

We produce coking coal as well as thermal coal and supply to a blue-chip steel and energy customer base in Central Europe.

In February 2013, we announced our updated strategy and set out strategic targets for the business. By 2017 we want to build on the strengths of NWR and evolve the business into Europe's leading miner and marketer of coking coal.

In October 2014, we completed the restructuring of our balance sheet triggered by the prolonged decline in coal prices. With the support and participation of our stakeholders, an agreement was reached that led to the raising of EUR 185 million in new capital, reduced the nominal amount of our outstanding total debt by 35 per cent from EUR 825 million to EUR 535 million, extended the term of our senior notes to 2020, and significantly reduced our debt servicing costs.

Main subsidiaries

OKD, a.s. ('OKD')

Our principal wholly owned subsidiary OKD is the Czech Republic's only hard coal mining company and one of its largest private employers. Its four operating mines are located in Northern Moravia, south of the Polish border and are a part of the Upper Silesian Coal Basin.

NWR KARBONIA S.A. ('NWR KARBONIA')

NWR KARBONIA oversees two development projects in southern Poland, Debieńsko and Morcinek.

NWR Holdings B.V. ('NWRH') is a wholly owned subsidiary of NWR. Headquartered in Amsterdam, it holds our main subsidiaries, OKD and NWR Karbonia.

OKK Koksovny, a.s. ('OKK')

Coking subsidiary sold to the METALIMEX group in 2013.

1 Information in this Annual Report relating to OKD Coal Reserves as at 31st December 2014 is based on the reserve estimate as of 31st March 2014 prepared by JT Boyd in accordance with the JORC Code 2012 and adjusted by subsequent depletion and coal losses.

2 The 58 million tonnes of estimated Marketable Reserves includes approximately 9 million tonnes in subsidence sensitive areas in Karvina, the extraction of which has been deferred in the current OKD life of mine plan due to the requirement for significant capital investment

Key performance indicators

Total coal sales

2014: 8.3Mt
2013: 9.7Mt (includes sales to OKK)
2012: 10.2Mt (includes sales to OKK)
2011: 10.6Mt
2010: 10.7Mt

Revenues

2014: EUR 676 million (from continuing operations)
2013: EUR 850 million (from continuing operations)
2012: EUR 1,179 million (from continuing operations)
2011: EUR 1,632 million (including the results from discontinued operations)
2010: EUR 1,590 million (including the results from discontinued operations)

Cash mining costs per tonne

2014: EUR 67
2013: EUR 78
2012: EUR 71
2011*: EUR 82
2010*: EUR 71
* All costs incurred in coal mining including also general and administrative costs.

EBITDA

2014: EUR 11 million (from continuing operations)
2013: EUR (10) million (from continuing operations)
2012: EUR 210 million (from continuing operations)
2011: EUR 454 million (including the results from discontinued operations)
2010: EUR 464 million (including the results from discontinued operations)

Operating profit/loss

2014: EUR (258) million (from continuing operations)
2013: EUR (973) million (from continuing operations)
2012: EUR 50 million (from continuing operations)
2011: EUR 276 million
2010: EUR 295 million

LTIFR[3]

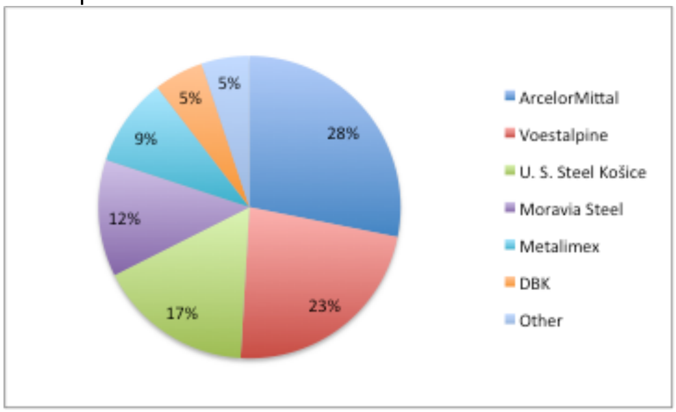
2014: 8.18
2013: 7.41 (Excluding OKK)
2012: 7.45 (7.61 excluding OKK)
2011: 7.64
2010: 8.25

3 Lost Time Injury Frequency Rate ('LTIFR') represents the number of reportable injuries in NWR's operations causing at least three days of absence per million hours worked, including contractors.

Our customers

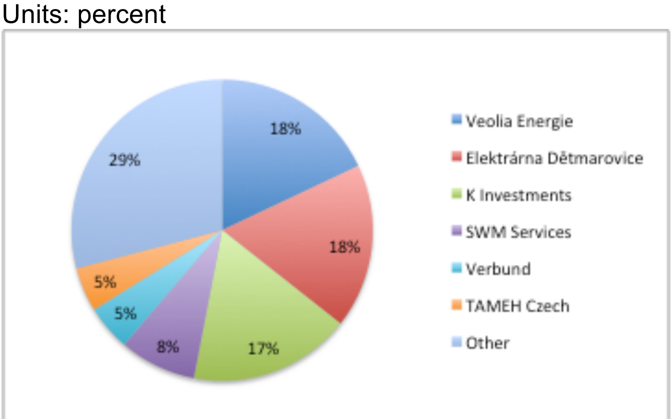
Coking coal customers by sales volumes

Units: percent



Thermal coal customers by sales volumes

Units: percent



Our strategy

Thanks to our position in the manufacturing hub of Europe and thanks to our longstanding customer relationships, we are uniquely positioned to capitalise on the opportunity to meet the growing hard coking coal supply gap in Europe. Our 2017 strategy is underpinned by three core pillars: firstly, to optimise current mining operations to ensure their sustainability; secondly, to increase the amount of coking coal supplied by NWR to the European market; and thirdly, to offer a full range of coking coal qualities to our existing and expanded steel customer base, and evolve into a ‘one-stop shop’ to meet the complex coking coal needs of our European steel customers.

Strategic Report

The Strategic Report was approved by the Board on 17 March 2015.

Chairman's statement

2014 Review

The key event of the year was the successful restructuring of our balance sheet, a process that we initiated at the beginning of the year and concluded in October with the support and participation of our stakeholders. This has placed NWR on a much firmer and more sustainable financial footing to better withstand prevailing market coal prices that remain depressed, a period of market weakness that is unprecedented in terms of both its length and severity.

In summary, EUR 185 million of new capital was raised resulting in a reduction in the nominal amount of our total debt from EUR 825 million to EUR 535 million and a significant fall in debt servicing costs. Furthermore, the maturity of the new senior notes has been extended from 2018 to 2020.

The low pricing environment was clearly reflected in our revenues for the year, which were down by 20 per cent. A further challenge has been that, as we mine deeper, the geological conditions become more challenging in terms of seismic risks, and this will naturally impact our future coal production. We produced 8.6 million tonnes of coal in 2014 - which was in line with 2013 and so a concerted effort by all concerned - with higher priced coking coal making up a larger share of sales at 57 per cent (2013: 48 per cent). However, we do expect production levels to decline steadily from now on.

To mitigate these top line pressures, it has been imperative to optimise our current operations. Cash mining unit costs for the year were at EUR 67 per tonne for 2014 (2013: EUR 78 per tonne), in line with guidance. We have also continued to deliver significant structural decreases in our capital expenditure. We will continue to focus on driving down costs, which will be more critical as production volumes start to decline steadily.

Safety

Deep underground coal mining is inherently fraught with risks and we will always strive to minimise those risks as far as we possibly can. This does not just mean full compliance with health and safety regulations, which is of course non-negotiable, but also includes initiatives designed to instill important behavioural changes.

Despite our strong, continual emphasis on safety, it is with great sadness that we report eight fatalities during the year and we express our sincere condolences to the families and friends of those who lost their lives. We will always strive towards a zero fatality target.

Reflecting this absolute commitment to health and safety is the current level of our Lost Time Injury Frequency Rate ('LTIFR') of 8.18, a long-term progress towards our end-2015 target of less than 5. We have every confidence in our ability to reach our ultimate goal, which is to be ranked among the top five leaders in safety in deep underground coal mining globally by 2017.

2015 Outlook

In terms of our current operations this year, we are targeting production of between 7.5 and 8.0 million tonnes and sales of around 8.0 million tonnes, while holding average cash mining costs at around EUR 65 a tonne. We estimate that headcount, including contractors, will fall by about 10 per cent, of which our trade unions are fully cognisant. We are looking at 2015 CAPEX of EUR 30-40 million.

As I write, I can report that we have reached agreements with all of our key customers for 2015, at average prices of EUR 93 per tonne of coking coal (covering 74 per cent of our 2015 expected production) and EUR 52 for a tonne thermal coal.

2017 Strategy

The strategy that we outlined at the beginning of 2013 remains firmly in place - i.e. to become Europe's leading miner and marketer of coking coal by 2017 in a safe and sustainable way. Three key pillars underpin this strategy.

The first goal was to optimise our current operations by the end of 2014. We have largely achieved this; although I would stress that we will not become complacent, as there will always be efficiencies to make as business conditions continue to evolve.

Our second objective is to offer a full range of coking coal qualities to our existing and expanded customer base, becoming a 'one-stop shop' for the coking coal needs of European steel producers. The third pillar to our strategy is to develop our future business around both existing resources and new opportunities. As our existing production capacity declines, we aim to deliver our strategy through a combination of mining projects and new marketing initiatives, including the import of seaborne coking coal. Our Sales and Marketing team and our New Business Development team have both made great strides towards achieving these two objectives.

In the past, we had imported relatively small volumes of coking coal, blending them with our own coal production to meet specific customer requirements, unique insights into which have been built up through our long-standing relationships. However, from 2015, we intend to significantly increase our trading and blending capability and import much greater volumes of coking coal to service our customer needs.

Debiensko

In early 2013, due to adverse market conditions, we suspended development of our Polish coking coal project, Debiensko. However, we have now completed a positive pre-feasibility study for the project which takes into consideration the prevailing economic environment. This resulted in the declaration of 263 million tonnes of Coal Reserves, which, on beneficiation, are projected to yield 186 million tonnes of Marketable Coal Reserves[4]. Our next step is to identify a suitable strategic partner, or partners, to participate in the project, which could take up to eight years before commercial production starts.

Market conditions

Global prices for both metallurgical and thermal coal continued to remain depressed in 2014, and our central case scenario is for no significant improvement in 2015. Reasons for such low prices and their prolongment, however, diverge between the two grades of coal.

With metallurgical coal, the principal driver is more a supply than a demand issue, although of course muted demand has played its part with decelerating growth in China and a moribund Eurozone economy. It is true that a degree of excess supply has gone off-line as high cost mines have not been able to cope with the depressed global prices for metallurgical coal but this has

4 Information in this Annual Report relating to Debiensko Coal Reserves is based on information compiled by Hakan Arden, a Competent Person (as defined in the JORC Code 2012) who is a full time employee of DMT Consulting Ltd.

been more than offset by new capacity becoming operational, particularly in Australia. .The high operational gearing of these mines has exacerbated this problem of excess supply as operators have aimed to maximise output in order to recover as much of their fixed costs as possible. However, there are now emerging signs of increased discipline surrounding production among some of the world's leading coking coal producers, and of new mining capacity beginning to unwind with fewer new mining projects in the late stage pipeline.

With thermal coal, the problem is both cyclical and structural with US shale gas continuing to displace thermal coal, leading to increased volumes being redirected to Europe. Furthermore, environmental pressures, including legislation to reduce the amount of coal burned in power stations and the advocacy of renewable power, continue to be felt within the industry.

Social responsibility

We are acutely aware of the social responsibilities that NWR has as one of the largest private sector employer in the Czech Republic with over 14,000 direct employees and contractors, who in turn support around three times that number.

As well as placing the health and safety of our employees as our number one priority, one of the initiatives we have launched this year is called "New Shift". As our coal production continues to decline, it is crucial that we prepare communities for life outside mining by broadening their horizons, providing education and encouraging entrepreneurship. We will continue to encourage the diversification of the employment base and try to act as an agent of positive change.

Environmental awareness is another strong focal point and during 2014 we have as ever tried to ensure that the footprint that we leave behind post-mining is acceptable. Our rate of emissions has continued to fall, along with a reduction in our energy consumption, which of course is better for the environment; we have also continued with our programme of land reclamation.

Corporate Governance

Effective corporate governance remains a cornerstone to the long-term sustainability and success of NWR's operations. As such, NWR remains committed to upholding the standards of corporate governance, adhering principally to the UK Corporate Governance Code ('The Code').

During 2014, we have refreshed our Board, reducing the number of Director from 13 to nine. Ian Ashby (with over 30 years' of international experience in the minerals industry across multi commodities and geographies, most recently as President of BHP Billiton's iron ore interests) and Colin Keogh (with significant restructuring experience and a former Group CEO of Close Brothers Group Plc) are our two new Independent Non-Executive Directors, and we welcome them to the Board.

The Independent Non-Executive Directors Steven Schuit, Paul Everard and Hans-Jörg Rudloff have retired and we thank them for their valuable contributions. Kostayntin Zhevago and Pavel Telička have both resigned as Non-Independent Non-Executive Directors. The Board's composition is now fully compliant with The Code with regards to the majority of Directors being independent.

Regrettably, Zdenek Bakala has resigned from the Board with effect from 23 April 2015. He served as a Non-Independent Non-Executive Director from 8 April 2011 and his enduring commitment to NWR has been truly instrumental to the life of the Company. Charles Harman has been nominated to join the Board as a Non-Independent Non-Executive Director with effect from 23 April 2015. We are delighted to welcome him to the Board as his strong financial background, coupled with his knowledge of the Company as BXR's Chief Executive, will prove invaluable to NWR in weathering the continued depressed coal market environment.

Dividend

As per our dividend policy, we aim to distribute 50 per cent of our Mining Division's consolidated annual net income over the course of the business cycle. As the Company reported a net loss in 2014, the Board of NWR did not declare an interim or final dividend this year.

Conclusion

We are now much better positioned to withstand the current pricing conditions than we were a year ago, and are well placed to benefit from any price recovery. However, with no imminently visible upturn in global coal prices, it is crucial that we continue to look at ways in which we can drive down costs and optimise our operations still further.

Complementing this focus on operational efficiency, progress has been made towards developing our sales and marketing efforts, and identifying new business opportunities. I therefore remain confident that our vision of becoming Europe's leading miner and marketer of coking coal by 2017 will be achieved, largely due to the hard work of all our employees, for which I continue to be very grateful.

Gareth Penny

Executive Chairman of the Board

Our markets

Global economy

According to the latest statistics from the IMF the world economy grew by 3.3 per cent in 2014. This follows similar growth rates over the past three years with emerging market and developing economies growing at more than twice the levels of advanced economies. These growth rates have led to some improvements in the performance of the world economy but longer-term structural issues remain.

Table: Overview of the World Economic Outlook
Units: GDP, percent
Source: International Monetary Fund

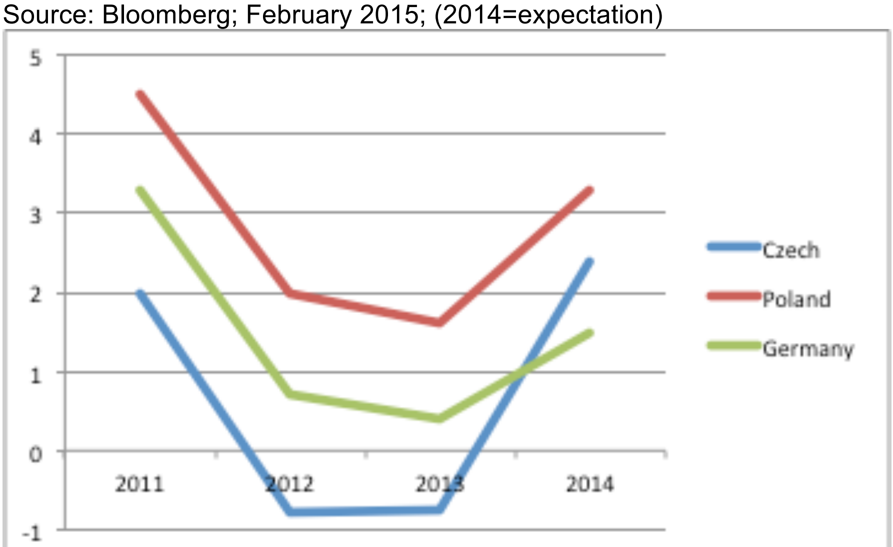
	2012	2013	2014e	2015e
World Output	3.4	3.3	3.3	3.8
Advanced Economies	1.2	1.4	1.8	2.3
Emerging Market and Developing Economies	5.1	4.7	4.4	5

High unemployment and management of public finances continue to dominate the agenda throughout most of Europe while the US economy recorded stronger results particularly during the second half of the year. Despite comparatively impressive growth rates, China's GDP grew slower than expected during 2014, impacting the demand for most commodities since the relative size of China's economy has come to dominate the demand for all raw materials.

Central Europe regional economy

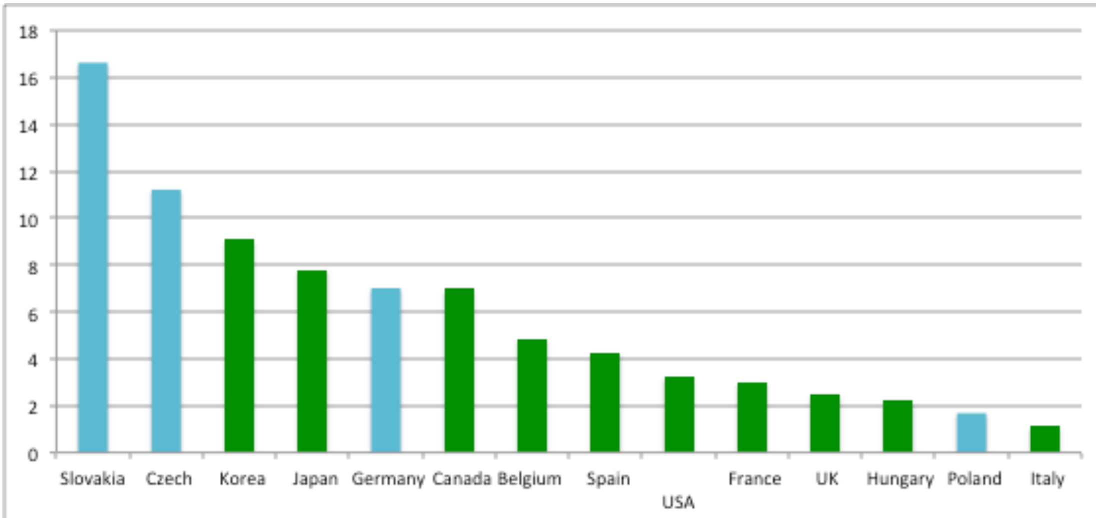
The less developed economies of Central Europe showed a marked increase in GDP growth during 2014 after recording poor results over the previous two years. This is largely a result of the wider European economy slowly emerging from the impact of the global financial crisis as well as the continued convergence of Central European economies to the Western European average.

Chart: GDP growth
Units: percent
Source: Bloomberg; February 2015; (2014=expectation)



The smaller Central European countries are further boosted by the strong performance of Germany's large manufacturing and industrial base with many small companies in Poland and Czech Republic for example supplying components and parts to German factories. The Czech Republic, Slovakia and Poland are in their own right amongst the highest producers of cars in the world per capita providing a stable source of steel demand in the region.

Chart: Central European car production per capita amongst the highest in the world
Units: Vehicle production (units) per 100 inhabitants, 2013
Source: OICA

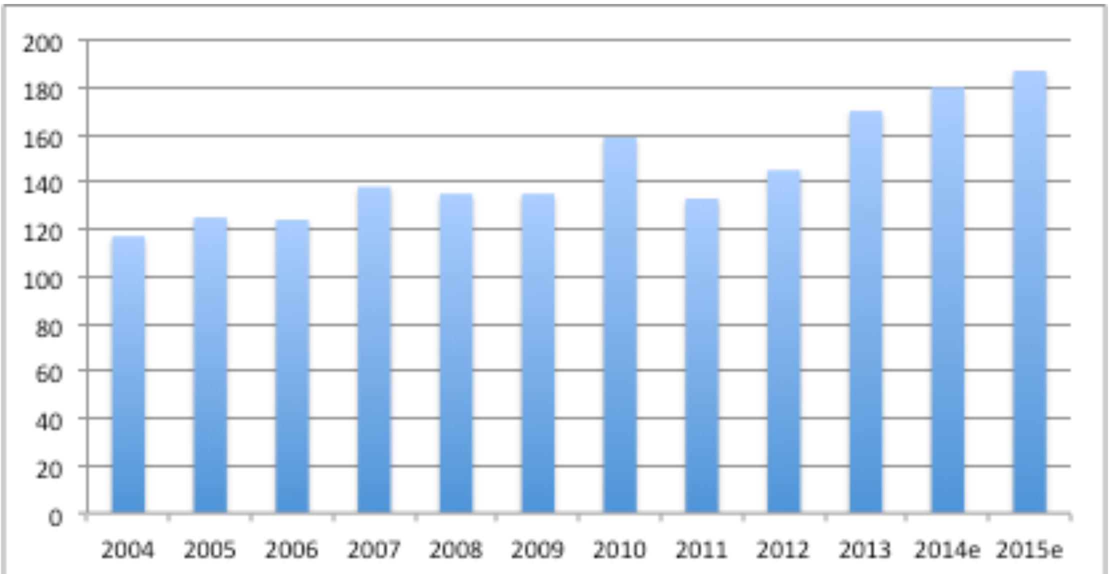


International coal markets
Coking coal
International coal supply has proven stubbornly reluctant to react to the dramatic fall in coal prices over the past four years. The international benchmark price for hard coking coal has fallen steadily since the second quarter of 2011 and is down 65 per cent since that time and down 18 per cent during 2014. Such a sustained period of low prices should have seen a corresponding drop in supply to bring the market back into balance but a number of factors have contributed to keeping the market over supplied with no incentive for a recovery in prices.

Whilst a substantial number of high cost mines have closed across the world over the past four years, large projects that were planned when prices were high have subsequently come online. Mining companies have also introduced wide ranging cost cutting measures which have considerably lowered their mining cost per tonne enabling them to keep their product in the market. A general devaluing of commodity heavy currencies such as the Australian and Canadian dollar and lower input costs such as oil has further lowered their mining costs. In addition, many Australian miners have been forced to keep production running due to take-or-pay contracts with rail providers.

This over-supplied and low price market has left the majority of coking coal miners operating close to or below their marginal cost, which has called into question the viability of many operations. Cost reduction is now the key focus of all mining companies as they wait for the market to return to balance and for prices to rise.

Chart: Australia's growing coking coal exports adding to an over supplied market
Units: Million tonnes
Source: JP Morgan, January 2015

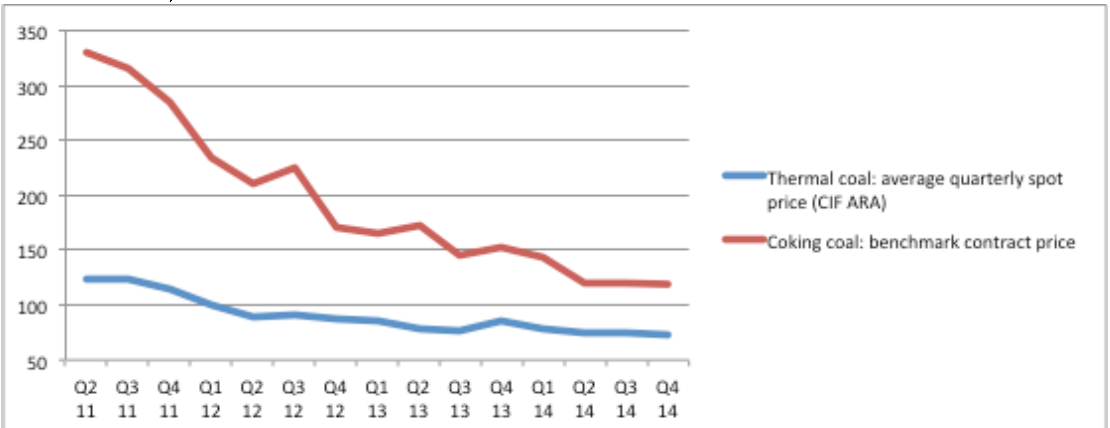


Thermal coal

Similar to coking coal, the international thermal coal market continues to be hampered by oversupply and reduced demand. The price of thermal coal imported into the northern European ports is down 20 per cent during 2014 and down 50 per cent since the beginning of 2011, whilst the international seaborne supply of thermal coal has increased by 173Mt tonnes over the past four years.

Again, unrealised expectations for the future demand and price of thermal coal encouraged the large mining companies from around the world to ramp up their production and to develop new mines resulting in excess supply flooding the international seaborne market. The large increase in US natural gas production from unconventional drilling methods was another unexpected development in world energy supply that has had a direct impact on the thermal coal markets. This impact has been especially felt in the European market as falling domestic demand for thermal coal in the US sees their supply diverted to Europe.

Chart: International coal prices
Units: USD/tonne
Source: Platts, AME



Regional coal markets
Coking coal
Steel production in Central Europe is dominated by a small number of large mills that have been in operation for many decades. The overall production from these plants and their demand for coking coal has remained relatively stable over the past number of years. During 2014 the total crude steel production from the five countries of Central Europe was 69.5Mt, which is up 2 per cent from the previous year.

Chart: Steel production in NWR customer markets
Units: Million tonnes
Source: World Steel Association
Countries included: Czech Republic, Poland, Slovakia, Germany, and Austria

The coking coal producers in the region, namely from the Czech Republic and Poland, must contend with the price environment dictated by the international benchmark system which is dominated by the trade between Australia and Asia. The miners in the Central European region are therefore subject to the same intense cost control pressure as the rest of the world so as to bring their operations in line with the low priced market. The state-dominated mining industry in Poland saw the first signs of rationalisation and consolidation during 2014 and overall coking coal production in Central Europe will likely fall in the coming years.

Thermal coal

Whilst somewhat isolated, the locally produced thermal coal from Central Europe nonetheless competes with imported supply coming into the Northern European ports and must accept the price dictated by the supply and demand at these ports. The dominant position of Poland in terms of both the supply of and demand for thermal coal is also a prominent feature of the local market. Since most Polish thermal coal production is still subsidised by the state there is less incentive to reduce supply in a depressed market, which has led to a build up of large stockpiles. There was therefore little incentive for thermal coal prices to rise in the region during 2014. However, the first signs of consolidation and reform of the state controlled Polish mines was evident in the second half of the year which should see unsustainable production taken out of the market soon.

Outlook

The international coal industry has been contending with low prices and oversupply for the past several years, calling into question the financial health and viability of many operations. Cost control and operational efficiency remained the key focus for all mining companies during 2014 and with little indication of a recovery in prices during 2015 will continue to be the key to surviving in this market. Higher cost operations will continue to close and less capital will be made available for new mines, which should help to bring the market back into balance.

Our business model

Our business model rests on the following five propositions:

1) **Location within the industrial heartland of Central Europe**

Our assets are strategically located in the industrial heartland of Central Europe, a region underpinned by strong secular drivers whose industries, in particular the automotive sector, have remained resilient compared with counterparts in Western Europe during the recent downturns. Manufacturers along with the heavy industries are attracted by the region's strong fundamentals including a business friendly environment, a competitive and skilled labour force as well as access to an existing infrastructure for the entire carbon-steel supply chain.

2) **Proximity to blue-chip customers**

Through longstanding relationships with our customers, we have gained insights into their specific requirements, enabling us to anticipate future changes in demand for different qualities. This encompasses both the quantity and mix of the grade of coal required, including for example the increased take-up of pulverized coal injection coking coal (PCI). Coal is predominantly transported via the railway network directly to our customers.

3) **European Union structurally short of coking coal**

Central Europe, and the wider European Union, is structurally short of coking coal, and has to import a proportion of its requirements. This is a trend that persists despite economic pressures. As a regional player with proven strengths and strong customer relationships, we are uniquely positioned to take advantage of this industry dynamic by engaging even more intensively in the import markets. With this in mind, in 2013 we announced a strategy to reposition the business as Europe's leading miner and marketer of coking coal.

4) **Operational excellence**

We operate world-class mining equipment and posses a high level of technical expertise. Operating mining technology for longwall production and gateroad development, we mine at levels deeper than the majority of the world's miners, at around 1,000 meters below the surface.

5) **Responsible corporate citizen**

Ensuring that the business is both economically and environmentally sustainable enables the Company to maintain its social licence to operate. As one of the largest private employers in the Czech Republic, we are fully committed to open and regular dialogue with all relevant stakeholders on a whole range of social and environmental issues. Our core areas of focus alongside safety are: land rehabilitation, enhanced employee training, and continuing to make a significant positive economic contribution to our region.

Principal risks and uncertainties

Summary of risk management processes in 2014

In February 2013 we announced our strategy to become Europe's leading miner and marketer of coking coal by 2017. The strategy is still valid. During 2014, we continued to face the on-going challenging market conditions. We therefore further prioritized the first pillar of our strategy, i.e. operational optimisation with the aim of adjusting NWR's business to these adverse market conditions and, importantly, to keep us on track with the longer-term objectives of our 2017 strategy – we underwent the balance sheet restructuring reducing our indebtedness and debt servicing costs.

In 2014 we implemented our reviewed Group risk management policies and processes, and focused on bringing the Group's management closer in touch with the processes themselves. We continued to identify further opportunities to unify practices at our operational subsidiaries in respect of risk identification, measurement and reporting.

Table: Risk management framework

Setting of strategic objectives ↓	**The Board of NWR Plc (Audit and Risk Management Committee)** • Review and approve the Group's principal risks and Internal audit's risk-based plan • Assess the scope and effectiveness of the system established by management to identify, assess, manage and monitor financial and non-financial risks. • Assess whether the level of residual risk is acceptable for the Group. • Review reports on any material breaches of risk limits and the adequacy of proposed actions.	**Internal Audit** • Assess risks as part of the risk-based internal audit plan. • Monitor and audit the risk management process. • Monitor and audit internal controls.
	Group Risk Management • Coordinate and support risk management activities across the Group. • Implement appropriate structures for risk management. • Identify and assess the Group's principal risks. • Monitor the Group's principal risks and manage these directly where appropriate. • Ensure consistent reporting on risk management activities	
↑ Operational risk identification	**Subsidiary Management / Operational level** • Operational risk identification and assessment. • Prioritise and lead risk mitigation activities. • Implement internal control measures.	

On following pages individual risks are discussed in more detail.

If the Group fails to maintain a minimum liquidity threshold of EUR 40 million on or after 31 October 2015, an event of default will be triggered under the Super Senior Facility (and a cross-default under the ECA Facility) and the holders of the New Senior Notes and the New Convertible Notes may exercise their right to accelerate.

Based on the current projections, the Directors consider that the Group has sufficient cash available to meet its funding requirements for at least the next 12 months following the date of this report.

However, there is a risk that the cash available to the Group is not sufficient for funding requirements over this period. In particular, in the event of unexpected production or other operating issues, or further deterioration in coal prices (although coal prices are fixed for most of the Group's anticipated 2015 sales, the Group is exposed to prices on approximately 25 per cent of its coking coal sales in 2015 and to all sales in 2016), the Group could run out of cash in Q4 2015. The EUR 35 million Super Senior Credit Facility, which is fully drawn, requires the Group to maintain a minimum cash balance of EUR 40 million and this is first tested as at 31 October 2015. Although the Group's projections indicate that it would have more than this minimum cash balance, the excess over this amount is limited and the Group would have very little flexibility to manage the position. If this were to occur, the ECA Facility would also be capable of acceleration and, should that acceleration be reasonably probable, all of the remaining debt of the Group could become immediately repayable. In those circumstances, if it were able to, the Group would most likely repay any amount outstanding under the Super Senior Credit Facility prior to 31 October 2015, which would result in a minimal amount of cash being available.

In the event that it becomes likely that there will be a shortfall in available cash, the Group proposes to seek alternative sources of liquidity, which could include the sale of the assets of OKD and NWR Karbonia, or raising additional debt (to the extent permitted by the New Senior Notes Indenture, the Super Senior Credit Facility and the ECA Facility) or equity or, if no viable alternative solutions are then available, attempting to sell OKD and NWR Karbonia thus effectively liquidating the Group's assets.

The Directors recognise that these circumstances represent a material uncertainty that may cast significant doubt as to the Group's and the Company's ability to continue as a going concern and that they may be unable to realise all of their assets and discharge all of their liabilities in the normal course of business. Nevertheless, the Directors expect that the risks associated with a deterioration in coal prices and/or other operating issues have been appropriately taken into consideration and accordingly the financial statements have been prepared on a going concern basis and do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

In connection with the consummation of the sale of the Group's energy business to Dalkia, the Group is obliged, under a long term framework agreement, to purchase utilities in the requested volumes at agreed prices and the pricing mechanism for supplies will be applicable over the entire duration of the framework agreement. Furthermore, the pricing mechanism stipulates a recurring fixed payment payable in case of the closure of a mine until the expiry of the framework agreement. The fixed payment for the Paskov mine amounts to approximately EUR 1.6 million per annum irrespective of the actual off-take.

Risks relating to coal prices

The Group's business, financial condition and results of operations may vary with fluctuations in the production costs and the prices for coal and the Group's future revenues are highly dependent on and sensitive to the prices for coal. In addition, a decline in coal prices may also require the Group to write down its mineral reserves and resources, which would result in an impairment of the Group's asset value.

The coal mining business is generally a high fixed-cost business. As the majority of the Group's revenue is derived from sales of coal to external parties, the Group's business, results of operations and margins are substantially dependent on the market prices and the production costs of coal. The domestic and international coal markets exhibit fluctuations in supply and demand and, consequently, prices vary from one period to another. Prices for coal tend to be cyclical, and over the last several years have been very volatile. Coking coal, from which the Group generates the majority of its income, is particularly volatile. From second quarter 2011 (the highest point) to fourth quarter 2014, the average coking coal benchmark price has declined by 64 per cent.

Fluctuations in prices and production costs, which affect the Group's results of operations and cash flows, are subject to numerous factors beyond the Group's control, including but not limited to:

- Central European and global economic trends and conditions;
- The supply of and demand for coal in Central Europe and globally;
- The demand for electricity in Central Europe;
- Central European demand for/and the price of steel and the continued financial viability of the Central European steel industry;
- The price and availability of alternative fuels and nuclear energy, including the effects of technological developments and cost of transportation;
- Costs of raw materials, labour and services related to operations such as steel, rubber, petroleum products and electricity;
- The proximity to, capacity of and cost of transportation facilities;
- Central European and EU governmental regulations and taxes;
- Currency exchange rate fluctuations and rate of inflation; and
- Global or Central European political events and other market forces.

If coal prices fall below the costs of production at the Group's coalmines for a sustained period, it may not be economically feasible to continue production at such sites. This would materially and adversely affect production, profitability and the Group's results of operation and financial position. Any termination of mining operations at the Group's sites could result in the Group having to make certain expenditures on the decommissioning and reclamation of such sites. In addition, a decline in coal prices may also require the Group to write down its mineral reserves and mineral resources, which would have a material adverse effect on its earnings, profitability, financial position and results of operations. Should any significant write down in mineral reserves be required, material write downs of the Group’s investment in the affected mining properties and increased amortisation, reclamation and closure charges may be required, which would result in an impairment of the Group’s asset value.

A substantial amount of the Group’s coal revenue is derived from sales of coking coal. As the demand for coking coal is primarily affected by global demand for coal from the steel industry, the price the Group charges its coking coal customers is directly linked to the global market conditions of the steel industry. A drop in global steel prices may put downward pressure on the prices the Group can charge its coking coal customers. In addition, further consolidation in the steel industry may lead to increased purchasing power for steel producers, which could reduce the price paid for coking coal.

High-cost nature of Group’s operations

The Group has made significant progress in improving its operational performance. However, in response to difficult market conditions, coal mining companies around the world have been forced to pursue aggressive cost-cutting measures to bring their cost per tonne mined in line with the lower price environment. Many have also been forced to close some of their higher cost operations and freeze some of their development projects and this has taken some supply out of the market. However, many projects that were planned and set in motion during the periods of higher coal prices are now coming on line, exacerbating an already oversupplied market. Such activity may have a material adverse effect on the Group’s businesses, financial condition and results of operations.

Failure by the Group to implement further profit improvement initiatives could have a material adverse effect on its business, results of operations or financial position. A failure to decrease the Group’s production costs will have a material adverse effect on its profitability.

The Group’s profit improvement initiatives depend on realising cost savings, efficiencies and synergies from the introduction of new technologies and operating processes, as well as reductions in the size of the Group’s workforce.

The Group seeks to implement initiatives in line with its plans to decrease its production over the next several years. Its fixed costs per tonne or production costs therefore will need to decrease in order to maintain a suitable profit level. A failure to decrease production costs in line with the decrease in production or any increase in production costs will have a major impact on its profitability. The Group’s main production expenses are personnel costs, service costs, materials and energy costs. Changes in the costs of the Group’s mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, and could result in changes in profitability or reserve estimates. Many of these factors are beyond the Group’s control. The Group will also incur significant costs in relation to the closures of its mines, which are expected in line with its plan to decrease production over time.

Wage levels of the Group also face potential upward pressure as a result of the strong position of trade unions in its workforce. In addition, other input costs in the Group may arise as a result of the continued integration of the Czech Republic and Poland into the European Economic Area (‘EEA’) or other factors. The Group may be unable to implement one or more of its profit improvement initiatives successfully or it may experience unexpected cost increases that offset savings that it may achieve, which could have a material adverse effect on its business, financial position or results of operations.

The Group relies on third-party suppliers for a number of its raw materials, including electricity, steel and parts used in the construction and continuing development of its mines and the processing of coal. In particular, the cost of electricity in the Czech Republic has increased significantly in the past few years and, while the Group has experienced recent reductions in such cost, the Group expects that increases in the future are likely. Moreover, the Group employs highly specialised machinery, equipment and services, and a future scarcity of suppliers could lead to significant price increases. Any material increase in the cost of raw materials or specialist inputs, or the inability by the Group to source third-party suppliers for the supply of its raw materials or specialist inputs, could have a material adverse effect on the Group's financial condition or results of operations.

Economic conditions globally and in Central Europe in the period following the global financial crisis may have an adverse effect on the Group's business.

The global economic downturn, coupled with the global financial and credit market disruptions, had an impact on the coal industry through a decrease in the use of coking coal by the Group's Central European customers, specifically the Central European steel and coking industries, and a decrease in prices for coal. Though parts of the world have seen economic recovery, the speed and degree of growth is variable by geography and by industry. The markets for end products for which coking coal is a key raw material, such as the European auto manufacturing industry, continue to remain subdued. There is no certainty as to whether there will be any material recovery or how sustained the recovery would be and the experience of the global financial crisis has demonstrated the vulnerability of the coal industry to significant changes in global economic conditions. Any actions the Group may take in response to these conditions may be insufficient. A protracted worsening of global economic conditions or disruption in the financial markets could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's mining and exploration activities and future mining operations are, and will be, subject to operational risks and hazards inherent in the mining industry.

The Group's business is subject to a number of inherent risks and hazards including environmental hazards, industrial accidents, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, the impact of non-compliance with laws and regulations or the implementation of new laws and regulations, natural phenomena such as inclement weather conditions, above or underground floods, earthquakes, ground movements, tailings, pipeline failures, cave ins, unusual or unexpected geological conditions and technological failure of mining methods. The Group may also contract for the transport of coal and coal products, which will expose the Group to risks inherent in transportation, including loss or damage of transportation equipment and spills of cargo. There can be no assurances that the foregoing risks and hazards will not occur or, should they occur, that they will not result in damage to, or destruction of, the properties and assets of the Group, personal injury or death, environmental damage (including soil and groundwater contamination), delays in or interruption of or cessation of production from the properties or impairment of the

Group's exploration or development activities, which could result in unforeseen costs, monetary losses, potential legal liability and adverse governmental action, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group must make significant capital expenditures in order to maintain its production levels and improve overall efficiency.
The inability to finance these and other expenditures in the longer term could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's business and development of any new reserves requires significant capital expenditures with respect to development, maintenance, production, transport, exploration and coal preparation. The Group's business plan requires substantial capital expenditures for the foreseeable future for the purposes of, among other things, the acquisition of machinery and equipment and increasing production efficiency.

The Group also has a number of development projects and prospects, as well as plans for its existing operations, which involve significant capital expenditure. Some of the Group's development projects and prospects may require greater investment than currently planned. The Group's business and mining plans for Debiensko and Morcinek will also entail significant capital expenditures if, and when, mining operations begin there. However the Group anticipates that capital investments in the short to medium term will be decreased as a result of the current economic climate.

The Group expects to be able to meet its current capital expenditures from its operating cash flows. In the longer term, when the Group's financing arrangements mature, the Group's ability to secure future debt or equity financing in amounts sufficient to meet its financial needs could be adversely affected by many factors beyond its control, including but not limited to economic conditions in Central Europe and the health of the Central European banking sector and/or capital markets and factors within its control including its limited remaining reserves as at the maturity of the New Senior Notes and the ECA Facility. If the Group is unable to raise the necessary financing in the longer term, it will have to revise capital expenditures planned for after that date. Such possible reduction could adversely affect the Group's ability to expand its business and meet its production targets and, if the reductions are severe enough, they could adversely affect the Group's ability to maintain its production at planned levels. The Group's approach to development of the Debiensko mine is subject to the decision of the Polish mining authorities and the Group's actual capital expenditures on the Debiensko project may ultimately be different from those the Group currently anticipates. The Group's capital expenditures plans constitute forward-looking statements and are subject to uncertainties.

Extraction of coal from coal deposits may not be commercially viable.
Whether a deposit will be commercially viable depends on a number of factors, including the particular attributes of a deposit, such as its size and grade; the price of coal; prevailing commodity prices; costs and efficiency of the recovery methods that can be employed; proximity to infrastructure; financing costs; and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of commodities and environmental protection. The effect of these factors, either alone or in combination, cannot be

accurately predicted and their impact may result in the Group not being able to economically extract minerals from any identified mineral resource or mineral reserve which, in turn, could have a material adverse effect on the Group's business, financial condition and results of operations.

A majority of the Group's revenues are currently derived from sales made in the Central European market and any significant downturn in the Central European economy or any decrease in the use of coal by the Group's Central European customers could have a material adverse effect on the Group's business, financial condition or results of operations.

As a result of the land-locked nature of Central Europe and high transport costs to regions outside the Central European region, the Group has exposure which is currently concentrated in the Central European market. As such, the Group's business, financial condition and results of operations are highly dependent on the Central European market. Any significant downturn in the Central European economy, and in particular, with respect to the Central European steel and coking industries, could have a material adverse effect on the Group's business and results of operations. Furthermore, a significant decline in demand for coal or its excess supply by other coal producers may have a material adverse effect on the Group's businesses, financial condition and results of operations.

The Group operates in a competitive industry and the Group's business and financial condition and results of operations will be adversely affected if the Group is not able to compete effectively, including with state-owned companies who may not be driven solely by profits.

Competition in the coal industry is based on many factors, including price, production capacity, coal quality and characteristics, transportation capability, costs and brand name. The Group's coal businesses compete principally in Central Europe with other Central European coal producers and face competition from third parties, including state-owned, partially state-owned and formerly state-owned coal industries in Central Europe. The operations of state-owned coal companies may not be driven solely by profit and, as a result, may sell coal at lower prices or be able to sustain higher costs than the Group. Furthermore, some larger coal mining companies have actually increased their overall production in a drive to bring down costs per tonne. Australia, the largest coking coal exporter, increased its coking coal seaborne supply by approximately 11 per cent in 2014. This means that a significant number of coal producers will continue to have lower costs per tonne than the Group.

The Group may be unable to compete effectively due to the improvements in the quality of coal sold by the Group's competitors, a decrease in the quality of the Group's coal or deterioration of coal reserve mining conditions of competitors, particularly government-owned competitors, selling coal at lower prices. Increased competition in the future, including from new competitors that may emerge, could have a material adverse effect on the Group's business, financial condition and results of operations. While the Group believes it does not currently face significant competition from coal suppliers located outside Central Europe, the Group may in the future face increased competition from coal suppliers internationally, particularly in the event the cost of seaborne and overland transportation declines or if additional transportation infrastructure in Central Europe is built and causes a decrease in such competitors' transportation costs, or in the event China eases its restrictions on the export of coal. An increase in competition may have a material adverse effect on the Group’s business, financial condition and results of operations.

Competition from other energy sources and negative public perception of coal mining, coal-fired power and heating plants could have an adverse effect on our business.

Thermal coal energy competes with other sources of energy, including oil, natural gas, nuclear and hydroelectricity. These other energy sources are to some extent interchangeable with thermological energy, particularly over the longer term. Sustained lower prices of oil, natural gas, nuclear and hydroelectricity may result in lower demand for thermal coal concentrates which in turn may result in lower market prices for thermal coal. Because of unique political, technological and environmental factors that affect the thermological industry, the industry is subject to public opinion risks, which could have an adverse impact on the demand for thermal coal power and increase the regulation of the thermal coal power industry.

The Group’s coal mining operations are subject to operating risks that could result in decreased coal production or product mix of coking and thermal coal, which could reduce the Group’s revenues.

The level of the Group’s coal mining production is subject to operating conditions and events beyond its control that could disrupt operations and affect production at particular mines for varying lengths of time. These conditions and events include:

- Depletion of the Group’s reserves and resources;
- Restrictions on extraction due to subsidence constraints imposed by surface properties or infrastructure;
- The Group’s inability to acquire, maintain or renew necessary permits for mining or surface rights in a timely manner, or at all;
- Changes in governmental regulation of the coal industry, including the imposition of additional taxes, fees or actions to suspend or revoke the Group’s permits or changes in the manner of enforcement of existing regulations;
- Adverse weather and natural disasters, such as heavy rains and flooding;
- Increased or unexpected reclamation costs; and
- Interruptions due to transportation delays. Furthermore, coal mining involves hazardous activities such as operating large pieces of rotating and other heavy equipment and delivering coal via large transportation systems. The Group’s underground mining operations and product mix may be affected by mining conditions such as:
- Uunfavourable geologic conditions, such as the highly variable thickness of the coal deposits and the amount of rock embedded in or overlying the coal deposits, especially in the Ostrava region;
- The highly variable tectonic character of the coal deposits in the Ostrava region;
- Mine safety accidents, including fires and explosions from methane or rock bursts, and mine closures and fatalities resulting from such accidents;
- Mining and processing equipment failures and unexpected maintenance problems;
- Increased water entering mining areas and increased or accidental mine water discharges; and

- Other operational risks associated with industrial or engineering activity, such as risks relating to mechanical breakdowns and the use of explosive materials.

In addition, although the Group has implemented a number of safety measures, the above risks may be exacerbated due to the depth of the Group's mines (currently ranging from approximately 600 to 1,100 metres deep, and in the future may extend to 1,400 metres deep), which are among the deepest in Central Europe. These conditions and events may increase the Group's cost of mining and delay or halt production at particular mines, either permanently or for varying lengths of time.

Furthermore, the realisation of some of these risks could result in damage to the Group's coal deposits or coal production facilities or the transportation facilities it utilises, personal injury or death, environmental damage to the Group's properties or the properties of others, or delays in mining out coal or in the transportation of coal, which could lead to monetary losses and potential legal liability.

Disruptions in transportation services or increases in the costs of transportation services could adversely impact the Group's ability to deliver coal to its customers, which could cause a decline in the Group's revenues and profitability. The Group depends primarily upon railways to deliver coal to its customers. The cost and dependability of transportation are critical factors in the Group's customers' purchasing decisions. Increases in these transportation costs could make thermal coal a less competitive source of energy or could make some of the Group's operations less competitive than those of other coal producers.

Contracted coal price data included in Annual Report may differ materially from actual coal prices and volumes realised. The contracted coal prices included in this Annual Report are based upon a number of assumptions and factors, including, among others, exchange rate fluctuations, timing and frequency of contract negotiations or renegotiations, shortened term of contracted prices, quality of mix of product required by customers, timing of deliveries, flexible provisions in individual contracts, cost of input materials, trends in the steel industry, and costs of other substitute products. In addition, unanticipated events and the slower than expected global economic revival may continue to adversely affect any of these assumptions or factors and consequently may adversely affect the price and demand data included in this document. As a result, the actual realised prices and volumes sold for coal may differ materially from contracted price and volume data included in this document.

The Group's framework agreements provide that prices are renegotiated periodically, which may lead to lower revenues when coal prices decline, and may result in economic penalties upon a failure to meet required coal specifications.

The Group historically contracts its coal sales under long-term framework agreements. These framework agreements are typically periodic in nature and have been important to the stability and profitability of the Group's operations. The execution of a satisfactory coal supply agreement is frequently the basis on which the Group undertakes the development of coal reserves required to be supplied under the contract, but because framework agreements require the purchase price and quantity to be renegotiated at periodic intervals, these agreements generally do not commit the Group's customers to purchase any quantity of coal at any price beyond the contracted periods.

Any renegotiations would likely reflect prevailing market conditions at the time of the renegotiation and could result in a decreased price, volume or both.

As a result, the Group's framework agreements would provide only limited price protection if coal prices decline. When the Group's current framework agreements expire, the Group's customers may decide not to extend or enter into new framework agreements or may decide to purchase less coal than in the past or on different terms, including under different pricing terms. If one or more of the framework agreements with the Group's major customers were renegotiated or terminated or if any of the Group's major customers were to significantly reduce their purchases of coal from the Group, or the Group was unable to sell coal to them on terms as favourable to the Group as the terms under the Group's current agreements, the Group's revenues and operating profits could be materially adversely affected.

The majority of coal sales are based on long-term framework agreements, which contain provisions requiring the Group to deliver coal meeting quality thresholds for certain characteristics such as BTU (a unit measuring the amount of heat needed to raise the temperature of one pound of water by one degree Fahrenheit), sulphur content, ash content, hardness and ash fusion temperature. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries or, in the extreme, rescission of individual orders, any of which may result in the Group not achieving the revenue or profit it expects to achieve from such framework agreements.

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

The coal reserve and mineral resource estimates inherently include a degree of uncertainty and depend to some extent on geological assumptions, coal prices, cost assumptions, and statistical inferences, which may ultimately prove to have been unreliable. There are complex non-linear relationships between these factors. Consequently, coal reserve and mineral resource estimates are often regularly revised based on actual production experience or new information (including price information) and can therefore be expected to change.

Furthermore, should the Group encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, coal reserve and mineral resource estimates may have to be adjusted and mining plans may have to be altered in a way that might adversely affect the Group's operations.

Moreover, a further decline in the price of coal, stabilisation at a price lower than recent levels, increases in production costs, decreases in recovery rates or changes in applicable laws and regulations, including environment, permitting, title or tax regulations that are adverse to the Group, may result in the volumes of coal that the Group can feasibly extract being significantly lower than the reserve and resource estimates indicated in this document. If it is determined that mining of certain of the Group's coal reserves has become uneconomic, this may ultimately lead to a reduction in the Group's aggregate reserves. If the Group's actual mineral reserves and resources are less than current estimates, the Group's prospects, value, business, financial condition and results of operations may be adversely affected.

In addition, it is possible that the quality of the coking coal products will deteriorate as reserves at the Group's mines are depleted and may not continue to meet the requirements of the Group's customers. The inability of such coal to meet quality specifications and certification requirements will cause the Group to sell such coal at lesser quality coal grades and may have a negative effect on the realised price for the coal product and on the product mix of coking and thermal coal. As such, the Group's actual reserve and resource figures could significantly differ from those included in this document.

The profitability of the Group depends upon its ability to successfully exploit existing reserves and, in the longer term, to develop or acquire economically attractive coal reserves at competitive costs.

The profitability of the Group depends substantially on its ability to mine coal reserves that can be mined at competitive costs and to meet the quality needed by its customers. Reserves may not be available when required or, if available, may not be capable of being mined at costs comparable to the Group's current costs. Because the Group's coal reserves deplete as they produce coal, the Group's ability to sustain or increase its current level of production in the long-term will depend, in part, upon its ability to acquire and develop additional coal reserves that are economically marketable and to develop new and expand existing mining operations.

The Group is seeking to develop and mine the Debiensko and Morcinek coalfields, each of which requires various approvals and licences by Polish government ministries and local municipalities. Certain permits necessary for new mining opportunities are obtained upon the approval of various governmental agencies and the absence of a long-term relationship with Polish regulatory authorities such as those that other Polish mining companies may have make it more difficult for the Group to obtain such necessary permits for new mining opportunities in Poland. Delay or failure in securing the relevant governmental approvals or permits as well as any adverse change in government policies may delay or impede the Group's development and acquisition plans. Even if relevant governmental licences and permits are obtained, if the Group is unable to complete its development projects within the time frame allowed by the licences and permits, it may lose its licences to mine some of the mining areas designated to NWR Plc.

The Group depends on the continued availability of experienced miners, the shortage of which could result in the Group having insufficient employees to operate its business, which could adversely affect the Group's business, financial condition and results of operations.

Efficient coal mining using modern techniques and equipment requires experienced miners with proficiency in multiple mining tasks. Underground miners have a limited mining life due to limits on dust exposure; hence operational mines experience a relatively high turnover of permanent underground mining employees. The Group is therefore dependent on a continued availability of experienced miners, which may not always be available.

In addition, the average age of the Group's mine workers is approximately 43 years of age, which is relatively old for the mining industry. In the event that the Group is unable to employ the necessary number of experienced miners, there could be an adverse impact on the Group's labour productivity and costs and its ability to maintain or expand production, which could have a material adverse effect on the Group's business, financial condition and results of operations. In order to mitigate these risks, the Group uses a proportion of contractors to offset any shortage of experienced miners.

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

For the year ended 31 December 2014, the Group employed an average total of 11,488 employees and 3,169 contracted workers. We estimate that more than half of our employees are members of trade unions. Maintaining satisfactory labour relations with the Group's employees and organised labour are important to our success.

Although the Group has historically enjoyed a positive and productive working relationship with the trade unions under the collective bargaining and wages agreements, no assurance can be made that these relationships will remain positive and productive, particularly in light of possible changes to the Group's policy and procedure that may result from the implementation of the Group's profit improvement initiatives. In line with the Life of Mine Plan, the Group's production profile is to decrease over the next few years. This will require a significant reduction in fixed costs, which include amongst other things changes to the Group's employee base.

In November 2013, the Group announced that OKD had reached an agreement with the trade unions and signed a new collective bargaining agreement for the years 2014 to 2018 which led to a decrease of six per cent. in personal expenses at OKD in 2014 compared with 2013 in CZK terms.

NWR Plc's ability to operate effectively could be impaired if NWR Plc fails to attract and retain key managers.

NWR Plc's senior executives together have an average of approximately 20 years of experience in the mining industry, with specific experience in, among other things, maintaining strong customer relations and making strategic and opportunistic acquisitions. The ability to maintain NWR's competitive positions and to implement NWR's business strategy is dependent on NWR's senior management and the ability to attract and retain experienced and qualified members of management.

In particular, the contributions of the Executive Directors and the chief executive officer of OKD (Dale Ekmark) are critical to the management of NWR. If NWR is not able to continue to retain such key personnel, it may be unable to manage itself or otherwise compete effectively in the Central European coal industry, which could adversely affect its business.

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

For the year ended 31 December 2014, the Group derived approximately 71 per cent of its third-party thermal coal revenues from sales to its six largest thermal coal customers and 95 per cent of its coking coal revenues from sales to its six largest coking coal customers. At 31 December 2014, the Group had material supply agreements with these customers that expire at various times between 2015 and 2016. Failure to renew such agreements or the closure of any of its customers could force the Group to reduce productions or rely on customers located further afield, resulting in lower relative prices for its products.

Furthermore, the Group's ability to receive payment for coal sold and delivered depends on the continued creditworthiness of its customers. If the Group is unable to collect payments from a number of these customers, the Group's financial condition and results of operations could be materially adversely affected.

The Group may face the risk of litigation in connection with its business and other activities.

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Group's business, financial condition and results of operations.

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

The Group's coal products are typically priced in Czech korunas and Euro, and the Group's direct costs, including raw materials, labour and/or transportation costs, are largely incurred in Czech korunas, while other costs, such as interest expense, are incurred in Czech korunas and Euro. The mix of the Group's revenues and costs is such that appreciation of the Czech koruna against the Euro tends to result in a decrease in the Group's revenues relative to its costs and a decline in its results of operations. In addition, if the Czech koruna depreciates significantly against the Euro, the Group could have difficulty repaying or refinancing its foreign currency denominated indebtedness.

A number of factors affect the price at which the Group sells coal, including, among other things, the global benchmark prices and the spot price of coal, which are denominated in US dollars, as well as local pricing conditions in Central Europe. To the extent that the price of the Group's coal is affected by global benchmark coal prices, a long-term depreciation of the US dollar against the Czech koruna and/or the Euro could adversely affect the Group's price of coal and consequently, its revenue.

The Czech koruna depreciated against the Euro by approximately six per cent in the year ended 31 December 2014 year-on-year (based on the average foreign exchange rate for the year ended 31 December 2014). Accordingly, fluctuations of the Czech koruna against the Euro could affect the Group's business; financial condition and results of operations and further appreciation of the Czech koruna against the Euro could adversely affect the Group's results.

In addition, the Group's development projects in Poland will be subject to fluctuations of the Polish zloty against the Euro and Czech koruna. However, since the projects are not yet in operation but at the initial development phase, the potential adverse impact of such fluctuations on the Group's results of operations is difficult to estimate.

To hedge against foreign exchange rate and interest rate fluctuations, the Group may use derivative financial instruments. Using derivative financial instruments may be costly and ineffective.

The Group has entered into various hedging transactions to help manage the risk of changes in interest rates or currency fluctuations with respect to borrowings made or to be made, or other obligations incurred or to be incurred, by the Group. The Group may use derivative financial instruments for this purpose, which may include interest rate swap contracts, interest rate cap or floor contracts, futures or forward contracts, options or repurchase agreements. The Group's actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge and may differ from time to time. In some cases, the Group may not elect or have the ability to implement such hedges or, if the Group does implement them, they may not achieve the desired effect. They may also expose the Group to the risk that its counterparties to hedging contracts will default on their obligations. Furthermore, although hedging transactions may limit to some degree the Group's risk from fluctuations in currency exchange and interest rates, the Group potentially forgoes benefits that might result from such fluctuations.

The Group is fully hedged against interest rate risk. However, there can be no assurance that NWR Plc will be hedged as intended against currency and interest rate fluctuations in 2015 and beyond.

Criminal acts such as fraud, bribery and corruption may materially adversely affect the Group's business and reputation despite any internal controls it may have in place.

The Group faces a number of risks from criminal acts such as fraud, bribery and corruption. The Group is reliant on its internal control environment, including its internal financial controls and particularly its enterprise resource planning and/or metals accounting systems, to provide it with reasonable assurance that the Group's operations are proceeding as intended. While the NWR's Board believes that there are adequate procedures, systems and controls in place to support the Group's business, there can, however, be no assurance that the systems and procedures implemented will be effective in preventing fraud, bribery and corruption.

The Group operates and conducts business in markets and countries, which are susceptible to the risk of corruption. Although NWR's internal policies and procedures mandate strict compliance with applicable laws prohibiting corrupt payments to other businesses, officials or employees or other persons, there is no assurance that such internal policies and procedures have been or will be adhered to by its employees. Findings against the Group, its directors, officers or employees, or involvement in bribery, corruption or other illegal activity could result in criminal or civil penalties, including substantial monetary fines under, for example, local laws and the UK Bribery Act 2010. Any government investigations or other allegations against the Group, its directors, officers or employees, or findings of involvement in bribery, corruption or other illegal activity by such persons, could significantly damage the Group's reputation and its ability to do business, and could materially adversely affect the Group's business, financial condition and results of operations.

The Group's operations may substantially impact the environment or cause exposure to hazardous materials, and the Group's properties may have significant environmental contamination, any of which could result in material liabilities to the Group.

The Group uses, and in the past has used, hazardous materials and generates, and in the past has generated, hazardous waste. In addition, many of the locations that the Group owns or operates were used for coal mining and/or involved hazardous material usage before and after the Group was involved with those locations. The Group may be subject to claims for toxic torts, natural resource damage, water pollution, property damage, personal injury and other damage to the environment as well as for the investigation of and demands for the clean up of soil, surface water, groundwater, and other media. Such claims may arise, for example, out of current or former activities at sites that the Group owns or operates currently, as well as at sites that the Group or predecessor entities owned or operated in the past, and at contaminated sites that have always been owned or operated by third parties. The Group's liability for such claims may be joint and several, so that it may be held responsible for more than its share of the remediation costs or other damages, based on its contribution to the damage caused.

The adoption of stricter environmental regulations to reduce carbon dioxide emissions could result in restrictions on coal use and reduce the demand for coal.

The European Union, the Czech Republic and the Republic of Poland have entered into international agreements that require them to mitigate greenhouse gas emissions. In order to discharge these obligations, the European Union and its member states have sought to regulate emissions of greenhouse gas through a broad spectrum of measures including direct regulation, taxation, trading schemes and incentives for non-fossil fuel power generation. These efforts to control greenhouse gas emissions and to incentivise alternative sources of power generation could result in reduced demand for coal or could adversely affect the business of the Group's customers and, in turn, have a material adverse effect on the Group's business, prospects and results of operations.

Stricter environmental regulation of emissions from coal-fired electricity generating plants, including emissions of sulphur dioxide, particulates and nitrous oxides have been legislated by the European Union and will come into effect from 2016 onwards. These measures could increase the costs of using coal, thereby reducing demand for coal as a fuel source, and the volume and price of the Group's coal sales. Further restrictions and tightening of regulations could make coal a less attractive fuel alternative in the planning and building of utility power plants in the future.

Regulation of carbon dioxide emissions may continue to tighten within the European Union such that the continued use of coal for power generation may only be possible through the implementation of new technologies, such as carbon capture and storage to mitigate carbon dioxide emissions. These technologies are untested on a commercial scale and there can be no guarantee that they will ever become commercially available. In addition, their implementation may increase operational costs for power generators, which may adversely impact demand for coal.

Sustainability

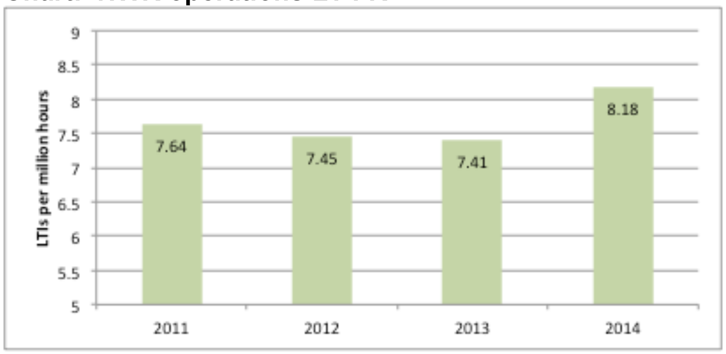
Sustainability lies at the heart of everything we do and is key to our long-term business success. In particular, our safety indicators are as important as our financial ones and are closely monitored by the Board.

Sustainability is an integral part of NWR's business strategy. It is therefore appropriate that priorities are agreed and supported by NWR's Safety, Health and Sustainability Committee ('SHSC'), and are ultimately overseen by the Company's Board of Directors.

In this chapter, Sustainability performance indicators are set against our sustainability targets in 2014 and are compared to the previous year, together with explanations. The indicators are monitored in three groups: Our People, Environment and Corporate Governance.

Our People

Chart: NWR operations LTIFR



Definition: The Lost Time Injury Frequency Rate ('LTIFR') represents the number of reportable injuries in NWR's operations causing at least three days of absence per million hours worked including contractors. Data for 2013 and 2014 is for NWR continuing operations only, i.e. excluding OKK Koksovny.

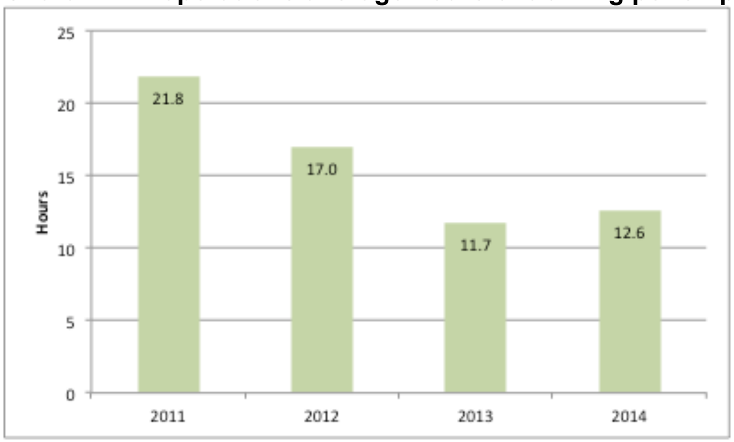
Performance: LTIFR increased by 10 per cent to 8.18 on year-on-year basis as the total number of reportable injuries remained almost unchanged while the total hours worked decreased due to lower production and the correspondingly lower number of employees. Strong emphasis continued to be placed on employees' safety-related training and the improvement of every individual's approach towards safety.

Chart: NWR operations employee turnover

Definition: The employee turnover rate is a calculation of the total number of employees who have left the Company minus employees who have left due to dismissal, retirement, death in service or for health reasons and it is expressed as a percentage of the average number of employees in the year. Contractors are not included.
Data for 2013 and 2014 is for NWR continuing operations only, i.e. excluding OKK Koksovny.

Performance: NWR operations' voluntary employee turnover went up by 13 per cent year-on-year to 1.43 per cent as the number of people who left the Group voluntarily only slightly increased, by four employees to 164 (OKD: 159, HBZS and NWRK: 5) compared to 160 in 2013 however total number of employees decreased by nine per cent year on year. Our long-term aim had changed from 1.2 to 1.6 percent due to the persistent difficult market situation.

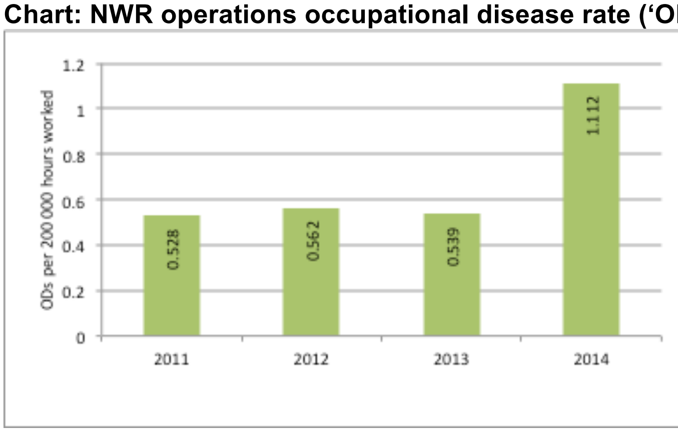
Chart: NWR operations average hours of training per employee



Definition: Average hours of training per employee are calculated as the total number of hours dedicated to training divided by the average number of employees in the reporting period. Contractors are not included. Data for 2013 and 2014 is for NWR continuing operations only, i.e. excluding OKK Koksovny.

Performance: The average number of training hours per employee increased by more than seven per cent year-on-year to 12.6 hours in 2014. The change was driven by the increased number of targeted one-time safety training, periodical safety training and training focused on the use of new technology (lifting and pressure equipment). The increased hours of training were reported by all NWR Group subsidiaries.

Chart: NWR operations occupational disease rate ('ODR')

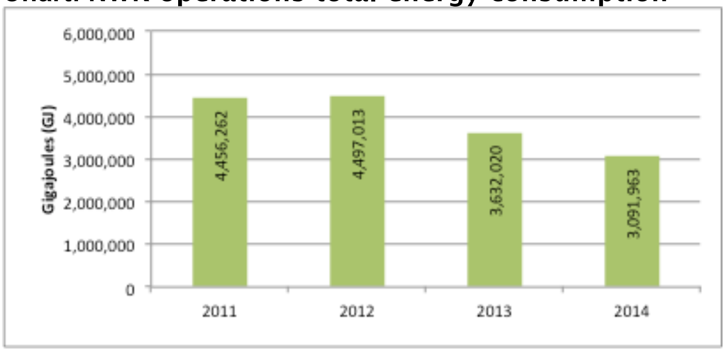


Definition: The frequency of occupational diseases relative to the total time worked in the reporting period. ODR represents the number of occupational diseases in NWR operations per 200,000 hours worked. Contractors are not included. Data for 2013 and 2014 is for NWR continuing operations only, i.e. excluding OKK Koksovny.

Performance: The total number of occupational diseases increased from 63 in 2013 to 126 in 2014. The most common causes of the increase in occupational diseases in OKD were dust (89 cases), vibrations (25), unilateral long-term limb strain (ULLS) (10) and others (two). The year-on-year increase was driven primarily by dust exposure (+ 50 cases), vibration-related diseases (+6), and ULLS (+7). A targeted information campaign, including additional extended education dedicated to the use of personal protection gear, was performed to mitigate primarily dust exposure diseases. More robust control in the proper use of dust masks was launched. We continue to focus on providing preventative health checks and other health related benefits.

Environment

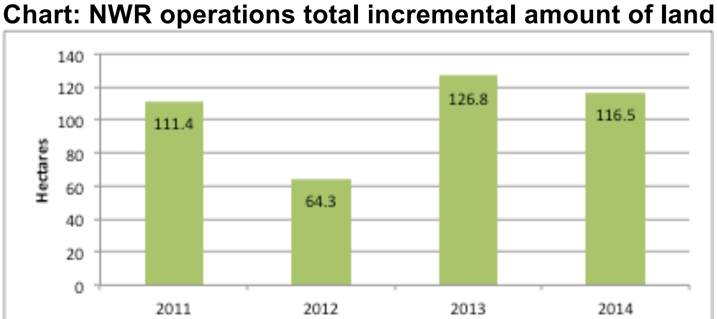
Chart: NWR operations total energy consumption



Definition: Total energy consumption in NWR operations includes direct primary energy purchases (diesel, petrol and natural gas) and indirect energy purchases (electricity, heat, compressed air, natural gas) minus direct primary energy sold (electricity, heat) excluding production and sales of coke-oven gas (2011-2012 only) and coal-mine gas. Data for 2013 and 2014 is for NWR continuing operations only, i.e. excluding OKK Koksovny.

Performance: Total energy consumption decreased by almost 24 per cent (540,057 GJ) year-on-year to 3,091,963 GJ. The decrease was driven by the lower consumption of heat caused by above-average winter temperatures (accounts for approx. 54 per cent of the total decrease), the lower consumption of electricity (accounts for approx. 25 per cent of the total decrease) and compressed air (approx. 19 per cent of the total decrease) due to lower production of coal in 2014.

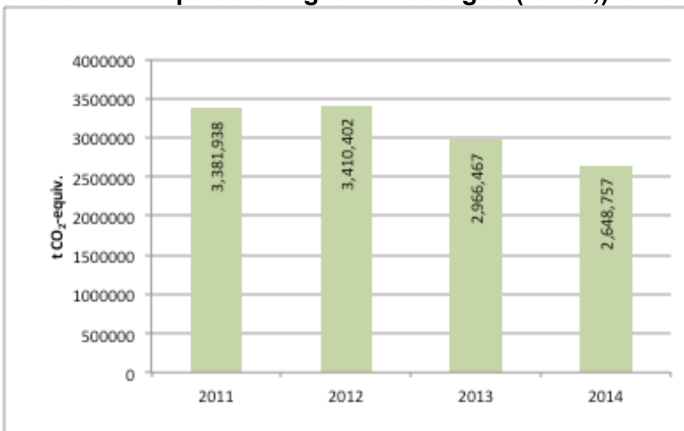
Chart: NWR operations total incremental amount of land rehabilitated



Definition: Land rehabilitated is the area of land disturbed by operational activities that is then reshaped and restored into a new ecosystem in accordance with natural ecosystem principles. The total amount of land rehabilitated in reclamation projects is set by the ‘Comprehensive Rehabilitation and Reclamation Plan’ for a five-year period. The obligation to reclaim is a Czech legal requirement.

Performance: The total incremental area of rehabilitated land in 2014 amounts to 116.5 hectares. The trend in the amount of land rehabilitated is uneven as it reflects operation closures from the past. NWR spent EUR 12 million on reclamation projects in 2014, up from EUR 9 million in 2013. As reclamation projects are long-term, the amount spent does not correspond to reclamations completed in the year as some future projects are already financed.

Chart: NWR operations greenhouse gas ('GHG;) emissions



NWR operations - GHG emissions data for period 2012 - 2014	Unit	2012	2013	2014
Emissions from combustion of fuel	**t CO_2e**	**3,543**	**3,422**	**2,871**
of which				
Stationary combustion (natural gas, coal mine gas)	t CO_2e	660	690	977
Mobile combustion (gasoil, diesel, transport other)	t CO_2e	2,883	2,733	2,733 *
Emissions from the operation of facilities	**t CO_2e**	**2,609,148**	**2,256,432**	**2,075,228** *
of which				
Process emissions (coke-oven gas, supply chain, waste)	t CO_2e	387,928	299,303	136,296 *
Fugitive emissions (methane)	t CO_2e	2,221,219	1,957,129	1,938,931
Emissions resulting from purchase of electricity, heat and steam	**t CO_2e**	**797,877**	**706,613**	**570,659** *
Total	**t CO_2e**	**3,410,568**	**2,966,467**	**2,648,757**
GHG emissions per 1 tonne of coal production	t CO_2e	0.532	0.605	0.282 **

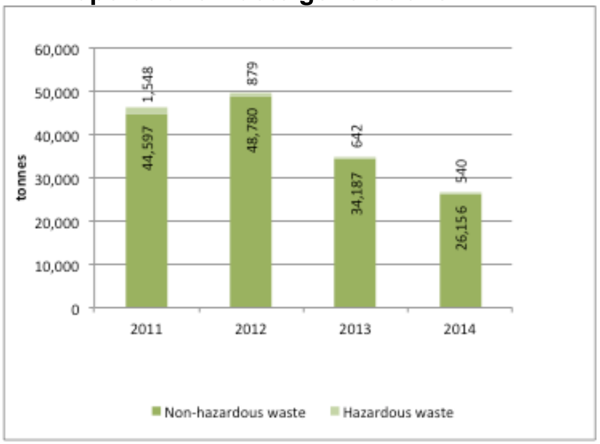
NB: NWR operations comprise the companies that performed regular extraction and production operations or building work, i.e. OKD (including HBZS), OKK Koksovny and NWR KARBONIA.

*Data 2014 does not include OKK Koksovny, i.e. no GHG emissions resulting from mobile combustion, coke-oven gas and electricity, heat and steam.
** Data 2014 excluding OKK Koksovny.

Definition: NWR operations' total GHG emissions are measured using the method of lifecycle assessment, which is drawn up according to ISO 14040 and ISO 14044. NWR Group reportss direct and indirect GHG emissions, which correspond to Scope 1 and Scope 2 of The Greenhouse Gas Protocol. The direct GHG emissions include fugitive emissions from mine ventilation. GHG emissions are reported in tonnes of CO2 equivalent ('CO2e'). Data for 2014 does not include GHG emissions from OKK Koksovny.

Performance: The total GHG emissions in NWR operations reached 2,648,757 tonnes of CO2e, down by 10 per cent year-on-year. The largest shares of GHG emissions account for fugitive emissions (73 per cent) and electricity consumption (19 per cent). Total direct emissions (Scope 1) decreased by 5.9 per cent and indirect emissions (Scope 2) by 21.8 per cent. The decrease was driven by lower coal production and the correspondingly lower electricity consumption, and lower purchase of materials. The sharp year-on-year decrease in GHG emissions per one tonne of coal in 2014 was caused by excluding OKK Koksovny operations, which were sold in December 2013.

NWR operations waste generations

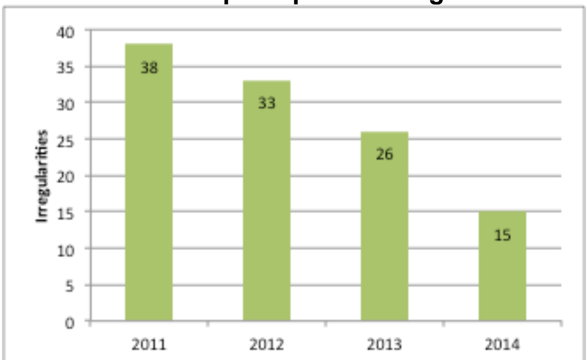


Definition: The total weight of generated waste includes the total volume of hazardous waste and non-hazardous waste defined by the Czech legislation. Non-hazardous waste contains all other forms of solid or liquid waste excluding wastewater, waste rock and flotation tailings. Data for 2013 and 2014 is for NWR continuing operations only, i.e. excluding OKK Koksovny.

Performance: The total weight of generated waste decreased by 23 per cent in 2014. The most significant decrease in generated non-hazardous waste was linked to lower coal production. There was a 15 % year-on-year decrease in NWR's generation of hazardous waste. No significant environmental contamination occurred in NWR's operations and no fines were imposed in 2014.

Corporate Governance

Chart: NWR Group suspected irregularities



Definition: The number of suspected irregularities reported within the Company's established Whistleblower Procedure, which is part of NWR's Code of Ethics and Business Conduct and Business Integrity Policy. Data for 2013 and 2014 is for NWR continuing operations only, i.e. excluding OKK Koksovny.

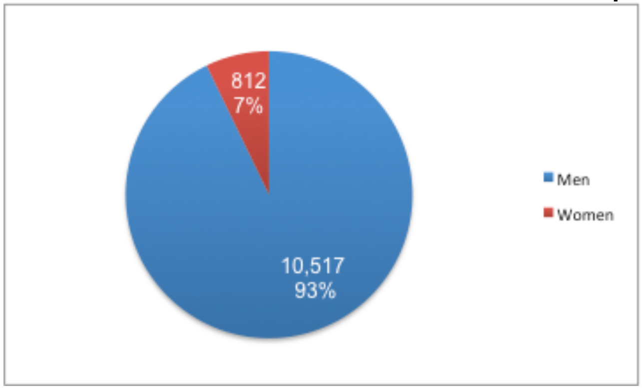
Performance The number of irregularities reported within the Group decreased by 42 per cent to 15 cases. The most reported irregularities were related to mobbing (4 cases), followed by drugs, alcohol and smoking at workplace (3 cases), unproven petty thefts (2 cases) and a fraud reported by contractor's employees (1 case) which was wrongly addressed to OKD instead of the relevant contractor.

Chart: NWR Group's directors and senior managers breakdown by gender

NWR Group	Men	Women
Directors	**8**	**1**
of which NWR	8	1
Senior managers	**25**	**4**
of which		
OKD	11	2
HBZS	6	0
NWR Karbonia	8	2

State as at 31 December 2014
For more information on NWR Directors see Corporate governance section
Senior managers include also directors of subsidiary undertakings.
Number of persons who were senior managers excludes persons falling within Directors.

Chart: Number of men and women in NWR Group



State as at 31 December 2014

Financial review

Balance sheet restructuring

The key event for NWR during the period under review was the balance sheet restructuring process that we initiated at the beginning of the year and completed in the first half of October. With the support and participation of our stakeholders, an agreement was reached that led to the raising of EUR 185 million in new capital, reduced the nominal amount of our outstanding total debt by 35 per cent from EUR 825 million to EUR 535 million, extended the term our senior notes to 2020, and significantly reduced our debt servicing costs.

Looking at the new capital elements in greater detail – it is composed of new senior secured note of EUR 300 million, a new convertible note of EUR 150 million due 2020. Importantly, this convertible bond coverts mandatorily at maturity, so even though it clearly carries interest expense, it will ultimately convert into equity. The third element of the revised debt structure is a renegotiated ECA facility of approximately EUR 50 million, and a new super senior credit facility of EUR 35 million, which is essentially a liquidity credit line. Finally the last piece of the picture are the new contingent value rights of EUR 35 million, which pay out depending on the future development of coking coal.

In terms of the new capital that went into the business, we have raised EUR 150 million in an equity issue, of which EUR 90 million was used to tender the old notes that were replaced in the capital restructuring. In undertaking the capital restructuring, we incurred EUR 7 million of costs directly associated with the equity issue and a further EUR 35 million relating to the refinancing.

As regards the key impact of the capital restructuring in the short-term, the main benefit, seen from the Company's point of view, is a very significant reduction in cash interest expenses. We would have, in a typical year in the past, paid approximately EUR 60 million in cash interest. Both the new senior secured note, as well as the new convertible note, have a payment in kind mechanism. In the case of the convertible, it's a discretionary PIK. In the case of the new senior it's a formula that determines, based on available liquidity, whether interest is paid in cash or whether it's PIK.

Finally, I really would like to take this opportunity, again, to thank all of the people who were involved, all of the stakeholders, the creditors, and the shareholders. I believe that we have arrived at a capital structure, which is a major step forward for NWR.

Overview of 2014 financial performance

The difficult pricing environment, as described in greater detail in the market section of this report, combined with lower thermal coal volumes, were the main drivers behind the 20 per cent decline in revenues. Our coking coal revenues were EUR 406 million, or an 11 per cent decline year on year, which is a combination of a three per cent improvement in tonnage, more than offset by a 13 per cent decline in the average coking coal price. Thermal coal revenues were down 32 per cent to EUR 193 million. This is a combination of a four per cent drop in price and a 30 per cent decrease in tonnage.

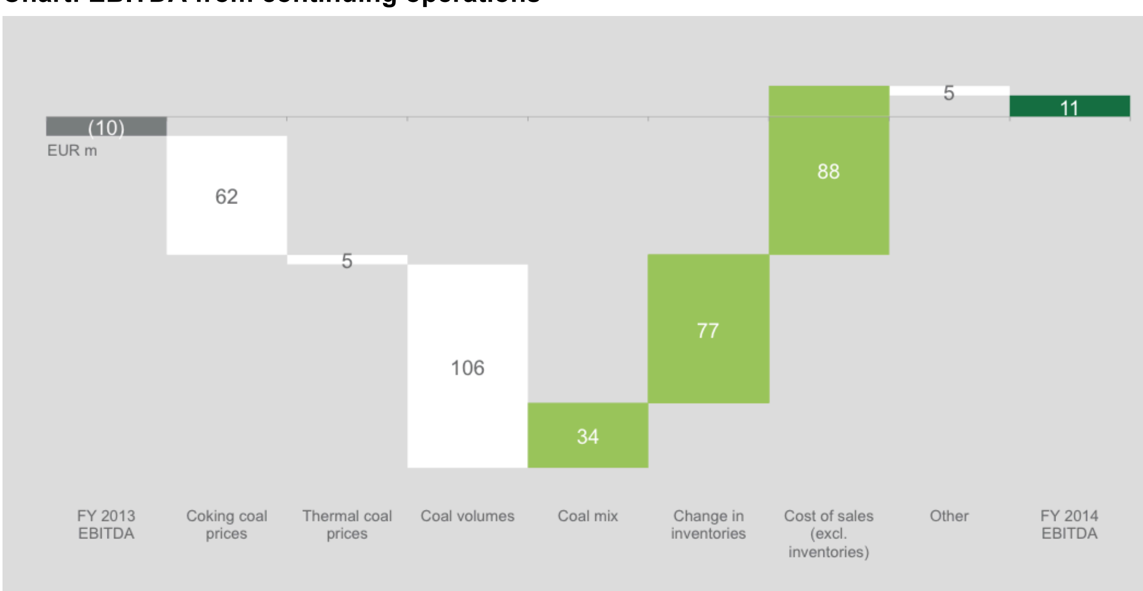
The increased supply of coking coal in the global market which, combined with relatively meager demand from European steel manufacturers, has resulted in the ongoing downward pressure on coking coal prices. This led to an average realised coking coal price of EUR 85 a tonne, which is a 13 per cent drop following a 22 per cent drop the prior year. The price agreed for approximately 75 per cent of our expected coking coal sales volume in 2015 represents a nine per cent improvement relative to the 2014 average

For thermal coal, the situation is quite similar. The development in the North America energy mix has led to increased supplies of thermal coal into Europe as well as Central Europe. And we've also seen excessive thermal coal inventories around Central Europe this has been coupled with the unprecedented decline in global oil prices, which itself has put downward pressure on global thermal coal prices.. This has led to an average price for thermal coal in 2014 of EUR 54 per tonne, or a four per cent decline relative to the year before. The price that we have agreed for all our expected thermal coal sales in calendar year 2015 is EUR 52 per tonne.

Looking at our costs, the total cost of sales was down 27 per cent. And taking out the inventory impact from the cost of sales we get to a decline in cost of sales of about 19 per cent. The development in mining unit cash costs has seen a 14 per cent decline, which is despite a two per cent reduction in production. This clearly demonstrates our ongoing focus on containing costs and optimisation of the Czech mining operations. A very similar trend has been seen in the selling and administrative expenses, which were down 18 per cent in 2014. And together with cost savings in 2013, selling and admin expenses are down approximately 40 per cent over the last two years.

Lower coking coal and thermal coal prices, together with lower thermal coal volumes, saw a reduction of EUR173 million in Group revenues compared to 2013. However, this was offset by the cost improvements, better coal mix and the change in inventories, and resulted in a EUR 21 million improvement to EBITDA. Positive EBITDA for the year of EUR 11 million clearly reflects the successful operational optimisation at our Czech mines, although we continue to strive for further cost reductions and operational efficiencies.

Chart: EBITDA from continuing operations



There are two one-off items in the income statement outside EBITDA. First, the impairment charge of EUR 183 million. This is a write-down of the carrying value of our fixed assets. It was driven by the current pricing environment and the long-term production outlook of these assets. This compares to the impairment charge taken at 31 December 2013 of EUR 807 million.

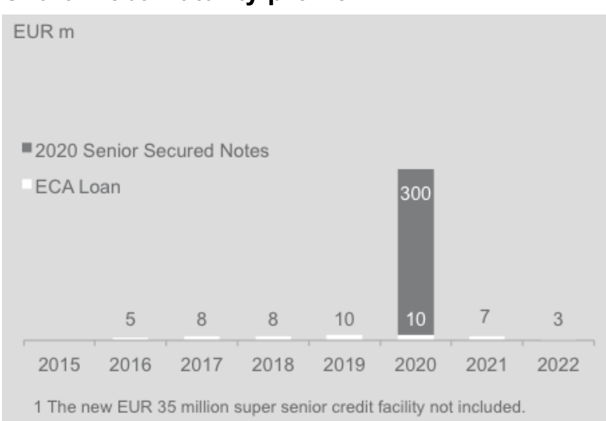
The second one-off is the gain resulting from the financial restructuring of EUR 342 million representing the difference between the carrying amount of the Existing Notes (including accumulated accrued interest) that were extinguished and the fair value of the new instruments issued, net of costs incurred.

Taking into account the above-described one-off items recognised in both years the underlying loss in 2014 was EUR 180 million vs. underlying loss of EUR 230 million for the year 2013.

Although the net cash flow from operations was negative EUR 56 million for the full year 2014, we have seen an improvement quarter after quarter in this over the course of the year. And we clearly remain committed to further improvements on costs and cash generation. We paid EUR 34 million in interest in 2014, and finally we ended the year with EUR 60 million of CAPEX spend, which is even lower than our original target. And it represents about 45 per cent reduction relative to the year 2013.

Net debt at the end of 2014 was EUR 281 million helped by the EUR 511 million reduction following the balance sheet restructuring. Our cash balance at the end of 2014 stood at EUR 128 million. In terms of debt maturities within the next five years, there is essentially only the amortisation of the ECA facility, which as a part of the restructuring has been deferred such that the first installment is not due until June 2016.

Chart: Debt maturity profile[1]



Note: Convertible Notes excluded due to mandatory conversion.

To conclude let me point out once again that the principal objective of the balance sheet restructuring that we underwent last year was to ensure that we arrive at a capital structure, which is appropriate for the business and compatible with our financial performance given the coal price environment. Now we can again fully focus on the optimisation of our operations and on pursuing our strategy of becoming Europe’s leading miner and marketer of coking coal by 2017 in a safe and sustainable way.

Marek Jelinek
Executive Director and Chief Financial Officer

Business review

Introduction

A depressed international coal market made 2014 a difficult year for OKD. Our budget was drafted towards the end of 2013 and was based on a market consensus increase in coal prices, however coking coal and thermal coal prices have continued to decline in 2014. Our coking coal sold for an average EUR 98 per tonne in 2013, but was selling for an average EUR 85 in 2014; a tonne of our thermal coal sold for EUR 56 in 2013 and EUR 54 in 2014. Meanwhile the level of supply into the market remained the same as in previous years, and our original 2014 production target of 9-9.5 million tonnes came in at 8.6 million tonnes, for reasons explained below. Our operations, therefore, came under severe budgetary pressure, and we took the problem head-on and refocused on what we could control; safety, production, and costs and not waiting for prices to recover.

Given the decisions that we had to take in the areas of cost control, restructuring and headcount in order to drive down our average cash cost to mine a tonne of coal from approximately EUR 78 in 2013 to around EUR 67 in 2014, we needed to be 100 per cent transparent with information throughout OKD. We instituted regular company-wide business status meetings at the crew and mine level in order to have a fully informed workforce and an informed wider community. This brought the reality of our challenges home to everyone.

As we worked our way through 2014, we went from tonnage-based thinking to economic-based, or business-based, thinking, with our mine managers bearing far more responsibility for economic efficiency and profitability than they ever did before. As a result, we experienced a significant rise in the recovery and re-use of materials and tools, as part of our sharper focus on attention to detail throughout our operations. We now also have what we call 'short interval control', where we seek to manage the length of time taken for shift changeovers and for preparation and maintenance shifts: a daily or even weekly 15-minute delay or loss in production can have major implications for our production and our revenues. We have regular daily company-wide dial-in meetings on this issue in order to hold people accountable.

I am particularly pleased with the performance of Paskov in 2014, where there was a marked turnaround. Paskov produces very high quality coking coal, for which there is great demand. However Paskov is also technically very difficult to mine due to the depth of its coal and the narrowness of the coal seams. Paskov outperformed its 2014 production target while at the same time driving down its cash costs by over 36 per cent, which is an extraordinary achievement. Paskov remains a high cost mine, but if we see a meaningful uptick in coking coal prices and continued improvement in process management by the team, then Paskov will come into its own.

Safety

Safety is always the number one priority at OKD, but 2014 was a difficult year for everyone within the company and the wider community as, tragically, eight colleagues lost their lives. Three of these deaths remain unexplained, and are not directly attributable to mining. In one incident in the Karvina mine we lost three colleagues and had nine injuries due to a massive rock burst, which unfortunately was unavoidable despite our great efforts to predict and prevent uncontrolled energy release from the rock massive. The epicenter of the event was actually in an adjacent longwall. Indeed, there was a tremendous increase in seismic activity at our mines in 2014, with more than 60-recorded seismic events of significant energy, 10^5 Joules or higher, whereas historically the yearly average has hovered between 35 and 45.

Seismic activity has an impact on our production, which is interrupted or lost while an affected area is either made secure or abandoned. For example, under guidance from the Czech Mining Authority, we shall not be going back into that area of Karvina where three people died, which will effectively erase approximately one million tonnes from our reserves.

OKD has done lots of work on seismic prediction and prevention down the years, and in the last quarter of 2014 we embarked on another study. It is crucial that we know if there is anything more that we can do to predict and prevent seismic events. As in predicting earthquakes, we can monitor stresses within the rock massive and identify areas of potential releases, we have not been able to very accurately determine the when. As such, we have undertaken a wide range of preventive/proactive measures to either release energy by controlled blasting or to minimise risk by personnel control, retreat rate reduction etc.

Our work continues, and will never end, on the general approach to safety, which is the responsibility of everyone at OKD. Our miners must remain aware that taking shortcuts can, quite literally, be fatal, and they have a responsibility to themselves and their colleagues to focus on the tidiness of their environment before commencing, and during, their shifts. We must continue to work on behavioural change as we strive to reach our target of a LTIFR below 5.

Sales & marketing

In 2014 we eliminated almost all third-party coal traders and started to sell directly to our customers. Small volumes remain under contract that will be disappearing in the future. Our sales strategy focused on proactively marketing the value of OKD and our strategic geographic and logistics advantages. We approached our customers seeking local import parity prices, rather than taking consensus prices off the Australian benchmark. Peter Dormann, along with his team, did a sterling job that will support our efforts to improve our cashflow in the year, when we shall be mining less coal. We have reached agreements with all of our key customers for 2015, including our near neighbor Moravia Steel, which I would describe as a truly strategic partner, which seeks out win-win results with OKD. Moravia Steel and another important customer, Voestalpine, now have PCI facilities, which are beneficial for OKD as PCI is a value added product. We have also continued to supply other key customers including Arcelor Mittal, US Steel, OKK and others.

I may have highlighted a few of our clients, however each of our customers are very important to us and our aim is to leverage not only our product, but also our technical knowledge and plant capabilities with each and every one of them. We are working closely at a production/technical level with Arcelor Mittal to optimise both of our processes.

Our sales mix in 2014 was in line with our target 55-60, with coking coal, including PCI, accounting for 57 per cent of sales, and thermal coal accounting for about 43 per cent. We were able to shed some thermal production and replace it with coking coal, as well as capitalise on the recently centralised preparation plants. We now have one preparation plant manager who optimises our washing and prep operations across the company.

In 2014 we decided to rebrand OKD's mines with effect from the start of 2015. Karvina and Darkov mines are combined into one unit called OKD1, CSM mine becomes OKD2 and Paskov OKD3. The reason for this is that we can no longer guarantee seam-specific delivery for customers, some of which have traditionally asked for Darkov coal or Paskov coal. But what customers were really requesting was a certain specification, so we are moving to specification-based sales. In late 2014 we began working with Arcelor-Mittal on specification-based sales for 2015, our first customer to do so. This helps to open potential trading initiatives, both at the OKD level, and at the NWR level, where the strategic goal is to become Europe's one-stop shop for steel customers, and leading miner and marketer of coking coal by 2017 in a safe and sustainable way.

The other reason for the consolidation is economic efficiencies. The vision of the future consists of one OKD mining operation with two mines OKD-North (Darkov, Karvina, CSM) and OKD-South (Paskov) with OKD headquarters minimised and compressed into the organisation.

Development projects managed by OKD

In 2014 we assumed management of the Morcinek project, which is now run from OKD but with Polish staff from NWR Karbonia. We rejuvenated the Czech-Polish bilateral committee and have held meetings with the newly elected mayors. An outstanding issue is the granting of an extraction licence, which is a lengthy process in Poland. Yet even if we received the extraction licence in, say, 2016-17, it would take another five years or so for the project to come on stream.

The Room and Pillar project at CSM finished in 2014 with no recorded injuries after almost 7,500 shifts. It has proved, to date, a viable project, which is significant in that this project was deployed in very difficult conditions and is one of the deepest applications of this technology in the world. We intend to move this project into continuous operation in early 2015. The results are promising and the potential exists to mine in sensitive areas whereby longwall mining is prohibited because of surface damages.

The Karvina Environmental Impact Assessment was completed in 2014 and as I write, is under the review process. We are progressing with the underground surveying, and we have budgeted for some potential additional purchases of surface properties in the second half of 2015, although as part of this review process we have identified a total of 8 million tonnes of reserves which will no longer be economically viable in the current price environment and have accordingly been reclassified as resources. The Karvina development project is important for OKD as we are talking about areas containing good quality coking coal, and we are moving forward to the extent possible given budgetary constraints, market outlook and negotiations with landowners.

In 2014 we also started a process called OKD 2030, whereby we are going back and looking at various development projects that in the past were shelved for a variety of reasons, the main one being economic viability. But as our average cash mining costs have fallen from over EUR 90 to around EUR 65, several projects may now be viable. We are looking at some of these old projects in order to improve our reserves, going back panel by panel and seam by seam, to see what can be recovered and at what cost. To date we have found another 10 million tonnes of resources that we can potentially open up but must be further evaluated before coming into our reserves.. OKD 2030 is also looking at the future potential for Underground Coal Gasification, where energy can be produced underground – but that really is a long-term project.

Labour relations

The trade unions at OKD are fair and professional business partners. As mentioned previously, we are fully transparent with them about the company's operations and financial future. Ultimately, we all share the same goal, which is to keep OKD healthy and buoyant, but we all know that in order to do that the company will have to transform.

Because of our shrinking reserve base and reducing production profile, we unfortunately have to accept that the OKD of the future will be much smaller than it is today. This unfortunate fact of commercial life means that our New Shift initiative, whereby we help those who leave OKD to establish their own businesses, is all the more important. We are already achieving success with the project and have to date helped 13 people start out. Every person we help is a victory.

Community relations

Our relations with the local communities were probably at an all time low towards the end of 2013. That was a very difficult year with complicated negotiations over the Collective Bargaining Agreement and the potential closure of Paskov dominating the region’s political economy. By contrast, 2014 was, despite the commercial difficulties, a positive year for OKD and local relations have improved. The relationship with the local communities is healthy because I shared with them everything that we were doing in 2014 and what OKD would look like in 2015 and beyond. The restructuring in 2014 (and in 2015) was very hard but we maintained a low-key and open approach.

The OKD Foundation continued in its good work throughout 2014. There were 141 local civic projects that received CZK 12.6 million in funding support from the OKD Foundation. The St. Barbora Association, which supports children orphaned as a result of mining accidents, continues to receive our support. The OKD Foundation is funded until 2043, so regardless of what happens to OKD over the coming three decades the support will be there for those that need it. Having said that, we will have to look at the OKD Foundation in 2015 and more narrowly, and sensitively, define how we can contribute to the lives of people in our community.

Outlook for 2015

In 2015 we took the aggressive action that we were going to base our budget on no appreciation in price, unlike the consensus forecasts that included some upside. We vigorously maintained our cost discipline as we target production of between 7.5 and 8.0 million tonnes while reducing average cash mining costs further to around EUR 65 a tonne. We estimate that headcount (including contractors) will fall by about 10 per cent, of which our trade unions are fully cognisant. We shall undertake a review of all our long-term supplier-contracts, especially those drawn up during 2008-2011 era of high coal prices, and seek to convert them to a more balanced level.

We are looking at 2015 CAPEX of EUR 30-40 million. I also want to focus on procurement in the coming year and develop a centralised and more disciplined system, or in other words we’ll be running a ‘materials management strategy’. I believe that we can save about 10 per cent on procurement costs, or approximately EUR 30 million a year.

2014 was a very difficult year for OKD and we took the right, though difficult, decisions. 2015 will be just as challenging and in some cases even more so. As we move into and through 2015, we must maintain our focus on safety, attention to operational and financial detail, maintain our cost discipline, and “mine the plan” with the result that we successfully service our customers with OKD premium quality coking coals and target being cash neutral. I’m cautiously optimistic for OKD in 2015 and beyond. We have a truly World Class leadership team and workforce at OKD and are committed to success.

Dale Ekmark
Managing Director of OKD

Corporate governance

Highlights of 2014

- Strengthening of NWR balance sheet and new shareholder structure
- Continuous focus on long-term strategy and new mining business
- Ongoing attention to safety at mining operations
- Leaner Board and new Board members
- Reduction of Board fees and tighter expenses policy
- Re-distribution of roles and experience in the Board committees
- Disbandment of the Finance and Investment Committee
- New management incentive arrangements

Board of Directors

Composition of the Board

NWR has a one-tier Board comprising both Executive and Non-Executive Directors. The Board is presided over by its Executive Chairman, Gareth Penny. As at 31 December 2014, the Board had 9 members in total (as opposed to 13 members in 2013). Of these, two were Executive Directors and five were Independent Non-Executive Directors. This is fully in line with provision B.1.2. of the UK Corporate Governance Code 2012, which provides that at least half the board, excluding the chairman, should comprise independent non-executive directors.

The Chairman leads the Board and ensures its effectiveness on all aspects of its role. Assisted by the Company Secretary, the Chairman sets the Board agendas and ensures that Directors receive all the information and support necessary to carry out their role, including adequate induction and training. The Chairman has authority to act and speak for the Board between its meetings and, together with the Chief Financial Officer, acts as the main point of contact between Non-Executive Directors and management of the Group. He also ensures effective communication with shareholders. Contrary to provisions of A.2.1 and A.3.1 of the UK Corporate Governance Code 2012, the Company has appointed Mr Penny as Executive Chairman, who exercises the role of the chief executive and chairman. The fusion was carefully examined at the Nomination Committee upon his appointment in 2012, and NWR continues to believe that the presence of an Executive Chairman is needed to provide strategic and operational leadership and balance level in the Group structure which is strong at the operating company level. The presence of majority shareholder representatives on the Board alongside Independent Non-Executive Directors guarantees that there are appropriate checks and balances in place.

The Chief Financial Officer of NWR, Marek Jelínek, has delegated authority to achieve the corporate objectives of NWR Group. He is responsible for the Group's finance and administration, and reports to the NWR Board and its Executive Chairman. He oversees planning, financial control, accounting, financial restructuring, strategic expansion and investor relations functions throughout the Group. He is also responsible for ensuring that financial and other information disclosed publicly is timely, complete and accurate.

Dale Ekmark runs the mining operations. He is responsible for operational optimisation at NWR's mines, safety performance and mine management centralization, capturing efficiencies and driving down costs. Mr Ekmark reports to NWR's Board and its Executive Chairman.

Directors' full biographical details

Gareth Penny became Executive Chairman of NWR and executive director of NWR NV as of 1 October 2012. He has been a member of the board of directors of OKD since 1 October 2012. In March 2013, Mr Penny became non-executive chairman of OJSC MMC Norilsk Nickel, a Russian listed mining company. Mr Penny also serves as a non-executive director of Julius Baer Holdings Limited, a member of the Advisory Board of TowerBrook Capital Partners and is the vice chairman of the Botswana Economic Advisory Committee. Between 2006 and 2010, Mr Penny served as group chief executive of De Beers, the world's leading diamond mining business. Mr Penny became a member of the board of De Beers in 2003, having worked for the De Beers Group since 1991. Prior to joining De Beers Group, Mr Penny worked for the Anglo American

Corporation in Johannesburg. Mr Penny also served as a director of AMG Mining between 2011 and 2012. Mr Penny graduated in 1985 from Oxford University, UK, with a Master of Arts (M.A.) in Philosophy, Politics and Economics. (South African, 24 December 1962)

Marek Jelínek was appointed as Director upon NWR's incorporation on 30 March 2011 and re-appointed at the extraordinary general meeting on 3 November 2014. Mr Jelínek has served on the board of directors of NWR NV since 6 March 2007. He has been a member of the board of directors of OKD since his appointment on 1 November 2007 and its chairman since 7 July 2014. From March 2009 to March 2010, Mr Jelínek was a non-executive director of Ferrexpo Plc and a director of BXR Partners, a.s. from 2005 to 2006. He joined BXR Group in December 2004 as financial officer and was responsible for a variety of areas including group financing, restructuring and divestitures. Prior to that, he served as an analyst and associate of the Corporate Finance Department at Patria Finance, a Prague based investment-banking boutique, from 1995 to 2004, where he managed merger and acquisition transactions for domestic and international clients. Mr Jelínek graduated from the Anglo American College in Prague in 1995 with a Bachelor of Science degree in Business Administration. (Czech, 27 December 1972)

Zdenek Bakala was a Non-Independent Non-Executive Director and Vice Chairman of NWR from 8 April 2011 until his resignation effective from 23 April 2015. Since 15 September 2011 he has also served as Vice Chairman of the NWR Board. Mr Bakala had served as a director of NWR NV since 2006, but resigned in 2011 following its redomiciliation in the United Kingdom. He served as a member of the supervisory board of OKD from 2008 to 2010. Mr Bakala also owns Economia, a.s. a leading Czech publishing house and, together with his wife, a majority shareholding in Luxury Brand Management a.s. Mr Bakala, through entities controlled by him, and a family trust are holders of 50% of the voting rights of CERCL Mining B.V. and of 100% of the voting rights of Asental Property B.V. both of which are major shareholders in the Company. Mr Bakala is currently a member of the supervisory boards of Economia a.s. and the Aspen Institute Prague o.p.s., and a member of the board of trustees of the Design Museum London. Mr Bakala was also a member of the supervisory board of the Prague Stock Exchange from 2005 to 2010. In 1994, he founded Patria Finance, the Czech Republic's first independent full service investment bank, which was acquired by KBC, a Belgian banking group, in 2001. Between 1990 and 1994, Mr Bakala was head of the Czechoslovakia desk at Credit Suisse First Boston (CSFB) and was responsible for establishing a branch office of CSFB in Prague in 1991. Prior to that, he worked in the Corporate Finance department of Drexel Burnham Lambert (New York) from 1989 to 1990. Mr Bakala graduated from the University of California, Berkeley US, in 1986 with a degree (with honours) in Economics, and obtained a Master of Business Administration degree from the Amos Tuck School of Business Administration, Dartmouth College, in 1989. (Czech and USA citizenship, 7 February 1961)

Peter Kadas is a Non-Independent Non-Executive Director and Vice Chairman of NWR appointed with effect from 8 April 2011 and re-appointed at the Extraordinary General Meeting in 2014. Since 15 September 2011 he has served as Vice Chairman of the Board. Mr Kadas is currently director of Fotex Holding SE; Marex Spectron Group Limited; Shred-It International; Central European Petroleum Ltd. and Domus N.V. He has also served as director of RPG Property B.V. since 2008. Mr Kadas previously served as a director of NWR NV and resigned in 2011 following its redomiciliation in the United Kingdom. He served as vice chairman of the board of directors of OKD from 2006 to 2007 and as director of BXR Real Estate Investments B.V. between 2006 and 2014. Mr Kadas is a Senior Advisor of BXR Partners LLP, an affiliate of CERCL Group. From 2001 until 2010 he was a director of Bakala Crossroads Partners Ltd, a BXR Group affiliate. Between 1997 and 2001 he was a managing director of Croesus Central Europe and from 1996 to 1997 he worked as a managing director for MC Securities in London. In 1995 he co-founded Renaissance Capital, Russia's first private investment bank. In 1990 he acted as a Director of Credit Suisse First Boston in Budapest. Mr Kadas also served on numerous corporate boards in the region, including CSFB, the management committee of Renaissance Capital, and as vice chairman of the board of directors of České radiokomunikace, a.s. Mr Kadas graduated in 1986 from Trinity College, University of Toronto with a Bachelor of Arts degree in Economics and Politics. In 1990 he obtained a Master of Business Administration degree from Dartmouth College. (Canadian, 27 February 1962)

Alyson Warhurst is an Independent Non-Executive Director of NWR and was appointed on 26 April 2013. She founded risk analytics and mapping company Maplecroft, which is a leading source of extra financial risk intelligence. She was Maplecroft's CEO until her retirement in 2014 and she is now an advisor to the senior executive of Verisk Maplecroft. She enjoyed a successful academic career at the Universities of Sussex, Bath and Warwick where she was appointed Professor and Chair of Strategy and International Development, received several prestigious awards and sat on the University Council. In 2010, she retired and became an Honorary Professor at Warwick Business School. Dr Warhurst is a regular advisor to the World Economic Forum. She is on the Board of Trustees at Transparency International UK. Dr Warhurst comes from an academic background where she gained extensive expertise in the area of corporate responsibility and global risks, including political and societal risks, sustainability and corporate reputation. Mrs Warhurst graduated in 1979 from the University of Bristol with a BSc in Geology. She also holds an MSc in Science, Technology and Industrialisation and a PhD from the University of Sussex. She has worked extensively in China, Africa and North & South America and has considerable expertise in the extractives and logistics industries, including advising global corporations in these sectors at board level. (British, 17 April 1958)

Bessel Kok is the Senior Independent Director of NWR. He was appointed as a Director with effect from 8 April 2011 and re-appointed at the Extraordinary General Meeting in 2014. From 11 September 2007, Mr Kok had served as a director of NWR NV but resigned in 2011 following its redomiciliation in the United Kingdom. From 2005 to 2010, he served as chairman of the Ukrainian mobile operator LIFE. From 1995 to 2004, he was vice chairman and chief operating officer of Český Telecom (now Telefonica/02) in the Czech Republic. During that time he also served as chairman of the board of directors of Eurotel. Mr Kok was President of Belgacom from 1989 until the end of 1994 and oversaw its privatisation. In 1973, Mr Kok was a member of the team establishing SWIFT (Society for Worldwide Interbank Financial Telecommunication) in Belgium and became its president and CEO in 1981; he held such positions until 1989. Mr Kok graduated in 1963 from the Municipal University of Amsterdam with a degree in Economic Sciences. (Belgian, 13 December 1941)

Barry Rourke is an Independent Non-Executive Director of NWR and was appointed with effect from 8 April 2011. He was re-appointed at the Extraordinary General Meeting in 2014. Since 20 November 2007, Mr Rourke has served as a director of NWR NV where he currently holds the position of non-executive chairman. He served as an audit partner at PricewaterhouseCoopers from 1984 until 2001. Mr Rourke is currently an independent non-executive director of Avocet Mining Plc and TransFin-M OJSC. He is also chairman of the audit committee for each of these companies and a member of the remuneration committee for Avocet Mining Plc. He is also an independent member of the audit committee for the Department for Energy and Climate Change and a member of the Coal Liabilities Strategy board for that department. He served as an independent director of Ruukki Group Plc; RusRailLeasing OJSC; Surrey and Borders Partnership NHS Foundation Trust and 3Legs Resources Plc. Mr Rourke is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified as a Chartered Accountant in 1973. (British, 19 August 1950)

Colin Keogh is an Independent Non-Executive Director of NWR and was appointed on 3 November 2014. Mr Keogh is a non-executive director of Virgin Money Holdings Limited, the retail banking and investment group where he also serves as the chairman of the risk committee and a member of the audit committee. Mr Keogh is also a non-executive director of Brait S.E., a Luxembourg and Johannesburg listed specialist investment company where he is currently a member of the audit committee. He is also a non-executive director of Emerald Plantation Holdings Limited, a company formed to take over the assets of the troubled Chinese forestry business, Sino Forest Corporation and its Hong Kong listed subsidiary, Greenheart Group Limited. Before starting his portfolio career Mr Keogh worked at Close Brothers Group Plc, a FTSE 250 listed diversified financial services group (1985-2009) where he worked in the corporate finance and asset management divisions before becoming Group chief executive (2002-2009). Mr Keogh was born and brought up in South Africa before coming to England in 1970 to take his A levels. He graduated from Oxford University in 1975. (British, 27 July 1953)

Ian Ashby is an Independent Non-Executive Director of NWR and was appointed on 3 November 2014. Mr Ashby is a non-executive director at Nevsun Resources (appointed in January 2014), a non-executive director of Alderon Iron Ore Mining (appointed in June 2014), a non-executive director of Genco Shipping and Trading (appointed in July 2014) and is also a corporate advisor to Temasek, an investment company based in Singapore (appointed in August 2014). Mr Ashby has also advised Apollo Global Management in selected mining M&A projects since May 2013. Mr Ashby has over 30 years of international experience in the minerals industry across multi commodities and geographies. In his most recent role he was President of BHP Billiton's Iron Ore division, the most profitable and fastest growing division in the company, and previous to that, he held the role of Chief Operating Officer for the Base Metals division, which comprises world class copper, lead, zinc and silver assets. Mr Ashby has major capital development experience across multiple geographies, which includes value identification and economic justification, study, design and engineering and construction. With qualifications and experience in most aspects of the mining value chain, from opportunity development and project management through operations to the delivery of final product to a worldwide customer base, he has the ability to focus on both the big picture and detail, that enable mining businesses to be successful. Mr Ashby graduated from the University of Melbourne in 1979 with a Bachelor of Engineering (Mining) degree and has a First Class Mine Manager Certificate of Competency from Queensland (1983) and Western Australia (1987). (Australian, 2 October 1957)

Changes to the Board in 2014

Kostyantin Zhevago served as a Non-Independent Non-Executive Director from 8 April 2011 until 24 February 2014 when he resigned. Pavel Telička served as a Non-Independent Non-Executive Director from 8 April 2011 until his resignation on 30 June 2014. Hans-Jörg Rudloff, Paul Everard and Steven Schuit served as Independent Non-Executive Directors from 8 April 2011 until their retirement on 3 November 2014. Colin Keogh and Ian Ashby were appointed as Independent Non-Executive Directors on 3 November 2014.

Changes to the Board between 31 December 2014 and the date of this report

Zdenek Bakala resigned from the Board with effect from 23 April 2015. He served as a Non-Independent Non-Executive Director from 8 April 2011. Charles Harman has been nominated to join the Board as a Non-Independent Non-Executive Director with effect from 23 April 2015.

Role of the Board

The role of the Board is to represent NWR, its shareholders and other stakeholders, to promote the achievement of the corporate objectives and protect the long-term success of the Group. To this end, the Board ensures the strategic direction, management supervision and control of NWR and the Group. The Board is responsible for the quality of its own performance and appropriate balance of skills, experience, independence and knowledge of NWR.

Non-Executive Directors assist in developing NWR's strategy and also monitor the performance of Executive Directors and the Group management. They are entrusted with such duties as are or will be determined by or pursuant to the Articles of Association or a resolution of the Board.

The Board's role is to create and deliver strong, sustainable financial performance and long-term shareholder value while protecting the interests of NWR Group and representing NWR, holders of A and B Shares and other stakeholders. Matters specifically reserved for the Board's decision-making include the following approvals or determinations:

- Overall strategy and annual budgets;
- Principal risks the Group is facing, their review and management;
- Internal policies;
- Annual remuneration of Non-Executive Directors within the scope of the Articles of Association;
- Financial statements and annual reports; and
- Major transactions by NWR and its subsidiaries.

The Board further ensures that there are effective and transparent systems in place to ensure financial control, compliance and risk management. The Board manages the Mining Division and the Real Estate Division. Day-to-day operational decisions relating to these divisions are taken by

NWR's employees and overseen by the Board (as described in more detail in the report of the Real Estate Committee). To assist the Board in its decision-making the Board maintains five committees described below. The powers of the Directors in relation to the issue or buyback of the Company's shares are described in the 'Shareholder information' section.

Main activities of the Board in 2014

In 2014, the Board of NWR met 16 times, including a two-day strategy session. The key priority for the Board in 2014 was the strengthening of NWR's capital structure and reduction of outstanding debt and debt servicing costs. The process was initiated on 22 January 2014 and successfully completed on 7 October 2014. The Executive Directors were actively involved in discussions with stakeholders and regularly reported to the Board on the progress. With the support and participation of NWR's stakeholders, an agreement was reached that led to the raising of EUR 185 million in new capital, reduced the nominal amount of outstanding total debt by 35 per cent from EUR 825 million to EUR 535 million, extended the term of the new senior notes to 2020, and significantly reduced debt servicing costs. The shareholder structure of NWR has changed as described in the 'Shareholder information' section. Consequently, the Board's composition and population of the Board's committees changed on 3 November 2014, which brought new dynamics, thoughts and experiences to the Board room. The Board continues to monitor tightly the Group's liquidity and has implemented an internal early warning system for cash flow issues ('traffic lights').

Another priority for the Board in 2014 was keeping the optionality in terms of future growth when there is coal price recovery. The Board endorsed the vision of becoming the Europe's leading miner by 2017 in a safe and sustainable way. Against this backdrop, the Board initiated a strategic review of the Polish development project Debiensko. The completed pre-feasibility study confirmed a total of 186 million tonnes of marketable hard coking coal reserves under the JORC 2012 code. The Board also considered and supported a coal trading strategy aiming to make NWR a leading coking coal marketer and trader in Central Europe.

The Board intensively debated the coal price trends and the market conditions, which remained challenging throughout the whole year. These factors led the Board to consider various initiatives and cost-containment programmes that would turn OKD into a leaner organisation with an effective headcount. To that end, the Board oversaw operational optimization of NWR's mines, monitored cost management and discussed in depth safety performance. Directors received detailed reports on extraordinary events at NWR's mines, health and safety issues and, sadly, also fatalities. The Board was informed in depth about causes of such events, investigations and courses of action.

We are delighted that Alyson Warhurst has taken on the role of chairing the Nomination Committee. The Board acknowledges the low number of females in the organisation, however, as the main priority for NWR in 2014 was the completion of the capital restructuring, the Board did not set any measurable diversity targets for that year.

Attendance at Board and committee meetings

The Board has established several committees to assist its decision-making. The members of the committees are members of the Board (with the exception of Dale Ekmark who is a member of the Safety, Health and Sustainability Committee, thus providing direct insight into safety issues at operational level) and are appointed by the Board. Each committee has its own terms of reference, which are approved by the Board. The committee chairmen report at each Board meeting on their work, deliberations, findings and recommendations. Their activities in 2014 are described in the 'Committee reports' section.

Attendance at Board meetings, including the two-day strategy meeting, and committee meetings during the year is outlined below (a Director who appointed an Alternate Director to attend the meeting in his stead, is recognised as attending the meeting for the purpose of the below table). The Board and committee composition changed on 3 November 2014. The number in brackets shows the number of the meetings the Director was eligible to attend.

	NWR Board meetings (16)	Audit and Risk Management Committee (9)	Remuneration Committee (4)	Nomination Committee (3)	Finance and Investment Committee (4)	Safety, Health and Sustainability Committee (4)	Real Estate Committee (4)
Ian Ashby	2(4)	-	-	1(1)	-	1(1)	-
Zdeněk Bakala	10(16)	-	3(4)	-	3(4)	-	-
Paul Everard	12(12)	-	-	-	-	3(3)	3(3)
Marek Jelínek	16(16)	-	-	-	4(4)	-	-
Peter Kadas	11(16)	-	-	1(1)	4(4)	-	-
Colin Keogh	2(4)	2(2)	1(1)	-	-	-	1(1)
Bessel Kok	16(16)	9(9)	4(4)	2(2)	-	-	1/1)
Gareth Penny	16(16)	-	-	2(2)	4(4)	4(4)	-
Barry Rourke	16(16)	9(9)	-	2(2)	-	-	4(4)
Hans-Jörg Rudloff	11(12)	3(7)	3(3)	-	-	-	-
Steven Schuit	11(12)	7(7)	-	-	-	3(3)	3(3)
Pavel Telička	8(8)	-	-	-	-	-	-
Alyson Warhurst	13(16)	-	-	1(1)	-	4(4)	-
Kostyantin Zhevago	1(2)	-	-	-	-	-	-

The Board receives regular reports on the financial and operational performance, safety issues and initiatives, coal sales and customer relationships, business development, legal affairs and sustainability matters. To that end, its meetings are attended by key executives of the Group Dale Ekmark, managing director of OKD; Peter Dormann, Head of Sales and Trading; Peter Carr, Head of Business Development; Boudewijn Wentink, Chief Legal Officer; and Petr Jonák, Head of Communications (until his resignation at the end of 2014).

Meeting of Non-Executive Directors

The Non-Executive Directors met once during 2014. They discussed the performance of the Executive Directors and also the key senior managers. The session was chaired by the Senior Independent Director.

Committee reports

The report of the Audit and Risk Management Committee ('ARMC') starts on page 99.

REMUNERATION COMMITTEE ('RC') REPORT

Bessel Kok (Chairman)

Zdeněk Bakala

Colin Keogh

The RC consists of Non-Executive Directors appointed by the Board. Independent Directors form the majority of RC members. Contrary to provision D.2.1. of the UK Corporate Governance Code 2012 Mr Bakala remained a member of the RC. Due to his insights into shareholders' demands, the Board perceived his membership of the RC as important to the alignment of executive remuneration with shareholders' interests. Mr Keogh was appointed on 3 November 2014 after the retirement of the former RC member Hans-Jörg Rudloff.

Main responsibilities

The RC's primary role is to:

- St the remuneration for the Chairman of the Board and the Executive Directors and to set their contractual terms, including (share-based) incentive plans, pension rights and compensation payments, if any (no member of the RC may participate in any discussions or make proposals in respect of his own remuneration);
- Make proposals to the Board on:
  - Remuneration policy for NWR and the Group;
  - Individual salary levels, bonuses and other benefits for the Group's senior managers;
  - Remuneration and contractual terms of the Non-Executive Directors of the Board;
  - Share-based incentive plans; and
- Produce a remuneration report for the Board's adoption, which will provide a description of the proposed remuneration policy for the next three years (which will be subject to a binding shareholder vote) and details of directors' remuneration for the preceding year (which will be subject to an advisory shareholder vote).

Activities undertaken during the year

The RC met four times during 2014. At its first meeting in January 2014, the RC reviewed the annual remuneration of all Directors and recommended to the Board to keep in place the 10 per cent reduction of the fees for the Board and committee membership implemented in 2013. Secondly, following the disposal of OKK Koksovny in December 2013, the RC proposed to reduce the annual fee for the membership of the Real Estate Committee as the amount of its work became considerably reduced. Lastly, the RC approved the Group-wide performance criteria for 2014 and the participation of certain Group employees in the Long-Term Incentive Plan in the bonus year 2014.

At its next meeting in March 2014, the RC analysed the vesting criteria set in relation to the Company's incentive plans for the financial year 2013. Despite their partial fulfillment, the members determined that no bonuses should be paid in relation to 2013 due to the financial situation of the Group. The RC also approved the remuneration report for 2013.

The members discussed the fee levels of the Non-Executive Directors. Having compared the board fees paid by NWR's competitors, the RC recommended substantial reduction of the Board fees in order to align them with NWR's peers and reflect the financial situation of the NWR Group. The reduction has been effective since 22 November 2014 and is shown in the 'Remuneration report' section. The RC also reviewed the remuneration of senior managers and debated whether the Company offers the appropriate incentives in order to retain key managers. This has been addressed by the adoption of new management incentive plans as described in the 'Remuneration report' section.

Following completion of the capital restructuring of NWR Group, the RC approved certain restructuring bonus awards to key executives participating in the restructuring process. The RC further considered and recommended to the Board to award management under the Special Long-Term Incentive Plan, to adopt a new annual bonus plan (which applies from 2015 onwards) and to no longer use the existing Long-Term Incentive Plan (it continues only in relation to the deferred shares already granted). In order to neutralise, so far as practicable, the effect on the share price of the rights issue (as described in the Prospectus of NWR dated 30 July 2014), the RC approved to adjust the exercise price and the number of outstanding stock options and deferred shares awarded to the NWR Group employees under the NWR Group share-based plans.

Finally, the RC approved certain good leaver proposals under the Company's share plans and minor administrative changes to the Compensation Manual. At its meeting in January 2015, the RC reviewed the remuneration of the Executive Directors in 2014 and found their salary levels appropriate for 2015. Further details on remuneration may be found in the 'Remuneration report' section.

The RC is of the opinion that it has carried out all the responsibilities set out in its charter. The RC amended its charter to reflect the recent changes to the UK Corporate Governance Code and the model terms of reference published by the Institute of Chartered Secretaries and Administrators ('ICSA'). The amended charter became effective on 21 January 2015 and can be found on the Company's website.

NOMINATION COMMITTEE ('NC') REPORT

Alyson Warhurst (Chairwoman)

Peter Kadas

Ian Ashby

The members are appointed by the Board. The majority of the members are Independent Non-Executive Directors. Gareth Penny, NWR's Executive Chairman, regularly attends the meetings. The composition of the NC changed on 3 November 2014 due to the changes in the Board. The former members of the NC were Barry Rourke (former chairman), Bessel Kok and Gareth Penny.

Main responsibilities

The main functions of the NC are:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes;
- Making recommendations to the Board concerning succession planning for both Executive and Non-Executive Directors and in particular for the key roles of the Chairman of the Board and the Chief Executive Officer (if appointed) and senior managers of the Group;
- Identifying and nominating, for the approval of the Board, candidates to fill Board vacancies and evaluating the balance of skills, knowledge, experience and diversity (gender) on the Board, and, in the light of this evaluation preparing a description of the role and capabilities required for a particular appointment; and
- Reviewing the results of the Board performance evaluation process that relate to the composition of the Board; and
- Making recommendations to the Board on re-election by shareholders of Directors under the annual re-election provisions of the UK Corporate Governance Code and the retirement by rotation provisions in NWR's Articles of Association.

Activities undertaken during the year

In 2014, the NC met three times. The members reviewed and supported the engagement terms of Dale Ekmark, who took over the role of managing director of OKD (with effect from 1 January 2014). The NC also met with two new Independent Directors, Colin Keogh and Ian Ashby, nominated by certain pre-restructuring noteholders to serve on the Board. The NC agreed that Mr Keogh and Mr Ashby have the necessary qualification and recommended their appointment for the shareholders' approval. Given the limited pool of candidates meeting the criteria and the desired specific profile, neither an external search consultancy nor open advertising was used in the search for the independent candidates contrary to provision B.2.4 of the UK Corporate

Governance Code 2012. In that instance, the NC reviewed the structure and composition of the Board and concluded that the Board includes an appropriate combination of Executive and Non-Executive Directors and, in particular, Independent Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision taking, which is in line with provision B.1.2 of the UK Corporate Governance Code 2012.

Due to the changes in the Board composition, the NC proposed to repopulate the Board committees to ensure the appropriate balance of skills, fair distribution of roles and management's presence at all committees either via a membership, or by invitation. The proposed changes were in line with the UK Corporate Governance Code and the charters of the individual committees.

The Board also approved the NC's nomination of Alyson Warhurst as chairwoman of the NC. The NC analysed the data on gender diversity collected throughout the NWR Group and noted the low number of females in the organisation. A breakdown of the number of persons of each sex who are directors, senior managers and employees is given in the 'Sustainability' section of the 'Strategic Report'. The NC prepared a list of actions aimed at improving the ratio of male and female employees and communicated to the Board and management the overriding principle that NWR should use every opportunity to improve gender diversity, give priority to the female candidates if they are equally qualified as the male candidates and retain female workers to the extent possible. As the main priority for NWR in 2014 was completion of the capital restructuring, the NC did not propose any measurable gender diversity targets for 2014 and agreed to set aspirational targets for 2015 with the new Board and keep this topic under focus. Otherwise it is the NC's view that the Board has a strong spread of skills, nationalities and ages.

The NC prepared and regularly debated succession planning for Executive Directors, first layer management and the Company Secretary. The identified back-up candidates are internal as well as external and gender balance is kept in mind. The NC also discussed quality, motivation and dedication of senior management in the light of the financial situation of NWR Group.

Finally, the NC followed up on the recommendations and comments received during the 2013 Board performance evaluation and examined the outcomes of the in-house evaluation in 2014. Full details are described in the 'Board effectiveness' section.

The NC is of the view that its composition is appropriate and that its members have carried out all duties and responsibilities set out in the charter. The NC's has been amended in order to reflect the recent changes to the UK Corporate Governance Code 2012 and the model terms of reference published by the ICSA. It became effective on 21 January 2015 and can be found on the Company's website.

FINANCE AND INVESTMENT COMMITTEE ('FIC') REPORT

Peter Kadas (Chairman)

Zdenek Bakala

Gareth Penny

Marek Jelínek

The Board disbanded the FIC as per 3 November 2014. The rationale for such was to create a more focused governance structure, which avoided duplication or double handling of information. Its tasks and responsibilities not yet covered by the other committees were transferred to either the Board or the ARMC.

Main responsibilities

The main tasks of the FIC were to:

- Review the annual budget of the Group;
- Review all major strategic or financial transactions;
- Review the adequacy of the Group's capital structure;
- Advise on relationships with banks, rating agencies and financial institution;
- Oversee and provide guidance on funding and treasury management, management of interest rate and foreign exchange exposures;
- Review the quality of reporting of NWR financial and operational performance; and
- Make decisions on all shareholder matters related to NWR subsidiaries.

Activities undertaken during the year

In 2014, the FIC held four meetings. The capital restructuring of NWR Group received much of the FIC's focus. Given the full engagement of Gareth Penny and Marek Jelínek in the restructuring process, the FIC was receiving detailed information on its status at each meeting. The meetings thus served as a platform for discussing the restructuring terms and scenarios with the representatives of the majority shareholder, Peter Kadas and Zdenek Bakala.

The FIC also monitored the financing and cash position of the Group, in particular the debt positions, bank covenants, cash investments, bank relationships, exposures and hedging. It adopted certain decisions on the financial and operating matters of the subsidiary entities, which included, among others, changes to their boards and the articles of association and approval of the financial statements. As every year, the FIC endorsed the Group budget for 2014. The FIC's last meeting took place on 17 September 2014.

SAFETY, HEALTH AND SUSTAINABILITY COMMITTEE (‘SHSC’) REPORT

Ian Ashby (Chairman)

Alyson Warhurst

Gareth Penny

Dale Ekmark

The SHSC consists of the Executive Chairman and two Independent Non-Executive Directors, which is fully in line with its charter. The composition of the SHSC changed during the year. Dale Ekmark, managing director of OKD, was appointed member of the SHSC on 12 March 2014 in order to provide insight in the safety matters at OKD and assist directly in the SHSC’s discussions. Paul Everard, the former Chairman of the SHSC, and Steven Schuit were members of the SHSC from 8 April 2011 until 3 November 2014 when they retired from the Board. Ian Ashby joined the SHSC on 3 November 2014. He has over 30 years of international experience in the minerals industry across multi commodities and geographies and has become valuable member. Peter Carr, Head of Business Development, and Petr Jonák, former Head of Communications, responsible for sustainability matters, also attended the meetings of the SHSC.

Main responsibilities

The SHSC assists the Board in its oversight of corporate and social responsibilities (‘CSR’) with a special emphasis on health, safety and environmental (‘HSE’) risks within NWR and its subsidiaries as well as the Group’s compliance with applicable legal and regulatory requirements associated with CSR and HSE matters.

The SHSC’s main duties in the CSR area are:

- Monitoring and reviewing the internal policies and systems within the Group for implementing the sustainability programmes, frameworks and objectives;
- Monitoring and reviewing the Group’s performance in relation to sustainability matters and following up on the achievement of the respective key performance indicators and targets;
- Overseeing preparation of sustainability reports and CSR sections for the annual reports; and
- Supporting stakeholder dialogue and engagement on sustainability performance.

The SHSC’s main duties in the HSE area are:

- Overseeing the Group’s performance on HSE matters;
- Reviewing reports and meeting with senior management of the subsidiaries to discuss the effectiveness of the Group’s policies and systems for identifying and managing

material HSE risks; and

- Monitoring the impact of operations on the Group's reputation.

For both CSR and HSE matters, the SHSC is responsible for:

- Reviewing the policies and systems within the Group for ensuring compliance with applicable social, HSE, legal and regulatory requirements as well as for effective and positive employee and community relations;

- Liaising with the Audit and Risk Management Committee to ensure adequate oversight of the Group's systems for managing the CSR and HSE risks;

- Reviewing and, if appropriate, making recommendations to the Board on the areas of CSR and HSE and others.

Activities undertaken during the year

In 2014, the SHSC met four times. It regularly reviewed the HSE reports of OKD and detailed reports on extraordinary events and, sadly, fatalities. The SHSC always discussed their cause and potential preventive measures and put emphasis on transparency of public disclosures. The members held an extraordinary meeting to discuss in depth a fatal rock bump that occurred on 14 November 2014 at the Karviná mine. Sadly, three miners did not survive and nine other miners suffered injuries. The SHSC concluded that whilst OKD is working hard to improve LTIFR the greatest exposure to humans are seismic events and all efforts should be applied to understand and reduce potential seismic risk.

The SHSC concerned itself with increasing seismic activity at OKD's mines. OKD has a history of high seismicity and has technology to monitor and mitigate seismic events. Both the number and magnitude of seismic events have been increasing every year. This remains a concern and the SHSC will continue to monitor this.

The SHSC further considered the Group's 2014 safety campaign, which aimed at engaging employees in safety improvement initiatives. Basic pillars of the campaign were incentive programs, safety promotion, technical and organizational measures and risk based safety training. The SHSC appreciated the safety moments implemented by Dale Ekmark at the staff safety meetings as well as management meetings. These safety moments are dedicated not only to mining but also private safety issues in order to increase awareness of safety.

The SHCS was regularly informed on the 'New Shift' project of OKD helping outplaced employees develop skills and capabilities for finding new jobs or becoming entrepreneurs through training, requalification, counseling, advisory, etc. The project was launched in October 2014 and runs in co-operation with Czech Ministry of Labor and Social Affairs, District Labor Office and other authorities. The SHSC acknowledged its critical importance for the region.

The SHSC also oversaw the preparation of the sustainability section of the Annual Report and the 2013 Sustainability Report. Contrary to the original intention to use the less extensive B level of the GRI standards, the 2013 Sustainability Report uses the A level of the GRI standards. The GRI process was completed in June 2014 but given the then-ongoing capital restructuring of NWR, the SHSC recommended publishing the report after completion of the restructuring process to ensure accuracy of the published information. The SHSC also supervised a proper inclusion of information on carbon dioxide emissions, which NWR is required to report under the Carbon Disclosure Project.

The SHSC planned to conduct its regular site visit to the OKD mines in the Czech Republic, however, due to the fatal accident at the Karviná mine this has been postponed to 2015.

The SHSC believes that it has successfully fulfilled its duties and responsibilities set out in its charter. Lastly, it has amended its charter to align it closer to its work. The amended charter became effective on 21 January 2015 and can be found on NWR’s website.

REAL ESTATE COMMITTEE (‘REC’) REPORT

Colin Keogh (Chairman)

Barry Rourke

Bessel Kok

The REC is wholly composed of Independent Non-Executive Directors appointed by the Board. Barry Rourke was former chairman and Paul Everard together with Steven Schuit were members of the REC until their retirement from the Board on 3 November 2014 when Colin Keogh was appointed as the REC’s new chairman and Bessel Kok was appointed as a new member. The meetings are regularly attended by NWR’s CFO, Marek Jelínek.

Main responsibilities

The role of the REC is to oversee the assets and liabilities of the Real Estate Division and the interaction between the Mining Division and the Real Estate Division of NWR. In its advice the REC endeavours to ensure that the interests of NWR and its shareholders (of each separate class of shares) have been identified and adequately taken into consideration. The REC supports and advises the Board in its work by:

- Advising the Board on matters regarding the Real Estate Division of NWR (except in relation to audit, accounting and financial disclosure matters, which fall within the remit of the ARMC);
- Monitoring interactions between the Mining Division and the Real Estate Division and all transactions affecting the assets of the Real Estate Division with third parties and advising the Board in respect thereof;
- Developing and interpreting the Divisional Policy Statements, proposing amendments, providing guidance on provisions and overseeing its implementation; and
- Overseeing NWR subsidiaries’ compliance with the Divisional Policy Statements.

Activities undertaken during the year

The REC met four times in 2014. In line with its responsibility for supervising transactions between the Mining Division and the Real Estate Division, the REC monitored real estate transactions of NWR’s core operations, including transactions with third parties (mainly sales of property outside the NWR Group). In line with the Divisional Policy Statements (as described below), the values of such real estate transactions have been set by independent experts and such transactions have been approved by the Board as well as by the holder of the B Shares. To that end, the REC annually reviews a list of valuation experts to ensure their independence. Given the disposal of OKK in December 2013, the work of the REC was limited to overseeing real estate transaction at OKD level as there were no real estate transactions at NWR Karbonia in 2014. The REC further reviews, on a regular basis, the P&L accounts of the Real Estate Division.

Divisional Policy Statements

The Divisional Policy Statements were adopted by the Board on 8 April 2011 with effect from 6 May 2011. They refer to the Mining Division and the Real Estate Division that were originally created within the NWR Group on 31 December 2007. They have been prepared and adopted on the basis that the Mining Division has the right to: (i) the undisturbed continuation of its mining, coking and related operations that are conducted on certain assets of the Real Estate Division; and (ii) unrestricted access to such assets of the Real Estate Division in connection with such mining, coking and related operations.

The Divisions operate separately for accounting and reporting purposes. Under the Divisional Policy Statements, OKD (and the other subsidiaries of NWR as the case may be) carries out the day-to-day operations of the Real Estate Division. In carrying out such day-to-day operations, they are required to seek prior approval from the Board, after the REC has provided its advice to the Board, when proposing to enter into transactions which: (i) are not considered by the Board to be in the ordinary course of business of the Real Estate Division; or (ii) relate to assets of the Real Estate Division, which have a book value of 5 per cent or more of the total book value of the assets of the Real Estate Division.

The Divisional Policy Statements as well as a book of procedures dealing with the accounting aspects of the Divisional Policy Statements have been implemented throughout the Group. Compliance is monitored by the REC through monthly reports received from the Company Secretary, who acts as an intermediary between the REC, NWR and its subsidiaries.

The REC believes that it has carried out all the responsibilities set out in its charter, which has been amended, with effect from 23 February 2015, to reflect the model terms of reference published by the ICSA. The amended charter and the Divisional Policy Statements are available on NWR’s website.

Corporate governance

The Company's policy is to achieve best practice in our standards of business integrity in all our activities. This includes a commitment to following the standards of corporate governance throughout the Group. The Corporate Governance Policy of NWR is based primarily on the UK Corporate Governance Code 2012 and also complies with the spirit of the broad requirements of codes in the Czech Republic and Poland. The policy formulates the standards of governance that the Board intends to uphold and ensures the maintenance of a coherent and effective system of governance. It was amended on 21 January 2015 to the extent that it varied from the Main Principles of the updated UK Corporate Governance Code 2012 and also to cover certain of the key supporting principles. It can be found on NWR's website.

Board effectiveness

Director independence

The Board determines whether or not a Director is independent, based on the independence criteria contained in NWR's Corporate Governance Policy. A Director shall not be deemed to be independent if the Director concerned (or his wife/her husband, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree) has been an employee of the NWR Group within the last five years; receives personal financial compensation from any NWR Group company other than the compensation received as Director; has had an important business relationship with NWR or a company associated with it in the last three years; holds a cross-directorship or has any significant links with other Directors through involvement in other companies or bodies where these cross-directorships or links would materially interfere with the Director's objective, unfettered, or independent judgment or ability to act in the best interests of NWR; holds directly or indirectly more than 10 per cent of A Shares or B Shares; is a member of the (management or supervisory) board or senior management of an entity, which holds directly or indirectly at least 10 per cent of A Shares or B Shares; or has served on the Board for more than nine years from the date of his/her first election.

Director appointment and re-appointment

Both the Company by ordinary resolution and the Directors have the power at any time to elect any person to be a Director, but the number of Directors shall not exceed the maximum number fixed by the Articles of Association of the Company (20). Any person so appointed by the Directors shall retire at the next Annual General Meeting and shall then be eligible for election. Under the Articles of Association each Director shall retire at the Annual General Meeting held in the fourth calendar year following the year in which he was elected or at such earlier Annual General Meeting as the Directors may decide. The office of a Director shall be terminated on the occurrence of any of the events listed in article 81 of the Articles of Association. The Company, by an ordinary resolution, may, in accordance with its Articles of Association, remove any Director from office and elect another person in place of a Director so removed.

In accordance with the UK Corporate Governance Code and in line with best practice, all Directors should be subject to annual (re-) elections. In any case, all Directors will retire at the forthcoming AGM on 23 April 2015 and will offer themselves for re-election.

To assist with the Directors' appointment and re-appointment, NWR has a Nomination Committee that is responsible for identifying suitable candidates for appointments to the position of Director and evaluating the Board's composition.

Board expertise

The Board believes that it has the appropriate balance of Executive and Non-Executive Directors who have the desired skills, experience, independence and knowledge of NWR, and recommends the re-election of each of the Directors at the forthcoming AGM.

Executive and Non-Executive Directors have the experience required to contribute meaningfully to the Board's deliberations and resolutions, including international operational and financial experience, knowledge of the mining sector and capital markets, as well as command of health, safety and sustainability issues.

Gareth Penny is a recognised and experienced professional in the international mining sector and brings to the Board his deep experience in many aspects of the mining business. His particular contribution is in the area of strategic initiatives and operational restructuring. He provides the Board with strategic and organisational leadership at Group level.

In his role of the Chief Financial Officer, Marek Jelínek manages the capital structure of the Group and is responsible for funding and treasury management, preparation of the consolidated financial statements and financial reporting to the Board. He has extensive knowledge of and experience with the international financial and capital markets and their practical impact on the Group's business. Based on his regular contact with NWR's investors, he provides the Board with market feedback on the Group's performance. In 2014, he was extensively involved in the successful restructuring of NWR's balance sheet.

Zdenek Bakala and Peter Kadas provide the Board with their know-how and valuable insights into shareholders' requirements, in particular on further development projects, strategy and remuneration and allowing alignment of the Board with the shareholders' interests.

Alyson Warhurst has expertise in the area of corporate social responsibility and non-financial risk identification and management. She contributes her knowledge of sustainability issues, gender diversity and corporate compliance. With her strong academic background and business experience, she strengthens the Board's independent review of these issues.

Bessel Kok, NWR's Senior Independent Director, has extensive managerial experience and knowledge of the CEE market, and brings to the Board an independent view on the situation in the Czech Republic. Given his financial background he contributes meaningfully when it comes to independent control of financial reporting and risk management. As chairman of the Remuneration Committee, he ensures independent alignment between the NWR's and shareholders' interests.

Barry Rourke, as a former audit partner, brings to the Board his considerable expertise in the area of financial review, integrity, internal controls and management of risks. In his role as chairman of the Audit and Risk Management Committee, he makes sure that the Group has adequate control systems in place.

Colin Keogh joined the Board in November 2014. He has an extensive experience in finance, banking and accounting and a legal background. He has strengthened the Board's independent control of financial reporting. In his role as chairman of the Real Estate Committee, he makes sure that the interests of both A and B shareholders are adequately protected.

Ian Ashby joined the Board in November 2014. He has a valuable experience in mining of many sorts, engineering and safety. As chairman of the Safety, Health and Sustainability Committee, he will focus, amongst others, on safety risks whilst covering off on the necessary governance requirements.

Full biographical details of each Director are given at the beginning of this report.

Information and professional development

Directors receive a tailored induction upon joining the Board and documents relevant to their scope of focus within NWR. They have full access to financial, operational, strategic and regulatory information to help them discharge their responsibilities. They regularly receive presentations by senior management and management reports, as well as market and legal updates. They also have access to training and education, which they may require from time to time in respect of their individual needs as Directors.

Directors are also entitled to seek, at NWR's expense, independent professional advice where they judge it necessary. To this effect, the Board and its committees have received various legal, mining and other advice in 2014.

Company Secretary

Ivona Ročárková acts as Company Secretary. She is responsible for advising the Board on all governance matters and ensuring that Board procedures and functions comply with relevant laws and regulations. The Company Secretary assists the Chairman in the organisation of the Board and committee meetings as well as the general meetings of shareholders, prepares materials for these meeting and drafts the meeting minutes. She discharges other responsibilities the Board has assigned to her and is accountable to the Board.

Board evaluation

Throughout 2014, the Board actioned the recommendations received during the 2013 performance evaluation process. The budget preparation process has been consolidated and accelerated to the Directors' full satisfaction. The Remuneration Committee now shares more widely the remuneration philosophy and the Nomination Committee reviews regularly the succession plan for key executives. Safety, health and sustainability issues are now discussed in detail with the Board.

At the end of 2014, the Company Secretary conducted an internal evaluation of Board's performance, its work and functioning, and an assessment of its Chairman and the committees and also the governance processes which support the Board's work. As in 2013, the Directors highlighted inappropriate balance of men and women in the Boardroom. Another topic that requires constant attention is succession planning for Board members and senior management. Other than that, the process did not identify any major concerns. The Directors are confident that the Board as a whole has appropriate industry knowledge, well-balanced experiences and financial literacy. The Directors have a good understanding of risks, reporting and regulatory issues. They appreciate the Chairman's leadership, the current committee structure and good governance. Development and alignment of the overall strategy is viewed as effective and discussions of the business plan and budget are satisfactory. The information coming to the Board is of good quality. The remuneration process is effective and new Board fees are considered adequate. The Directors have a good oversight of the financial reporting, audit functions and internal controls. With the new Board and committee composition in place, the Directors have requested to extend the time allowed for their meetings. The Directors' comments will be implemented through the actions proposed by the Company Secretary and monitored by the Nomination Committee.

Competing engagements

According to the Corporate Governance Policy, a Non-Executive Director should have no more than five board memberships in other companies (with chairmanship of a publicly listed company board counting double) not related between themselves, so that the proper performance of his/ her duties is assured. Full-time Executive Directors may not take on more than one non-executive directorship in a FTSE 100 company nor the chairmanship of such a company. The acceptance by an Executive Director of such board membership requires the approval of the Board. Other important non-executive positions held by an executive director shall be declared to the Board. See the Remuneration Report starting on page 105 for the Chairman's other board positions.

Directors' indemnity and insurance

The Articles of Association provide for the Directors, the Company Secretary and the directors and the company secretaries of associated companies to be indemnified, to the extent permitted by law (and subject to certain exemptions), against any liability incurred in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company of the Company. No amount has been paid under any of these indemnities during the year. In this respect, the Company has issued deeds of indemnity to the Directors.

The Company has purchased Directors' and Officers' ('D&O') insurance during the year. In broad terms, the D&O insurance policy protects, inter alia, private assets of directors and officers against financial losses from legal liability claims filed against such directors or officers arising out of alleged wrongful acts or omissions, either committed or attempted in the capacity as a director or officer of the company. D&O insurance typically does not cover claims relating to the IPO or other securities claims, arising out if or in connection with a public offer of securities and, therefore, the Company (and NWR NV) concludes stand-alone insurance policies for any Public Offer of Securities (POSI).

Accountability

Conflict of interest

The Corporate Governance Policy sets out the rules for dealing with conflicts of interest. Directors are required to immediately report any conflict of interest or potential conflict of interest that is of material significance to the Senior Independent Director, and to provide all relevant information, including information concerning a related party. If the Senior Independent Director has a conflict of interest or potential conflict of interest that is of material significance, he should immediately report to the Board and provide all relevant information.

The ARMC is responsible for making recommendations to the Board on potential conflicts of interests and related party transactions. Directors do not take part in the assessment by the ARMC of whether a conflict of interest exists.

Code of Ethics and Business Conduct

NWR's Code of Ethics and Business Conduct governs the behaviour of all officers and employees of NWR and its subsidiaries. Appended to it is a reporting mechanism enabling employees to express concerns to the Board's Chairman, Senior Independent Director and the designated officer in relation to the conduct of NWR, its officers and employees (the Whistleblower Procedure). The core operations of NWR have implemented the corresponding procedures. OKD has established an independent internal committee which deals with the complaints and whistleblower reports. The ARMC monitors, through reports received from the Company Secretary, the effectiveness of the procedures. Further details can be found in the report of the ARMC.

To confirm its commitment to the high standards of conducting business and, the Board has also adopted the Business Integrity Policy. The ARMC also reviews annually adherence to the Business Integrity Policy adopted in the efforts to combat fraud and bribery. The Board has also established a gift register, which is reviewed quarterly by the Group Internal Auditor.

The Code of Ethics and Business Conduct and the Business Integrity Policy are available on NWR's website at www.newworldresources.eu.

Risk management and internal controls

The Board has the overall responsibility for the Group's system of internal controls, risk management and compliance. The effectiveness of the relevant policies is reviewed regularly by the ARMC, which reports its findings to the Board. The ARMC's report and the 'Principal risks and uncertainties' section provide for more details.

During 2014, the Directors have continued to review the effectiveness of the internal control systems and the risk management. These reviews include an assessment of internal controls and their effectiveness, focusing in particular on the financial, operational and compliance controls and risk management.

The considerations are supported by management assurance of the maintenance of controls and the reports from the Group Internal Auditor and the external auditor on matters identified in the course of the statutory audit work. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable (not necessarily absolute) assurance of effective operation and compliance with laws and regulations.

Underpinning these reviews is an annual process by which responsible senior management personnel confirm the adequacy of the systems of internal financial and non-financial controls, compliance with Group policies and relevant laws and regulations and that they have reported any control weaknesses to the ARMC.

The internal control framework has been in operation throughout 2014 and continues to operate up to the date of the approval of this Annual Report. The Directors believe that the Group maintains an effective, embedded system of internal controls and complies with the Turnbull Report guidance and, in the view of the Directors, no significant deficiencies have been identified in the system.

Going concern

The Group manages its liquidity through cash (EUR 128 million (31 December 2013: EUR 184 million)) and receivable financing. The new senior secured notes and the new convertible notes have features, which would result in interest being able to be paid in kind rather than in cash in certain circumstances.

At the present market prices for coal, the Group is currently cash flow negative and the current low coal price environment has placed significant pressure on the Group's liquidity position and also on its solvency resulting in the Group having net liabilities of EUR 160 million at 31 December 2014.

The prolonged global pressure on both coking and thermal coal prices, the expiry of the Group's RCF credit line and a likely downward revision of coal resource and reserve balances (as a direct result of the deterioration in the long term coal price outlook), triggered the Directors to initiate a review of the Group's capital structure on 22 January 2014. Following this review, the Group commenced the capital restructuring announced on 6 June 2014 which included a rights issue and placing of shares in the Company as well as the financial, debt and corporate restructuring of the Group.

The capital restructuring was completed on 7 October 2014, raising EUR 185 million of new money by way of a EUR 150 million rights issue and placing and by certain noteholders providing a EUR 35 million new Super Senior Credit Facility. The Group repurchased all the existing notes for a mixture of cash and new debt, comprising (i) cash consideration of EUR 90 million (ii) new senior secured notes with a nominal amount of EUR 300 million (iii) new convertible notes with a nominal amount of EUR 150 million, and (iv) new contingent value rights with a nominal amount of EUR 35 million.

Subsequently, the Export Credit Agency ('ECA') facility lenders have provided their consent to amend the EUR 49 million ECA facility, including amending the repayment profile and waiving breaches of the terms of that agreement as at 30 September 2014, caused by NWR NV having moved its Centre of Main Interest and address to England and having commenced negotiations with its creditors as part of the capital restructuring without consent having been obtained by the ECA facility lenders that time.

Based on the current projections, the Directors consider that the Group has sufficient cash available to meet its funding requirements for at least the next 12 months following the date of this report.

There is a risk that the cash available to the Group is not sufficient for funding requirements over this period. In particular, in the event of unexpected production or other operating issues, or further deterioration in coal prices (although coal prices are fixed for most of the Group's anticipated 2015 sales, the Group is exposed to prices on approximately 25% of its coking coal sales in 2015 and to all sales in 2016), the Group could run out of cash in Q4 2015. The EUR 35 million Super Senior Credit Facility, which is fully drawn, requires the Group to maintain a minimum cash balance of EUR 40 million and this is first tested as at 31 October 2015. Although the Group's projections indicate that it would have more than this minimum cash balance, the excess over this amount is limited and the Group would have very little flexibility to manage the position. If this were to occur, the ECA facility would also be capable of acceleration and, should that acceleration be reasonably probable, all of the remaining debt of the Group could become immediately repayable. In those circumstances, if it were able to, the Group would most likely repay any amount outstanding under the Super Senior Credit Facility prior to 31 October 2015 which would result in a minimal amount of cash being available.

In the event that it becomes likely that there will be a shortfall in available cash, the Group proposes to seek alternative sources of liquidity, which could include the sale of certain assets of OKD and NWR Karbonia, or raising additional debt (to the extent permitted by the New Senior Notes Indenture, the Super Senior Credit Facility and the ECA Facility) or equity or, if no viable alternative solutions are then available, attempting to sell OKD and NWR Karbonia thus effectively liquidating the Group's assets.

The Directors recognise that these circumstances represent a material uncertainty that may cast significant doubt as to the Group's and the Company's ability to continue as a going concern and that they may be unable to realise all of their assets and discharge all of their liabilities in the normal course of business. Nevertheless, the Directors expect that the risks associated with a deterioration in coal prices and/or other operating issues have been appropriately taken into consideration and accordingly the financial statements have been prepared on a going concern basis and do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

Long-term value

The basis on which the Company generates and preserves value over the longer term and the strategy for delivering its objectives is described in the 'Strategic Report' section.

Insider trading
In compliance with the relevant laws, rules and regulations of the UK, the Czech Republic and Poland, the Company has a Share Dealing Code that covers dealings in NWR's shares and other securities, abuse of inside information and disclosure of information relating to the securities by the Directors and certain employees of NWR Group. The document restricts dealings during designated prohibited periods and at any time that the Directors and employees are in possession of unpublished price-sensitive information. The Share Dealing Code has been implemented throughout NWR Group and is monitored by NWR's Compliance Officer. It can be found on NWR's website.

Directors' interests

The interests of the Directors in the share capital of NWR is as shown in the 'Remuneration report' section in the 'Directors' shareholding' paragraph. Information on persons with a significant direct or indirect holding in the Company may be found in the 'Shareholder information' section.

Articles of Association

The Articles of Association of the Company were adopted by a special resolution passed on 8 April 2011 and amended by a special resolution at the extraordinary general meeting of shareholders on 20 August 2014. They are available on NWR's website. In general, any changes must be approved by the shareholders by a special resolution, which can be passed by a written special resolution or at a general meeting.

Relations with shareholders

Market disclosure and relations with shareholders

The Board regards effective communication with shareholders and other stakeholders as a priority. Please see the 'Shareholder information' section for information on majority shareholder.

Radek Němeček, Public Relations and Investor Relations Manager, is responsible for the external financial communications of NWR. He manages the ongoing dialogue with both equity and credit investors and analysts and also the corporate social responsibility policy of NWR. The Company holds quarterly public conference calls with top management to discuss the Group's performance, strategy and governance. The Board receives reports on changes to the shareholder structure, feedback from investors, share trading statistics and other information about the views of the capital markets on ad hoc basis.

Financial reports, press releases, regulatory announcements, investor presentations and other information on matters of interest to investors can be found on the Company's website at www. newworldresources.eu.

The Senior Independent Director, Bessel Kok, is available to shareholders if they have concerns which the Board's Chairman, the Vice-Chairmen or the Chief Financial Officer have not resolved, or if they have concerns related to Board independence. In 2014 Mr Kok did not receive any expressions of such concerns.

Share capital, controlling shareholder

As at the date of this report, the total share capital of NWR consists of 6,659,178,995 A shares, 10,000 B shares and 264,477,400,857 D shares. B and D shares are not listed on any stock exchange. CERCL Mining B.V. (previously BXR Mining B.V.) owned approximately 50.54% of A shares and, as a result, has effective control of NWR.

CERCL Mining B.V. is indirectly owned by BXR Group and Zdenek Bakala. 100% of B shares are owned by Asental Property B.V., which is controlled by Zdenek Bakala and his family trust. The free float includes the A shares held by certain noteholders after the restructuring of the NWR Group's balance sheet completed in October 2014.

Full details on the shareholding structure of NWR may be found in the 'Shareholder information' section, which also discusses voting rights.

The Board is satisfied that NWR is capable of carrying on its business independently of CERCL Mining B.V. and Asental Property B.V. and that all transactions and relationships between them are transparent and carried out independently. The Board makes its decisions in a manner consistent with its duties to NWR and stakeholders of NWR and gives equal consideration to the potentially divergent interests of the holders of both classes of shares in NWR.

To ensure that all transactions and relationships between the Company, CERCL Mining B.V. and Zdenek Bakala (and the wider BXR Group) are on an arm's length terms, they are parties to a Relationship Agreement. For further information see the 'Related party transactions' section.

Annual General Meeting of Shareholders

The AGM is an opportunity for shareholders to communicate with the Board. The Chairman will aim to ensure that the respective chairmen of the Board committees are present at the AGM to answer shareholders' questions. The next AGM will be held on 23 April 2015 at 10:00 CET in Amsterdam, the Netherlands.

Compliance with corporate governance standards

UK Corporate Governance

In accordance with the UK Corporate Governance Code 2012 and the Listing Rules of the UK Listing Authority, NWR follows the 'comply or explain' approach and states in its Annual Report whether it complies or will comply with the principles of good corporate governance. If it does not comply, the reasons for such non-compliance are explained in the relevant sections of this Annual Report. Other than provisions A.2.1, A.3.1, B.2.4 and D.2.1 discussed on above, the Company has complied with the principles and provisions of the UK Corporate Governance Code 2012.

Czech Corporate Governance Code

NWR is not obliged by the Czech National Bank or the Prague Stock Exchange to comply with the Czech Code of Corporate Governance. The Czech Code is generally similar to the UK Corporate Governance Code and any material deviations are similar to those described above.

Certain relationships and related party transactions

The following are significant related party transactions and relationships (being contracts and arrangements between, on the one hand, NWR Group entities and, on the other, entities affiliated with them, in effect at the date of this Annual Report and Accounts).

OKD agreements

AWT Transport Agreements

OKD has entered into transport agreements with Advanced World Transport, a.s. ('AWT') relating to the transport of coal and other materials from OKD to its largest customers (the "AWT Transport Agreements" and each an "AWT Transport Agreement"). The AWT Transport Agreements are umbrella agreements generally covering periods of 4 years. Under the AWT Transport Agreements, AWT shall provide OKD with non-exclusive transport services. The transport fees to be paid by OKD to AWT are set out in the respective AWT Transport Agreement or in a price agreement for each calendar year amending the relevant AWT Transport Agreement(s) based on the weight of transported goods, total freight and the route. The AWT Transport Agreements may be terminated in the event of a material breach. In 2010, agreements were concluded pursuant to public procurement tenders to transport coal with a group of AWT group companies. These contracts' duration ranges from 1 January 2011 to 31 December 2014.

The agreements deal with railway transportation of coal in and to:

(a) The Czech Republic, where the coal is destined for export. In these agreements, the carrier is an association of AWT Čechofracht, a.s. and AWT;

(b) The Federal Republic of Germany and the French Republic. In these agreements, the carrier is an association of AWT Čechofracht, a.s. and AWT;

(c) The Republic of Poland. In these agreements the carrier is AWT. OKD has an agreement with Metalimex, a.s., who has an agreement with Express Slovakia, a.s., who has an agreement with the carrier, AWT;

(d) The Czech Republic. In these agreements, the carrier is AWT; and

(e) Austria, Greece and Slovenia. This agreement, in which the carrier is AWT Čechofracht, a.s., was originally concluded between OKD and METALIMEX, a.s., and assigned by METALIMEX, a.s. to AWT Čechofracht, a.s.

OKD has entered in 2014 into a Freight Forwarding Framework and its subsequent amendment with AWT Coal Logistics s.r.o. ('AWTCL') relating to the transport of coal from OKD to its largest customers (the 'Forwarding Agreement'). The Forwarding Agreement is an umbrella agreement covering the period to 31 December 2017. Under the Forwarding Agreement, AWTCL shall provide OKD with exclusive transport services. The transport fees to be paid by OKD to AWTCL are set out in the respective Forwarding Agreement based on the weight of transported goods, total freight and the route. The Forwarding Agreement may be terminated in the event of a material breach. Forwarding Agreement has been concluded with AWTCL as affiliated company. Shareholders in AWT have reached in 2014 an agreement for the sale of a majority stake in AWT group to Polish group PKP CARGO. The finalisation of the transaction, subject to the approval of regulators that cover several European markets, is expected during the first half of 2015. After the finalisation of the transaction AWTCL will no longer be an affiliated company of OKD.

Factory Railway Agreements

OKD entered into a single master agreement with AWT for the provision of factory railway transport with effect from 1 January 2011 for the period from 2011 to 2020(the 'OKD Master Agreement'). The OKD Master Agreement will automatically be extended for another five years, i.e. until 31 December 2025, provided that neither contracting party terminates the agreement by giving six months' notice of termination to the other. During the OKD Master Agreement each party is allowed to terminate the contract by notice of termination of twelve months period with or without cause but no earlier than on 31 December 2016. The OKD Master Factory Railway Agreement covers all activities to be provided by AWT to OKD at particular business units, including:

(a) railway services and assurance of railway transport on factory railways;

(b) road transport and non-railway technological transport and transportation of raw and washed coal, sludge, etc., including related manipulations;

(c) railway technological transport including related activities; and

(d) manipulation activities with coal and other materials.

All of the above activities are dealt with in subcontracts, which concern specific conditions for particular time periods.

OKD trading agreements

OKD has entered into several agreements with AWT in relation to the delivery of coal, coking coal, sludge and other products. In 2000, OKD entered into purchase agreements with AWT under which AWT sells granulated sediments to OKD. The agreements were originally made for a fixed period of time and later extended for an indefinite period of time. The prices are adjusted annually. The agreements further mention that the granulated sediments are resold to power and heating plants operated by Dalkia and ČEZ, a.s.

Master Services Agreements for Drilling

OKD and Green Gas DPB, a.s. ('DPB') entered into two master services agreements for work whereby DPB shall provide OKD with drills for degasation and geological surveying (the 'Master Services Agreements for Drilling'). Amendments to these Master Services Agreements for Drilling stipulate the drilling works and price list for the respective calendar year. Individual agreements envisaged by these Master Services Agreements for Drilling stipulate the amount and scope of work in detail. Both these Master Services Agreements for Drilling expire on 31 December 2020.

Agreements on Gaseous and Liquid Nitrogen Delivery

OKD has entered into four agreements for gaseous and liquid nitrogen delivery with DPB in relation to the delivery of gaseous and liquid nitrogen to OKD mines Darkov and Karviná (the 'Agreements on Gaseous and Liquid Nitrogen Delivery'). The price to be paid by OKD to DPB shall be set out in accordance with each respective Agreement on Gaseous and Liquid Nitrogen Delivery or amendments thereof. In addition to the deliveries, OKD pays a fixed monthly fee for the lease, maintenance and control of the gas tubing and surface equipment. The majority of the Agreements on Gaseous and Liquid Nitrogen Delivery terminate on 31 December 2020 with the possibility of contract extensions.

Master Services Agreement Related to Mine Safety

OKD and DPB entered into a master services agreement related to mine safety, covering a number of different services related to mine security. This master services agreement related to mine safety is concluded for a fixed period of time ending on 31 December 2020. Individual agreements with respect to each particular OKD mine are governed by this agreement.

Master Agreements on the Sale of Methane

OKD entered into a master agreement on the sale of methane with DPB, which envisages the conclusion of individual purchase agreements with respect to each OKD mine (the 'Master Agreement on the Sale of Methane'). Under the Master Agreement on the Sale of Methane, the minimum total annual volume of methane to be delivered amounts to 19,000m^3 while the specific annual volume delivered per mine shall be stipulated in individual agreements. The Master Agreement on the Sale of Methane was concluded for the life of the OKD mines and, in the case of a change in the mine owner or operator, OKD shall ensure assignment of all OKD's obligations arising under the agreement. The price is calculated for each calendar year using a formula stated in the agreement. DPB is entitled to purchase all available methane production not used by OKD for its own use. Either party may rescind the agreement if the production of methane stops due to a decrease in coal mining activities or if circumstances of a technical nature preventing performance of this agreement arise of which neither party was aware when entering into the agreement.

In addition to the Master Agreement on the Sale of Methane, DPB and OKD entered into a framework agreement for supply of methane for heat operations in connection with: (i) the provisions of the Master Agreement on the Sale of Methane under which DPB is entitled to purchase all available methane not used by OKD for its own use; and (ii) the transfer of OKD's energy equipment to NWR Energy, a.s. ('NWR Energy') as part of the spin-off of the Company's energy assets in 2008 (the 'Framework Agreement for Supplies of Methane for Heat Operations'). Pursuant to the preamble, DPB shall deliver the processed methane to NWR Energy. The price was set at a fixed amount for 2008 and 2009 and for the following years according to a formula stated in this agreement. The volume of delivered methane was stipulated for 2008. The agreement has been entered into until 31 December 2028, subject to the prior termination of mining activities.

Agreements with Directors

Certain Relationships

This section includes relationships that are material by their nature, not their financial effect.

Cross guarantee

The Former OKD group was a government-controlled enterprise, and as a result it owned and operated a large range of businesses (including mining businesses, businesses ancillary to mining and unrelated businesses). A restructuring in 2005 was concerned primarily with disposing of certain ancillary and unrelated businesses in order to focus upon coal mining and coke production. In addition, steps were taken to streamline the corporate structure of the BXR Group (removing certain intermediary holding companies from the structure). In connection with this restructuring, and pursuant to Czech law, OKD, Green Gas DPB, a.s. ('DPB'), AWT, RPG Trading s.r.o. (defunct since January 2010), RPG RE Land s.r.o., RPG RE Commercial s.r.o. and RPG Byty s.r.o., the successor entities of Former OKD, are subject to a statutory cross guarantee. The statutory cross guarantee was given by each successor entity in relation to the liabilities of the demerged entity (Former OKD) that were assumed by each successor entity on the date of the demerger. The cross guarantee of each successor entity is limited to the value of the net assets of the guarantor as at the effective date of the demerger.

Similar statutory cross guarantees have arisen as a result of the spin-off of OKK Koksovny, a.s. (formerly known as OKD, OKK, a.s.) ('OKK'), OKK is a former wholly owned subsidiary of NWR NV that was sold to MTX Koksovny, a.s. on 6 December 2013. As a part of the OKK sale, NWR NV, MTX CZ, a.s., OKD and OKK Koksovny, a.s. have entered into a Guarantee and Indemnity Agreement, setting out the OKD's and OKK's obligations with regard to their statutory guarantees for historical damages.

Relationship Agreement

NWR, BXR Mining B.V. ('BXRM'), Crossroads Capital Investment Inc. ('CCII') and Zdeněk Bakala are bound by a relationship agreement, which regulates, in part, the degree of control that BXRM and its affiliates exercise over the management of NWR (as amended and/or restated, the 'Relationship Agreement'). The principal purposes of the Relationship Agreement is to ensure that NWR is capable at all times of carrying on its business independently of the BXR Group; and that all of NWR's transactions and relationships with the BXR Group are on arm's length terms.

Pursuant to the Relationship Agreement, BXRM, on the one hand, and NWR on the other, undertake that they shall (and shall procure that their relevant subsidiaries shall) conduct any transactions and relationships (whether contractual or otherwise, including any subsequent amendment thereof or variation thereto, including the implementation or enforcement thereof) between BXRM or any of its subsidiaries, on the one hand, and NWR or any of its subsidiaries, on the other, on arm's length terms. NWR undertakes that it shall treat all holders of the same class of shares that are in the same position equally in respect of the rights attaching to such shares.

CCII and Zdeněk Bakala undertake that they shall give notice to NWR of any opportunities involving the potential acquisition of a controlling stake in a business primarily focused on coal mining or coking facilities in Central and Eastern Europe. NWR shall have first right, for a period of 30 days from notification, to pursue the opportunity and neither CCII nor Zdeněk Bakala may pursue the opportunity within those 30 days unless NWR decides not to pursue it.

The Relationship Agreement shall continue until the earlier of, in each case in relation to the NWR Group: (i) NWR Plc‘s shares ceasing to be admitted to the London Stock Exchange; or (ii) in case of change of control concerning NWR Plc.

Material contracts

Below is an overview of the material contracts, entered into by NWR Plc and NWR Plc's subsidiaries (the "**Group**"), in place at the date of this Annual Report and Accounts, and containing information, which the shareholders could reasonably require.

Capital Restructuring

As reported to shareholders in the Annual Report and Accounts for the financial year ended 31 December 2013, due to the global pressure on both coking and thermal coal prices and the challenging market conditions experienced in recent times, the Group's financial situation continued to deteriorate and in January 2014, the Group initiated a review of its strategic alternatives and began preparations for a restructuring of its capital structure, including the Old Notes. After discussions with representatives of many of the Group's key stakeholders, including holders of the Old Notes, the ECA Facility lenders and NWR Plc's majority shareholder, CERCL Mining, the Group decided to implement the Capital Restructuring.

On 7 October 2014, NWR Plc and NWR NV announced the successful completion of the Restructuring and on 9 October 2014, the completion of the Rights Issue and the Placing was announced.

As a result of the Restructuring, the total outstanding principal amount of the Old Notes together with any unpaid and accrued interest was released in full and exchanged with respect to (i) the Old Senior Secured Notes, for the cash distributed through the Old Senior Secured Notes Tender, the New Senior Notes and the New Convertible Notes and any cash available for distribution through the Old Senior Secured Notes Tender that was not so distributed; and (ii) the Old Senior Unsecured Notes, for the cash distributed through the Old Senior Unsecured Notes Tender, the New Convertible Notes, the Contingent Value Rights and any cash available for distribution through the Old Senior Unsecured Notes Tender that was not so distributed. This resulted in a total release of the obligations of NWR NV and NWR Karbonia and OKD (both in their capacity as guarantor) to Scheme Creditors under the Old Notes. In addition, certain holders of the Old Notes participated in the Placing and the Noteholder Rights Issue Underwriting, as well as the Super Senior Facility.

As part of the Restructuring, certain holders of the Old Notes entered into a Restructuring Agreement on 2 July 2014 whereby they agreed, amongst other things, to enter into negotiations in good faith in order to agree the terms of any restructuring documentation including but not limited to the documentation that is required for the purposes of any Scheme, in form and substance consistent with the Restructuring Terms (as defined in the Restructuring Agreement), in order to implement and consummate the Restructuring and vote in favour of the Scheme.

The material contracts entered into by the Group as part of the Capital Restructuring are set out below.

Equity Documents

In connection with the Rights Issue and the Placing, NWR Plc also entered into an Underwriting Agreement, Subscription Agreement and Rump Placing Agreement, each of which has now automatically terminated as the obligations thereunder have been satisfied.

Underwriting Agreement

NWR Plc and the Backstop Providers entered into an underwriting agreement on 30 July 2014 pursuant to which the Backstop Providers agreed, subject to certain conditions, acting severally and not jointly (or jointly and severally), to underwrite the Rights Issue. Under the Scheme, the other holders of the Old Notes also had the opportunity to underwrite the Rights Issue on the terms and conditions of the underwriting agreement. The Backstop Providers had a right under the Underwriting Agreement to nominate two independent non-executive directors to each of the NWR Plc Board and the Board of NWR NV.

Subscription Agreement

NWR Plc and the Backstop Providers entered into a subscription agreement on 30 July 2014, pursuant to which NWR Plc agreed to allot and issue, and the Backstop Providers agreed to subscribe for, A Shares pursuant to the Backstop Providers' respective placing commitments for a total amount of approximately EUR 32 million.

Rump Placing Agreement

On 30 July 2014, NWR Plc and J.P. Morgan Securities Plc (in its capacity as bookrunner) entered into a rump placing agreement under which J.P. Morgan Securities Plc endeavoured to place any A Shares not subscribed for in the Rights Issue on behalf of shareholders. J.P. Morgan Securities Plc was not obliged to subscribe for, purchase or underwrite any of the A Shares not taken up.

Debt Documents

New Senior Notes

As part of the Restructuring, on 7 October 2014 NWR NV issued EUR 300 million in aggregate principal amount of Senior Secured Notes due 5.5 years following their issue date (the "**New Senior Notes**"). Interest on the New Senior Notes accrues at a rate of eight per cent. *per annum* (subject to the below) and is payable semi-annually in arrears on 1 May and 1 November, beginning on 1 November 2014. Interest is to be paid in cash, provided that NWR NV may elect to capitalise all (but not part) of the interest payable on a particular interest payment date by issuing additional New Senior Notes in lieu of paying cash interest as follows:

With respect to the period commencing on the completion of the Restructuring until and including the interest payment date falling on 1 November 2016, NWR NV may capitalise the interest if NWR NV's and its subsidiaries' unrestricted and available cash (as determined pursuant to the New Senior Notes Indenture, ''**Available Cash**") is less than €110.0 million or would become less than €110.0 million if all accrued interest were to be paid in cash, calculated on the basis that the interest shall be capitalised at a rate of 11 per cent. *per annum;* and

With respect to the period from and excluding the interest payment date falling on 1 November 2016, NWR NV may capitalise the interest if the Available Cash is less than €75.0 million or would become less than €75.0 million if all accrued interest were to be paid in cash, calculated on the basis that the interest shall be capitalised at a rate of nine per cent. *per annum.*

The New Senior Notes are senior obligations of NWR NV and are guaranteed on a senior basis by NWR Holdings BV, OKD and NWR KARBONIA. The New Senior Notes are secured by a pledge of the shares in NWR Holdings BV, OKD and NWR KARBONIA and all assets and the undertaking of NWR NV and NWR Holdings BV, but are not secured by any other assets. These security interests also secure lenders under the Super Senior Facility and certain hedge counterparties on a super senior basis. Pursuant to the New Intercreditor Agreement, the lenders under the Super Senior Facility and certain hedge counterparties have priority over the holders of New Senior Notes with respect to the proceeds from enforcement of these security interests and on the occurrence of certain insolvency events relating to NWR NV, NWR Holdings BV, OKD and NWR KARBONIA.

NWR NV may at its option redeem all or any portion of the New Senior Notes at the prices set out below (plus accrued and unpaid interest to the date of redemption), provided that the Available Cash exceeds €125 million *pro forma* for such redemption:

(i) From completion of the Restructuring until and including the 36-month anniversary thereof: 104 per cent. of the principal amount;

From the 36-month anniversary of the Restructuring until and including the 48-month anniversary thereof: 102 per cent. of the principal amount; and

Thereafter to the maturity date: 100 per cent. of the principal amount.

If there is a change of control (as defined in the New Senior Notes Indenture), holders of New Senior Notes have the right to require NWR NV to repurchase all or any part of the New Senior Notes at a purchase price equal to 101 per cent. of the principal amount plus accrued and unpaid interest to the repayment date.

The New Senior Notes Indenture contains covenants that limit NWR NV's (and NWR Holdings BV's, OKD's and NWR KARBONIA's, as the Restricted Subsidiaries, as defined in the New Senior Notes Indenture) ability to, among other things: incur additional indebtedness; make restricted payments (including dividends); create liens; sell assets; engage in transactions with affiliates; guarantee any debt of NWR NV or any of its Restricted Subsidiaries; consolidate, merge or sell all or substantially all of their assets; and change its centre of main interests and establishments.

The New Senior Notes are admitted to listing on the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

New Convertible Notes

As part of the Restructuring, on 7 October 2014 NWR NV issued €150 million in aggregate principal amount of Payment in Kind ('PIK') mandatory Convertible Notes due six years from such date (the "**New Convertible Notes**"). Interest on the New Convertible Notes accrues at a rate of 4.0 per cent. per annum (subject to PIK provisions described below) and is payable annually in arrear on 1 November in each year, beginning on 1 November 2014, with the first interest period from 7 October 2014 and the last interest period to the maturity date being short interest periods. NWR NV may, in its absolute discretion, elect to either pay interest in cash, or capitalise (as PIK) all of the interest payable by issuing additional New Convertible Notes in lieu of paying cash, in which case such interest will be capitalised at a rate of 8.0 per cent. per annum. However, interest payable must be wholly capitalised by the issuance of additional New Convertible Notes if:

(ii) An event of default under the New Senior Notes has occurred and is continuing; and/ or

Interest payable under the New Senior Notes is capitalised in respect of either (or both) of the two immediately preceding interest periods under the New Senior Notes ending on the most recent interest payment date under the New Senior Notes.

The New Convertible Notes rank senior to the Contingent Value Rights but junior to the New Senior Notes and the Super Senior Facility. The New Convertible Notes are unsecured. Pursuant to the New Intercreditor Agreement, the holders of the New Senior Notes, the lenders under the Super Senior Facility and certain hedge counterparties have priority over the holders of New Convertible Notes on the occurrence of certain insolvency events relating to the NWR NV, OKD and NWR KARBONIA. In addition, the New Convertible Notes are effectively subordinated to secured indebtedness of OKD and NWR KARBONIA and any indebtedness of NWR NV that is secured by assets of NWR NV that do not also secure the New Senior Notes.

Holders of New Convertible Notes have the option to convert the New Convertible Notes from the date falling six months from completion of the Restructuring until the maturity date of the New Convertible Notes or, if, at the option of NWR NV, an earlier redemption date is proposed, holders can convert prior to such redemption date (as described below), subject to applicable fiscal, securities and other laws or regulations. Upon the maturity date of the New Convertible Notes, all New Convertible Notes, which have not been converted, redeemed or purchased and cancelled, shall be mandatorily converted and the holders thereof shall be deemed to have exercised their conversion rights.

Deed Poll

As part of the Restructuring, on 7 October 2014 NWR Plc entered into the Deed Poll in which it has irrevocably undertaken to NWR NV and to each holder of NWR NV A Shares ('NVA Shares'), that on each occasion on which conversion rights relating to New Convertible Notes are exercised by holders thereof (including as will be deemed to have occurred on the final maturity date of the New Convertible Notes), it will purchase the relevant NVA Shares arising on such conversion and, in consideration for such purchase, issue or transfer and/or deliver such number of A Shares as described below. NWR Plc has undertaken in the Deed Poll to comply with certain covenants in relation to its obligations thereunder and the rights of holders of NVA Shares to make such exchanges.

Following the exercise of a conversion right by a holder of New Convertible Notes, NWR NV shall procure the issue or transfer and/or delivery of NVA Shares and shall procure that, pursuant to the Deed Poll, such NVA Shares are immediately exchanged for A Shares credited as paid up in full. The number of A Shares for which such NVA Shares shall be exchanged, shall be an amount which, after such exchange would (subject to certain adjustments as described below) be such holder of New Convertible Notes' *pro rata* share of a fixed percentage of the ordinary share capital of NWR Plc, calculated based upon the ordinary share capital of NWR Plc as at 7 October 2014, the date on which the last of the conditions relating to Scheme had been satisfied (or waived) and the Restructuring took effect (the "**Restructuring Effective Date**"), on an as-diluted basis assuming that NWR Plc issues new A Shares in connection with each conversion. Such fixed percentage shall be 25.0 per cent., in respect of any conversions, which occur during the calendar year 2015, 27.5 per cent. in respect of any conversions, which occur during the calendar year 2016, and 30.0 per cent. in respect of any conversions thereafter. The Deed Poll contains provisions that further adjust the number of A Shares for which NVA Shares issued or transferred and/or delivered upon exercise of a conversion right shall be exchanged. Such adjustments shall be effective upon the occurrence of certain dilutive events after the Restructuring Effective Date and, subject to certain exceptions, have the effect of maintaining the relevant *pro rata* share of the percentages as described above (in some cases, irrespective of any increase in NWR Plc's assets as a result of such event) or in certain limited cases potentially increasing such percentages.

NWR NV may, at its option, upon giving 45 days' notice, redeem all or any portion of the New Convertible Notes at their principal amount plus accrued and unpaid interest to the date of redemption, at any time following the payment in full of all amounts which are or may become payable under the New Senior Notes. Holders of the New Convertible Notes have the opportunity to convert their New Convertible Notes prior to the redemption date.

If there is a change of control (as defined in the New Senior Notes Indenture), at such time as all the New Senior Notes are discharged, holders of New Convertible Notes have the right to require NWR NV to repurchase all or any part of the New Convertible Notes at a purchase price equal to 101 per cent. of the principal amount plus accrued and unpaid interest to the repayment date.

Subject to the terms of the New Intercreditor Agreement, the New Convertible Notes are capable of being accelerated by holders following an event of default. Upon acceleration, the New Convertible Notes are immediately due and payable at their principal amount plus accrued and unpaid interest. Holders of New Convertible Notes may not exercise conversion rights following the acceleration of the New Convertible Notes.

The New Convertible Notes contain covenants that, among other things, restrict NWR NV's ability to pay dividends, and additionally, certain other restrictions which shall come into effect once the New Senior Notes (and any refinancing thereof) are discharged including limitations on NWR NV's ability to incur additional indebtedness, create security interests over its assets and dispose of assets.

Super Senior Facility Agreement

On 9 September 2014, a super senior term facility agreement was entered into between, amongst others, NWR Holdings BV as borrower, those holders of the Old Notes that have elected to participate and listed thereto as original lenders; and OKD, NWR KARBONIA and NWR NV as the original guarantors, which was drawn down in full on the Restructuring Effective Date (the "**Super Senior Facility Agreement**").

The Super Senior Facility Agreement provides for a term loan of approximately €35 million, which was fully utilised on the completion of Restructuring and which is repayable in full on the date falling two years after the completion of Restructuring. NWR Holdings BV shall on-lend all amounts borrowed by it under the Super Senior Facility Agreement (less fees, expenses and costs) to OKD for application towards general corporate and working capital purposes of the Group.

The obligations under the Super Senior Facility Agreement are super senior obligations of NWR Holdings BV and are guaranteed by OKD, NWR KARBONIA and NWR NV. The Super Senior Facility is secured by (i) a pledge of the shares in NWR Holdings BV, OKD, and NWR Plc; (ii) receivables, into NWR Plc and NWR Holdings BV; (iii) moveable assets of NWR Plc and NWR NV; and (iv) bank accounts of NWR Plc.

The Super Senior Facility Agreement is subject to identical negative undertakings as provided in the New Senior Notes Indenture. The Super Senior Facility Agreement also contains certain general undertakings, subject to certain qualifications, including but not limited to, ongoing undertakings in relation to (i) obtaining certain authorisations; (ii) compliance with laws and regulations; (iii) the granting of the secured property; (iv) change of business; (v) maintenance of insurance; (vi) taxation; (vii) obtaining, maintaining and complying with material licences; (viii) environmental compliance; and (ix) the notification of environmental claims.

The Super Senior Facility includes a minimum liquidity covenant, which states that the Group must maintain a minimum available cash level of EUR 40 million (excluding mining reserve damages). This covenant will be tested first as at 31 October 2015 and then on a quarterly basis from 31 December 2015 for the duration of the Super Senior Facility, which is due to mature two years from the Restructuring Effective Date. NWR Plc has the option (though not the obligation) to cure a breach of the minimum liquidity covenant by injecting additional cash into NWR NV. This cash injection has to be completed no longer than 10 business days following delivery of the quarterly accounts, which disclose a breach of the minimum liquidity covenant to the lenders under the terms of the Super Senior Facility. However, such option may not be exercised more than once during the term of the Super Senior Facility. In order to be able to make an injection of cash into NWR NV in these circumstances it is likely that NWR Plc would need to raise additional cash, which may not be achievable.

The Super Senior Facility Agreement sets out certain events of default, including but not limited to, non-payment, misrepresentation, cross default above certain agreed amounts in respect of material subsidiaries, insolvency events and certain insolvency proceedings.

Contingent Value Rights

As part of the Restructuring, on 7 October 2014 NWR NV issued EUR 35 million in two tranches of Contingent Value Rights.

The Contingent Value Rights are unsecured, unguaranteed and contractually subordinated to the Super Senior Facility, the New Senior Notes and the New Convertible Notes. The Contingent Value Rights are admitted to listing on the Luxembourg Stock Exchange and NWR NV must use its commercially reasonable efforts to cause the Contingent Value Rights to remain so listed for so long as any of the Contingent Value Rights are outstanding.

Payment under the Contingent Value Rights shall only be made if in relation to a tranche, NWR NV's reported average realised price in Euro per tonne for coking coal exceeds the price "**Contingent Payment Event**"), as of such tranche for two (2) recent consecutive quarters (as specified below):

Tranche EUR 20 million

Year:	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Price:	€127	€130	€133	€135	€138	€141	€143

Tranche EUR 15 million

Year:	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Price:	€137	€139	€142	€145	€148	€151	€154

A Contingent Payment Event shall be subject to the two following conditions (the "**Contingent Payment Conditions**"):

(iii) No event of default has occurred or is continuing in respect of the New Senior Notes; and

Until the discharge and cancellation in full of the New Senior Notes, the available cash (as defined in the New Senior Notes Indenture) exceeds EUR 150 million as tested on the contingent payment date *pro forma* any payment to be made in respect of the redemption of the Contingent Value Rights.

A *pro rata* portion of the relevant tranche is payable in cash into each holder of Contingent Value Right's cash account. Unless an effective Contingent Payment Event occurs, no payment under the Contingent Value Rights shall be made. In the event that one or more of the Contingent Payment Conditions is not satisfied, the Contingency Payment Event shall automatically cease to be effective and no payment will be made in relation to such Contingency Payment Event. If one or more Contingent Payment Conditions is subsequently satisfied then NWR NV shall forthwith issue a new notice establishing a new payment date and shall, subject to each Contingent Payment Condition having been satisfied redeem the Contingent Value Rights at their principal amount on the new contingent payment date. The process in this paragraph may be repeated until such time as the Contingent Value Rights are redeemed in accordance with this section or the final maturity date falls 25 or fewer days after the conditions are subsequently satisfied.

This contingent payment is not subject to any acceptance or election by the holders of Contingent Value Rights and requires no action by any holder of Contingent Value Rights or the CVR Trustee. Unless redeemed in accordance with the above description, the Contingent Value Rights will expire on the final maturity date.

The Contingent Value Rights contain an undertaking by NWR NV to publish or arrange to be published each coal price report on its website or on the website of any exchange on which the Contingent Value Rights have been listed, in any case no later than 45 days after the end of each calendar quarter in which it specifies the average realised price per tonne for coking coal for that calendar quarter.

Export Credit Agency Facility

On 29 June 2009, NWR NV as borrower and obligor's agent, and OKD as a co-obligor, entered into an export credit agency facility agreement with, among others, Natixis S.A., as facility agent and documentation agent, KBC Bank Deutschland AG, as ECA agent, and Ceska sporitelna, a.s., Ceskoslovenska obchodni banka a.s., KBC Bank Deutschland AG, and Natixis S.A., as mandated lead arrangers, as amended and as further amended as part of the Restructuring (the "**ECA Facility**").

The ECA Facility provides for a term loan of approximately EUR 141.5 million, which following an amendment as part of the Restructuring is repayable in 13 instalments of differing sums as set out thereto, with a final maturity of 30 June 2022. The proceeds of the ECA Facility are used to finance up to 85 per cent. of the net purchase price of five longwall sets acquired pursuant to NWR NV's 2010 capital investment programme (known as POP 2010).

The ECA Facility is an unsecured obligation of NWR NV and OKD as a co obligor and is not guaranteed by any of NWR NV's subsidiaries. The ECA Facility is covered by a guarantee issued by the Federal Republic of Germany, represented by a consortium led by Euler Hermes Kreditversicherungs AG, for which NWR NV has paid a premium.

The ECA Facility contains certain negative undertakings that, subject to certain customary and other agreed exceptions (and other than as specifically provided for under the ECA Facility), limit the ability of NWR NV, OKD and certain subsidiaries of NWR NV to, among other things: (i) create or permit to subsist any encumbrance or security interest over any of its assets; (ii) make any asset disposals; (iii) make any substantial change to the general nature of its business; (iv) enter into transactions other than on an arm's length basis; (v) amalgamate or merge; (vi) incur other additional debt; and (vii) dispose of the five longwall sets acquired or create any security over the five longwall sets acquired.

The ECA Facility also contains certain ongoing affirmative undertakings, subject to certain qualifications, and including, but not limited to, undertakings related to (i) supplying financial statements; (ii) notification of default; (iii) compliance with "know your customer" or similar regulations; (iv) supplying information on the performance of the supply contract for the five longwall sets acquired; (v) compliance with material obligations under the supply contract for the five longwall sets acquired; (vi) receipt, compliance and maintenance of necessary authorisations; (vii) compliance with laws (including environmental laws); (viii) taxation; (ix) *pari passu* ranking of certain unsecured and unsubordinated claims; (x) maintenance of insurance; and (xi) access to the premises and records of NWR NV and OKD.

Following an amendment as part of the Restructuring, the ECA Facility contains no financial covenants.

Subject to certain exceptions, there are mandatory prepayments required to be made upon the occurrence of certain customary events such as a change of control and the ECA Facility will also be automatically cancelled where the ECA guarantee is terminated or cancelled.

The ECA Facility sets out certain events of default, including non-payment, breach of financial covenants, cross default above certain agreed amounts, and certain insolvency proceedings and the occurrence of events which, in the reasonable opinion of the Majority Lenders (as defined therein), are reasonably likely to have a Material Adverse Effect (as defined therein).

The ECA Facility contains an undertaking of each obligor not to conduct its business in a manner that is reasonably likely to change its COMI. NWR NV was in breach of this undertaking as it moved its COMI to England in the beginning of June 2014. The lenders under the ECA Facility have since waived this default.

Intragroup material contracts and security documents

The material intragroup contracts and security documents entered into by the Group are set out below.

New Intercreditor Agreement

To establish the relative rights of certain of NWR NV and NWR Holdings BV's creditors under its financing arrangements, NWR Holdings BV and NWR NV, OKD and NWR KARBONIA, as subsidiary guarantors under certain of NWR NV's financing arrangements, entered into an intercreditor agreement (the "**New Intercreditor Agreement**") on 7 October 2014 with, among others, the trustee for the New Senior Notes, New Convertible Notes and Contingent Value Rights, the lenders under the Super Senior Facility, certain hedging counter parties and the security agent under the New Intercreditor Agreement.

The New Intercreditor Agreement sets out amongst other things, the following provisions: (i) the relative ranking of certain debt of NWR Holdings BV and NWR NV, OKD and certain of their affiliates; (ii) the relevant ranking of security granted by NWR Holdings be made in respect of that debt; (iv) when enforcement action can be taken in respect of that debt; (v) the effects of certain insolvency events; (vi) turnover provisions; and (vii) when security and guarantees will be released to permit an enforcement sale.

All amounts recovered by the security agent in connection with the realisation or enforcement of all or any part of the New Transaction Security (as defined in the New Intercreditor Agreement) shall be applied in the following order of priority:

1. The security agent, any receiver or delegate and the trustees under the New Senior Notes;

2. Creditor representatives in respect of secured bank debt (including the agent under the Super Senior Facility);

3. Lenders under the Super Senior Facility and certain hedge counterparties having super senior status (on a *pari passu* and *pro rata* basis);

4. Holders of the New Senior Notes; *pari passu* creditors and any secured hedge counterparties not having super senior status (on a *pari passu* and *pro rata* basis);

5. Unsecured Convertible Noteholders; Unsecured Convertible and Additional Unsecured Debt Creditors (all as defined in the New Intercreditor Agreement) (on a *pari passu* and *pro rata* basis);

6. Holders of Contingent Value Rights; and

7. Any balance will go to NWR NV.

New OKD Share Pledge Agreement

As part of the Restructuring, on 7 October 2014 NWR NV entered into a share pledge agreement (the "**New OKD Share Pledge Agreement**") in order to create a Czech law pledge over the shares it owns in OKD as security for the payment of all obligations (the "**New Secured Obligations**") of each of NWR NV, OKD and NWR KARBONIA towards the New Security Agent, including, in particular, liabilities under the New Senior Notes and related guarantees and the Super Senior Facility.

The New OKD Share Pledge Agreement provides that the pledged shares be kept in the deposit of the New Security Agent or its affiliate during the tenure of the pledge in accordance with Czech law and pursuant to a separate deposit agreement. NWR NV provides certain customary covenants that it shall not grant any other security over, or in any other way dispose of, the pledged shares.

The New OKD Share Pledge Agreement also sets out: (i) restrictions on NWR NV's ability to exercise its rights in respect of the pledged shares; (ii) the application of proceeds from the pledged shares before and after the occurrence of a default under certain finance documents; and (iii) the rights of the New Security Agent to enforce the pledge. The application of proceeds of any such enforcement is subject to the New Intercreditor Agreement.

New NWR KARBONIA Share Pledge Agreement

As part of the Restructuring, on 7 October 2014 NWR NV entered into a share pledge agreement (the "**New NWR KARBONIA Share Pledge Agreement**") in order to create a Polish law pledge over the shares it owns in NWR KARBONIA in favour of the New Security Agent as security for the New Secured Obligations.

The New NWR KARBONIA Share Pledge Agreement contains similar terms to the New OKD Share Pledge Agreement, but in relation to a pledge over the shares held by NWR NV in NWR KARBONIA.

New NWR Holdings BV Share Pledge Agreement

As part of the Restructuring, on 7 October 2014 NWR NV entered into a share pledge agreement (the "**New NWR Holdings BV Share Pledge Agreement**") in order to create a Dutch law pledge over the shares it owns in NWR Holdings BV in favour of the New Security Agent as security for the New Secured Obligations.

The New NWR Holdings BV Share Pledge Agreement contains similar terms to the New OKD Share Pledge Agreement, but in relation to a pledge over the shares held by NWR NV in NWR Holdings BV.

2010 OKD loan agreement

On 18 May 2010, NWR NV, in its capacity as the sole shareholder of OKD, resolved to make a distribution from the 2009 profit, retained earnings and other distributable reserves in the aggregate amount of CZK 12.8 billion. As OKD did not have sufficient funds to cover the distribution, NWR NV agreed to lend this amount to OKD on the basis of a loan agreement dated 12 July 2010. The loan agreement currently consists of four tranches: Tranche 1 consists of a EUR 226.8 million facility due on 14 February 2018; Tranche 2 consists of a CZK 1,732 million facility to be repaid in instalments by 15 February 2016; Tranche 3 consists of a EUR 208 million facility to be repaid in instalments by 15 February 2016; and Tranche 4 consists of a EUR 120 million facility to be repaid in instalments by 14 February 2020.

Amended and Restated Relationship Agreement

On 30 July 2014, NWR Plc entered into an amended and restated relationship agreement with CERCL Mining, NWR NV, BXR Group Holdings Limited, Crossroads Capital Investments Inc. ("**CCII**") and Zdenek Bakala (the "**Amended and Restated Relationship Agreement**") which amends the terms of the amended and restated relationship agreement entered into between the relevant parties on 11 April 2011 in order to comply with the changes to the Listing Rules relating to controlling shareholders which came into force on 16 May 2014. A "controlling shareholder" is any person who exercises, or controls on its own or together with any person(s) with whom it is acting in concert, 30 per cent of more of the votes able to be cast on all or substantially all matters at general meetings of NWR Plc.

The Amended and Restated Relationship Agreement regulates the relationship between NWR Plc and CERCL Mining to ensure that the Group is capable at all times of carrying on its business independently of the CERCL Group, and to ensure that transactions and other arrangements between members of the Group and members of the CERCL Group are on terms which are arm's length and on a normal commercial basis.

Under the Amended and Restated Relationship Agreement, CERCL Mining undertakes *(inter alia)* that:

It will allow NWR Plc to, at all times, carry on its business independently of the CERCL Group;

The CERCL Group will not act in any way or omit to act in any way which will prejudice the ability of NWR Plc and its subsidiaries to carry on its business independently of the CERCL Mining or its subsidiaries;

It will not exercise voting rights attaching to its shares in NWR Plc to procure any amendment to the Articles of Association, which will be inconsistent with or breach any of the provisions of the Amended and Restated Relationship Agreement;

It will not, and will procure that each member of the CERCL Group will not, take any action that would have the effect of preventing NWR Plc from complying with its obligations under the Listing Rules;

It will not, and will procure that each member of the CERCL Group will not, propose or procure the proposal of a resolution of the shareholders of NWR Plc the purpose of which is intended or appears to be intended to circumvent the proper application of the Listing Rules;

So long as the CERCL Group, BXR Group Holdings Limited or Zdenek Bakala own, directly or indirectly, B Shares, CERCL Mining will not exercise voting rights attaching to its A Shares on any resolution to amend the Articles of Association or the Divisional Policy Statements in a manner which would materially adversely affect the rights of the holders of A Shares as against the holders of the B Shares; and

CERCL Mining will not exercise its voting rights attaching to its A Shares on a resolution to authorise the issue of additional B Shares in a manner that would materially alter the relative proportions of voting rights at general meetings of the A Shares and the B Shares.

The holder of the majority of the B Shares from time to time has the right to appoint one director to the NWR Plc Board. This right survives the termination of the Amended and Restated Relationship Agreement.

Otherwise, the Amended and Restated Relationship Agreement will terminate on the earlier of (i) the A Shares ceasing to be admitted to the Official List and to trading on the London Stock Exchange; and (ii) the CERCL Group ceasing to be a controlling shareholder of NWR Plc, provided that if thereupon any or all of BXR Group Holdings Limited, Zdenek Bakala or the Relevant Entities (as defined in the Amended and Restated Relationship Agreement) control a controlling shareholder of NWR Plc, they will enter into a new agreement on substantially the same terms as the Amended and Restated Relationship Agreement.

Sale of OKK Koksovny, a.s.

Sale and Purchase Agreement

On 27 September 2013 NWR NV signed a sale and purchase agreement ("**SPA**"), selling its coke producing subsidiary OKK Koksovny, a.s ("**OKK**") to MTX, a.s. (the "**OKK Sale**"). The transaction was closed on 6 December 2013. The OKK Sale was concluded after a four-month competitive process, in which various parties showed interest in purchasing OKK. The total consideration was EUR 95 million and consisted of EUR 70 million for the transfer of the shares in OKK to MTX and EUR 25 million for the sale of certain of OKK's coke inventory to METALIMEX. In line with the SPA, EUR 7 million was placed in escrow on 6 December 2013, which was released on 6 March 2014.

Consistent with the limitations set out in NWR Plc's financing arrangements, NWR Plc has reinvested the net proceeds of the OKK Sale in long term assets (also known as non-current assets or capital expenditure) needed for existing coal mining operations, over the twelve months after the closing.

As conditions precedent to the transaction, OKK was released from its obligations towards any of NWR Plc's creditors under the Old Senior Secured Notes; NWR Plc obtained approval for the OKK Sale from the old RCF lenders; any of the existing loans from NWR Plc to OKK were repaid; competition authorities' approval was obtained; and shareholder approval was obtained.

As part of the OKK Sale certain coal supply agreements were concluded on an arm's length basis between entities within the Group and entities within the METALIMEX group of companies to secure the future supply of coal to the coking plant operated by MTX after 6 December 2013. The majority of the coking coal used in the coking plant used to be purchased from OKD. The terms of the supply contract have been negotiated with MTX and prices are set on a quarterly basis, which is common for the business.

As part of the OKK Sale, NWR NV, MTX CZ, a.s., OKD and OKK entered into a guarantee and indemnity agreement, setting out OKD's and OKK's obligations with regard to their statutory guarantees for historical damages.

A dominance agreement existed between OKD (as controlling party) and OKK (as controlled party), however this was terminated at the closing of the OKK Sale. Furthermore two loan agreements, a credit agreement between NWR NV, OKK and NWR Plc and intercompany revolving credit agreement between NWR NV and OKK, have both been terminated prior to completion of the OKK Sale.

Backstop Providers	Certain funds managed or advised by Ashmore Investment Management Limited, Gramercy Funds Management LLC, GLG Partners LP and M&G Investment Management Limited in their capacity as backstop providers in respect of the Placing and the Noteholder Rights Issue Underwriting
Capital Restructuring	The Restructuring, the Rights Issue and the Placing
CERCL Group	CERCL Holdings Limited, formerly known as BXR Holdings (Cyprus) Limited and its subsidiaries, including CERCL Mining
CERCL Mining	CERCL Mining B.V., formerly known as BXR Mining B.V.
COMI	the centre of main interests (for the purpose of Council Regulation (EC) No. 1346/2000 of 29 May 2000)
Noteholder Rights Issue Underwriting	The underwriting of the approximate amount of EUR 43 million of rights not taken up in the Rights Issue or sold in the market or placed to new investors;
NVA Shares	The A Shares of NWR NV from time to time
Old Notes	The Old Senior Secured Notes and the Old Senior Unsecured Notes
Old Senior Secured Notes	The EUR 500,000,000 7.875% senior secured notes due 2018, issued by NWR NV and governed by an indenture dated 27 April 2010 between, amongst others, NWR NV and Deutsche Trustee Company Limited (as subsequently amended, restated and supplemented from time to time), together with any accrued and unpaid interest as at the Restructuring Effective Date;
Old Senior Secured Notes Tender	A reverse Dutch auction by which NWR NV repurchased for up to EUR 60 million a proportion of the Old Senior Secured Notes

	from the holders of the Old Senior Secured Noteholders
Old Senior Unsecured Notes	The EUR 275,000,000 7.875% senior unsecured notes due 2021, issued by NWR NV and governed by an indenture dated 23 January 2013 between, amongst others, NWR NV and Deutsche Trustee Company Limited (as subsequently amended, restated and supplemented from time to time), together with any accrued and unpaid interest as at the Restructuring Effective Date
Old Senior Unsecured Notes Tender:	A fixed price cash tender by which NWR NV repurchased for up to EUR 30 million a proportion of the Old Senior Unsecured Notes from the holders of the Old Senior Unsecured Notes
Placing	The offer and issue of A Shares to the holders of the Old Notes on the terms and subject to the conditions set out in the subscription agreement;
Restructuring	The financial, debt and corporate restructuring of the Group contemplated by the Scheme, the restructuring documents and the explanatory statement to the Scheme, including (but not limited to) any and all connected compromises/agreements with persons that are not parties to the Scheme
Rights Issue	The offer of A Shares to qualifying shareholders by way of nil paid rights and fully paid rights
Scheme	The scheme of arrangement under Part 26 of the Companies Act 2006 between NWR NV and the Scheme Creditors
Scheme Creditors	The holders of the Old Notes

Audit and Risk Management Committee report

Barry Rourke (Chairman)
Bessel Kok
Colin Keogh

The ARMC is staffed solely by Independent Directors to reflect the independent nature of the work that the ARMC undertakes. All members have appropriate financial expertise and requisite experience in accounting and financial management. Colin Keogh was appointed as member of the ARMC on 3 November 2014 after the retirement of the former members Hans-Jörg Rudloff and Steven Schuit from the Board and Barry Rourke took over the chairmanship from Bessel Kok.

Main responsibilities

The ARMC is responsible for:

- Ensuring the integrity of consolidated financial statements and consolidated accounts;
- Supervising the Board's supply of financial information;
- Monitoring funding and treasury management;
- Overseeing that management is ensuring the adequacy of Group internal control, compliance and risk management;
- Overseeing Group internal and external audit functions and developing policy on the engagement of the external auditor to supply non-audit services and reporting to the Board;
- Monitoring the integrity of any formal announcements relating to the financial performance of NWR;
- Monitoring and approving related party transactions and conflicts of interests;
- Advising the Board on audit, accounting and financial disclosure matters regarding the Real Estate Division of NWR;
- Reviewing the effectiveness of the systems for budgeting, forecasting and financial reporting and ensuring procedures for identifying strategic and business risks are in place;
- Reviewing procedures for detecting fraud and bribery (and their prevention) and any breaches arising under the Code of Ethics and Business Conduct and the Business Integrity Policy;
- Monitoring the effectiveness of the Whistleblower Procedure within the Group; and
- advising the Board on strategic transactions.

Activities undertaken during the year

In 2014 the ARMC met nine times. All meetings were attended by NWR's Chief Financial Officer, the Group Internal Auditor and representatives of the external auditor. Several meetings were also observed by the Group Risk Manager and the Chairman of the Safety, Health and Sustainability Committee.

The ARMC has an annual work plan, developed from its charter, with standing items in addition to any specific matters arising during the year. In conducting its regular duties, the ARMC reviews NWR's financial statements and announcements related thereto, provides comments to the IR team and considers the relevant reports by the external auditor. The financial reports are always approved by the Board following the ARMC's recommendation.

In 2014, the ARMC continued to monitor the financial position of the Group and its indebtedness, for which it received regular reports on the financing and cash position from management. The members reviewed in detail the working capital reports produced by the external auditor, the internal audit plan and the Group audit reports as described further. To ensure adequate oversight of key Group risks, the ARMC received regular reports from the Real Estate Committee and the Safety, Health and Sustainability Committee on their activities. The ARMC also oversaw adherence to the Business Integrity Policy by the Group entities and reviewed the annual updates on the Group legal and tax positions. The members met with the external audit partner and the Group Internal Auditor without management being present. Management responses to issues raised were thoroughly discussed with the Chief Financial Officer. The reviews of the ARMC confirmed that all significant matters were satisfactorily resolved.

The ARMC members also re-considered the independence of the Independent Directors within the meaning of the of the NWR's Corporate Governance Policy and endorsed the AGM notice in that respect. In connection with the disbandment of the Finance and Investment Committee in November 2014, the ARMC assumed some of its duties, mainly to oversee and provide guidance to NWR's Chief Financial Officer on funding and treasury management and management of interest rate and foreign exchange exposure. Lastly, the ARMC supported the Group budget for 2015.

The ARMC duly reported to the Board on its discussions and recommendations.

Significant issues considered by the ARMC

(i) Liquidity and going concern
The ARMC reviewed the appropriateness of the going concern basis of accounting at time the quarterly results were released throughout the year with a particular focus at 31 December 2014. The ARMC challenged management on the financial and operating assumptions underlying the forecast cast requirements of the Group. The ARMC considered the possible outcomes of the capital structure review. It considered that whilst there could be no guarantee that this would be achieved there was a reasonable possibility that it would be and so the going concern basis of accounting remains appropriate.

(ii) Provisions for mine closure and restoration costs
The calculation of the mine closure and restoration costs has a high degree of subjectivity and is sensitive to the assumptions used in the calculation. In 2014 the Company undertook a significant amount of restoration and rehabilitation activities and accordingly updated the relevant provisions. The ARMC considered the procedures performed by the Company and concluded that these provisions have been appropriately recorded in the Annual Report. See Note 22 to the consolidated financial statements for further information.

(iii) Impairment of property, plant and equipment
The ARMC considered an impairment loss of EUR 183 million (2013: EUR 807 million) recognised at 31 December 2014 triggered by reduced price expectations for the Group's

products and, consequently, a re-assessment of the mine plan for future operations, which accordingly led to a re-assessment of the recoverable amount of the cash generating units.

(iv) Capital restructuring
The ARMC considered the capital restructuring of the Group completed on 7 October 2014, resulting in the Group raising net proceeds from the rights issue and placing of EUR 143 million. In addition, the Group has repurchased the existing notes for a mixture of cash and new debt, comprising (a) cash consideration of EUR 90 million, (b) new senior secured notes of EUR 300 million, (c) new convertible notes of EUR 150 million, and (d) new contingent value rights of EUR 35 million. Certain existing noteholders have provided a super senior credit facility of EUR 35 million for the working capital requirements of the Group.

Other matters considered by the ARMC during 2014 are described in the notes to the financial statements.

Financial policies

At NWR (consolidated) level, the financial statements are produced under IFRS whilst the subsidiaries of NWR produce their stand-alone accounts in accordance with the relevant applicable accounting standards. Further to a recommendation of the ARMC, Group financial policies and procedures have been consolidated to enable adequate oversight of internal control over financial reporting and the budgeting process.

External audit

The current audit firm of NWR is KPMG LLP, appointed as the statutory auditor by the AGM on 24 April 2014. The previous audit firm (from 2011), KPMG Audit Plc, did not seek reappointment as it instigated an orderly wind down of business. As a result, no tender was conducted to appoint the external auditor. The lead audit engagement partner established a combined team to perform the Group audit, consisting of key personnel of the external auditor in the UK, Netherlands, the Czech Republic and Poland. Representatives of the external auditor attended all meetings of the ARMC. The audit team has extensive mining experience and a thorough understanding of the Company due to the previous engagement of KPMG The Netherlands and KPMG Czech Republic as the external auditor of NWR entities.

The ARMC approved the terms of engagement of the auditor and the audit plan for 2014. The difficult trading conditions resulted in a continued focus of the auditor on liquidity and going concern, mine closure and restoration provisions, impairments and restructuring activities. The auditor provided the reporting on a quarterly basis. The ARMC found the information communicated to it relevant for its work and was satisfied that there was supporting evidence for its judgements over key accounting and auditing issues.

The ARMC is also responsible for reviewing related party transactions against internal policies and procedures. Related party transactions are audited by the external auditor as part of the Group audit. These typically include transactions between the Real Estate Division and the Mining Division, transactions between the Group entities, transactions with entities affiliated with the Group entities and transactions of the Board members of the individual Group entities. The external auditor did not identify any significant issues or irregularities.

Non-audit services

The ARMC is responsible for developing and implementing policy on the provision of non-audit services by the statutory auditor. In 2014, KPMG LLP performed reporting accountant procedures in relation to the capital restructuring. In their professional judgement, KPMG LLP was independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff was not impaired. Cognisant of these services, the ARMC concluded that the independence of the external auditor was safeguarded and the external auditor was taking measures to preserve its independence.

Internal audit

The ARMC approves the appointment and dismissal of the Group Internal Auditor, reviews the remit of the Group internal audit function and the annual audit plans and ensures that the internal audit function is adequately staffed. The ARMC assesses the performance of the Group Internal Auditor on an annual basis, approves the annual audit plans and reviews the Group audit reports. Bessel Kok's membership in the audit committee of OKD and the provision of the minutes of the OKD's audit committee to the ARMC ensures adequate monitoring and communication.

Petr Hanzlík, the Group Internal Auditor, and his team have carried out the Group internal audit function in-house. The Group Internal Auditor is responsible for developing and overseeing the implementation of consistent internal auditing policies within the Group, delivering the audit plans and audit assignments, determining whether internal controls, risk management, and governance processes of the Group, as designed and represented by management, are adequate and functioning, and providing consulting services designed to improve control environment. The Group Internal Auditor regularly reports to the ARMC on the status of the audit plans and key findings of the completed audits. He has direct access to the Board Chairman and the ARMC Chairman and all necessary access to organisational units and their management and the right to request information and explanations. He further reviews, on a quarterly basis, the gift and hospitality register maintained under the Business Integrity Policy of the NWR Group. No irregularities were found in that respect during 2014.

The internal audit team of OKD evaluates the adequacy and effectiveness of internal controls, risk management and governance processes at OKD and the Polish operations and submits its reports to the senior management and the audit committee of OKD. The annual reports are also provided to OKD's supervisory board and the ARMC.

In 2014, the ARMC assessed the outcomes of the Group internal audits on coal inventory management and Group treasury.

Risk management, internal control and compliance

At the beginning of each year, the ARMC assesses a list of key Group risks to be closely monitored during that year. It subsequently receives reports on risk evaluation, mitigation and responses across the Group. The risks are documented and monitored on an on-going basis and the Group maintains and regularly evaluates a Group risk register. Risks are controlled and managed within those operational areas in which they occur. Local management is responsible for identifying, assessing and mitigating risks and for the relevant reporting to the ARMC. The risk management process follows the existing risk management directive. At the OKD level, the OKD risk management committee supports it.

Following the resignation of the Group Risk Manager from NWR, the risk management function has been established closer to the operations of OKD and the new Group Risk Manager is now located at the OKD headquarters. The position has been carried out by Robert Kačer who administers risk management systems and processes in OKD and NWR, coordinates and provides professional support in risk management efforts at other Group entities, chairs OKD's risk management committee, facilitates the identification, evaluation and management of relevant risk factors, maintains the risk register and regularly reports to the ARMC and the risk management committee of OKD. The ARMC supports this concept as it provides deeper understanding of risks at local level and their better management.

This supports the Board in discharging its responsibility for ensuring that the key risks associated with the Group's operations are effectively managed to safeguard shareholders' investments and the Group's assets. NWR's risk management policy, which applies to all Group entities, sets out the high-level objectives of the Group's risk management, risk evaluation, documentation and reporting processes. The risk management policy can be found on the NWR website at http://www.newworldresources.eu/en/corporate-governance/policies.

The ARMC has a crucial role in stating its opinion and making proposals to the Board on all matters where a potential conflict of interest exists between NWR, its Directors, its controlling shareholder and other shareholders. No potential cases of conflict of interest were examined by the ARMC in 2014.

The main pillars of the internal control system are operational controls, effective risk management and independent oversight by the internal audit team. In the ARMC's view, this provides sufficient control over main processes within the Group.

For further details on risk management, including the Directors' review of the effectiveness of internal controls, please see the 'Principal risks and uncertainties' section starting on page 17.

Whistleblower procedure

The Whistleblower Procedure is appended to NWR's Code of Ethics and Business Conduct and enables to express, on a confidential basis, concerns over the conduct of Directors, officers, management, other employees and the Company as such. These include suspicions of criminal offences, violations of the law, (intentionally) wrongful behaviour, manipulation of information, misconduct and reports of suspected breaches of the Business Integrity Policy. The Whistleblower Procedure was amended in 2013 and the complaints are now dealt with in an impartial manner. The Company Secretary acts as confidential adviser to NWR and its subsidiaries and is responsible for investigating reports of suspected irregularities. The ARMC is responsible for establishing and reviewing the Whistleblower Procedure and is informed of reported cases through regular reports from the Company Secretary. In 2014, 15 reports on suspected irregularities were received. They mainly concerned alcohol abuse, violations of the Labour Code or internal regulations, alleged larceny, corruption and general harassment. Three complaints were confirmed by further investigation and adequate steps were taken to prevent the wrongful behavior in the future.

The whistleblower rules can be found on the NWR website at
http://www.newworldresources.eu/en/ corporate-governance/policies.

The ARMC believes that it carried out all the responsibilities set out in the ARMC's charter. The ARMC proposed for the Board's approval to amend its charter to reflect the recent changes to the UK Corporate Governance Code and the FRC guidance. The amended charter became effective on 21 January 2015 and can be found on the Company's website.

Remuneration report

Dear fellow shareholder,

The year 2014 was another tough period for NWR. We had to grapple with restructuring of our balance sheet at the same time as driving operational efficiency in OKD, in the face of continued market weakness. Today, our business is leaner and more flexible. We have a stronger balance sheet, new Board members and we maintain focus on operational excellence.

Your management and Executive Directors worked hard in the 'new reality' to give NWR a capital structure that is more sustainable in a period when market conditions remain severe. Against this backdrop, the Remuneration Committee has determined no salary increases for Executive Directors and recommended substantial reductions in the fee arrangements of Non-Executive Directors. And no dividend is to be paid.

As envisaged in the 2013 Remuneration Report, we discussed in depth possible remuneration in respect of the input required to deliver the new capital structure. In order to reward and retain the senior management of NWR and OKD following the capital restructuring, new incentive arrangements have been introduced. These comprise the restructuring bonus awards, the awards under the special long-term incentive plan (the 'Special LTIP') and the new annual bonus plan (the 'New Bonus Plan'). Our shareholders approved the restructuring bonus awards to Executive Directors on 3 November 2014. The awards under the Special LTIP require shareholder approval, as some of their elements are not in line with the remuneration policy approved by the shareholders in 2014.

A new remuneration policy is also to be put to shareholders. The primary changes are that (a) Executive Directors will no longer participate in the NWR Long-Term Incentive Plan (the 'LTIP') due to its discontinuation as per the end of 2014, (b) we will reduce the maximum bonus amounts to Executive Directors under the New Bonus Plan to 300 per cent of base salary (from 600 per cent under the LTIP), and (c) bonus awards up to 100 per cent of base salary will be paid in cash in the year following the year of grant. For amounts in excess of 100 per cent of base salary, payment may be made in a combination of cash and shares or phantom shares. Any shares granted will vest in three equal tranches in three consecutive years following the year of grant. We are also changing the performance measures, which will apply to annual bonuses. We will no longer use the production criterion and instead will measure our performance against coking coal sales and, similarly, we will monitor our operational performance against unit cost rather than OPEX as that is more appropriate in our business. To ensure that our performance criteria are unambiguously measurable, we have also waived the qualitative criteria (customers and supplier relationships and organizational effectiveness). The performance criteria continue to be strongly linked to safety, strategy and budget. Otherwise the awards under the New Bonus Plan are on broadly the same terms as the awards under the LTIP.

For completeness I should note that the Remuneration Committee approved the adjustments of the exercise price and the number of outstanding stock options and deferred shares granted to our employees and the Executive Chairman under the Group's share-based plans. The adjustments were made in order to neutralise, so far as practicable, the effect of the rights issue as described in the Prospectus of NWR dated 30 July 2014 (the ‘Rights Issue’).

The Remuneration Committee has appreciated the time our majority shareholder and the noteholders have put into helping us consider the new remuneration policy. We believe that our new management incentives will motivate NWR’s key personnel and at the same time represent a fair alignment with shareholders needs and expectations.

At the Company’s Annual General Meeting held on 23 April 2015 (the ‘2015 AGM’) we are seeking shareholders’ approval of our revised Directors’ remuneration policy, as set out in the next section of this Remuneration Report.

It is hard to provide attractive and shareholder aligned remuneration in the current market conditions but we are confident that we are succeeding. We are happy to discuss any remuneration matters at any time and hope that we can enjoy your support on the remuneration-related votes at the 2015 AGM.

Bessel Kok
Chairman, Remuneration Committee

This Remuneration Report has been drawn up in line with the UK Corporate Governance Code, Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Financial Services Authority Listing Rules. The Remuneration Report, prepared by the Remuneration Committee, has been split into two sections. The first section provides a description of the proposed Directors' remuneration policy for the next three years. This section will be subject to a binding shareholder vote at the 2015 AGM. The second section provides details of Directors' remuneration for the year ended 31 December 2014. This section will be subject to an advisory shareholder vote at the 2015 AGM.

DIRECTORS' REMUNERATION POLICY

This part of the report sets out the Company's policy on the remuneration of its Directors and will be proposed for approval by shareholders at the 2015 AGM. Our proposed policy is somewhat changed from that approved at the 2014 AGM. It will take effect from the day following the 2015 AGM and may operate for up to three years.

The Remuneration Committee has not consulted with the employees or used any remuneration comparison measurements in formulating the Directors' remuneration policy as it is an agreement with the majority shareholder and the noteholders.

The main component of the new remuneration policy is the New Bonus Plan, which did not form part of the remuneration package in the last approved policy. In 2014, the Group underwent a substantial restructuring of its balance sheet, which resulted, amongst others, in a new shareholder structure. The New Bonus Plan has been proposed by the majority shareholder and certain new shareholders (the noteholders) and reflects their view of directors' remuneration levels in the transformation era of NWR. Similarly, as described in the chairman's letter, the Remuneration Committee has changed the performance criteria to align them to the 'new NWR'.

REMUNERATION OF EXECUTIVE DIRECTORS

The objective of the remuneration policy is to attract, retain and motivate executive management of the quality required to run the Group successfully by providing a well-balanced and competitive remuneration package for the Executive Directors, benchmarked against other multinational companies based in Europe and operating in global markets. A significant proportion of Executive Directors' remuneration will be structured so as to link rewards to corporate and individual performance and designed to promote long-term success. There will be a formal and transparent procedure for determining remuneration packages of individual Directors. No Director may be involved in deciding his or her own remuneration. The Remuneration Committee determines the total individual remuneration package of each Executive Director including any performance conditions to be used, bonuses, incentive payments and share options or other share awards. The remuneration package for Executive Directors includes a significant variable element in the form of a cash bonus incentive and a long-term incentive in the form of shares and stock options. As explained below, the Remuneration Committee ensures that an appropriate balance between the fixed and performance-related elements of executive remuneration is maintained.

The Remuneration Committee analyses executive remuneration in terms of the pay policy of the Company as a whole, pay and conditions elsewhere in the Group and the overall costs to shareholders. Periodic reporting will ensure that the Remuneration Committee receives the required information and is kept up-to-date with any changes, so that these can be taken into account when considering the remuneration of Executive Directors.

Element of remuneration	How it works	How it supports NWR's strategy	Maximum which may be paid	Details of performance measures
Base salary	Salary is paid monthly. It typically includes fees for the membership in the Board committees and the directorship in other entities of the NWR Group.	To ensure remuneration remains effective in supporting the Group's business objectives, the Remuneration Committee annually reviews base salary levels, taking into account external benchmarks, market conditions as well as individual performance, the Group performance and changes in responsibility.	The maximum base salary shall be EUR 500,000 including any directors' fees.	Not applicable
Benefits in kind	The Company offers Executive Directors a range of benefits, such as relocation allowances, car allowance, housing, private medical and accident insurance, life assurance, pension, education for children, personal trainings and access to external advice when necessary. The non-cash benefits are subject to individual agreements. Executive Directors are not entitled to any benefit upon termination of their employment agreement other than the contractual benefits that apply during	Offering market competitive levels of benefits in kind aims at attracting and retaining executives of high caliber.	The total annual value of the benefits in kind may not exceed EUR 300,000 for each Executive Director. Subject to that limit, the Remuneration Committee reviews annually the value of the benefits in kind.	Not applicable

	the notice period.			
Annual bonus	As soon as practicable following the end of a financial year, the Remuneration Committee will review NWR's performance and the performance of each Executive Director and determine whether the performance conditions have been satisfied and the amount of any bonus award. Bonus awards of up to 100 per cent of base salary will be paid entirely in cash. Any balance may be paid in a combination of cash, shares and/or phantom shares as determined by the Remuneration Committee.	Performance conditions for bonus awards ensure close alignment of remuneration with delivery on key strategic goals.	The total bonus award (including any amounts in cash or shares or phantom shares) in respect of any financial year may not exceed 300 per cent of the base salary of each Executive Director.	The Remuneration Committee shall impose performance conditions relating to base case, stretch case and super-stretch case operating targets for each financial year and measured against objective criteria. The performance conditions may provide that a bonus award shall vest in part or in proportion according to whether, and the extent to which, any given target is met or exceeded and may provide for a bonus award to lapse if any given target is not met. Unless the Remuneration Committee determines otherwise, achieving a base case operating target will correspond to a bonus award equal in value to 100 per cent of base salary. Achieving stretch case target will correspond to a bonus award of 200 per cent of base salary and achieving super-stretch case target will correspond to a bonus award of 300 per cent of base salary. Bonus awards for results between these

				amounts shall be determined by linear interpolation. Specific performance conditions will be determined within the following areas and assigned the following weight: financial criteria (50 per cent); operational criteria (25 per cent); and growth (25 per cent).
Pension	The Company currently offers a contribution (expressed as a percentage of base salary) to a defined contribution pension scheme. The Company does not set aside or accrue amounts to provide pension, retirement or similar benefits.	Offering pension allowance should help us attract and retain executives of high caliber.	The maximum amount payable is 5 per cent of base salary.	N/A

It is the Company's policy to honour any commitments made to a Director before this remuneration policy took effect or before he or she became a Director. This may include satisfying entitlements to remuneration payments or payments for loss of office.

Footnotes:

(1) In addition to the rules and principles already described in the table above, the following New Bonus Plan rules also apply:
Authorisation: The Board shall have full authority to administer the New Bonus Plan and its decisions shall be binding. The Board has authorized the Remuneration Committee to administer the New Bonus Plan.
Start of the New Bonus Plan: The New Bonus Plan will first be operated in respect of the 2015 financial year. Within 42 days after publication of the Group's consolidated annual financial statements, the Remuneration Committee shall determine: (a) whether the New Bonus Plan shall be operated in respect of the current financial year; b) which eligible employees may participate in the New Bonus Plan; (c) the performance conditions that shall apply to each bonus award for that year; and (d) the award date.
Amendment or waiver: In circumstances where a bonus award has been granted subject to a performance condition and the Remuneration Committee subsequently, acting reasonably, considers that the performance condition is no longer a fair measure, it may (a) waive the performance condition; or (b) amend the performance condition, provided that the amended performance condition would be a fairer measure of performance and would reasonably be expected to be no more difficult to satisfy than the original performance condition.
Other conditions: The Remuneration Committee may impose other conditions when granting a bonus award. Any condition must be objective and specified at the time of grant and may provide that a bonus award will lapse if it is not satisfied. The Remuneration Committee may waive or change a condition in accordance with its terms or in any way it sees fit. A bonus award will only vest to the extent that any conditions are satisfied or waived.
Shares or phantom shares: The number of shares or phantom shares will be determined by converting the relevant portion of the bonus award into a notional number of shares based on share price at that time.
Payment of cash award: Payment of any cash awards up to 100 per cent of base salary will be made shortly after publication of the Group's consolidated annual financial statements for the financial year in respect of which the relevant bonus award was granted. Cash awards in excess of 100 per cent of base salary will be paid in two equal instalments after publication of those statements for each of the following two financial years. Phantom shares will be converted into cash based on share price at that time. Payment of any cash pursuant to phantom shares shall be made in two equal instalments, shortly after publication of the Group's consolidated annual financial statements for each of the following two financial years.
Transfer of shares: The shares shall be transferred to the participant in three equal tranches, within 60 days after publication of the Group's consolidated annual financial statements for (i) the financial year in respect of which the shares were granted; and (ii) each of the following two financial years.
If a participant leaves the NWR Group (other than as a good leaver), he or she will not be entitled to any bonus award for the financial year in which he or she leaves unless he/she leaves as a good leaver (as described in footnote (2) below), in which case, the Remuneration Committee may determine that a bonus award will vest in full on leaving. In these circumstances, the bonus may be paid entirely in cash or in some other form.

(2) In addition to the items in the policy table, there are other arrangements forming part of the on-going policy applicable to the Executive Directors.
Stock Option Plan of Gareth Penny – The option plan of Gareth Penny was agreed as a condition of employment, in order to attract and secure a unique and high-quality candidate for the top-level position. On 3 September 2012, the Company granted Gareth Penny 250,000 share options over A shares in three equal tranches (representing an aggregate of 750,000 ordinary A shares). The share options were adjusted as a result of the Rights Issue and Gareth Penny now owns 2,281,466 share options. Each share option gives Gareth Penny the right to acquire one A share for an (adjusted) exercise

price of EUR 0.0033. Each tranche vests equally over three years representing one third of the options each year (first tranche on the first, second and third anniversary of the grant date, second tranche on the second, third and fourth anniversary of the grant date and lastly third tranche on the third, fourth and fifth anniversary of the grant date). The options vest subject to Gareth Penny remaining employed by the Company. If he ceases to be an employee, all unvested options will immediately lapse, unless he ceases by reason of death, ill health, injury or in connection with any other circumstances determined by the Directors at their discretion. Upon change of control the options lapse and may be, at the discretion of the Directors, replaced by equivalent options in the company that obtains control. The Directors may change the option plan, but changes to the advantage of Gareth Penny in the number of shares subject to option, beneficiary, exercise price and certain other rights are subject to an ordinary resolution of the general meeting. Adjustments can be made in the event of a rights issue, demergers or other variation of capital in any way the Directors consider appropriate to reflect such variation.

Stock Option Plan of NWR – Marek Jelínek received certain stock options under the Stock Option Plan of NWR NV (the 'SOP'). For the details on his SOP awards, please see the 'Scheme interests' table. Due to the implementation of the Deferred Bonus Plan of NWR adopted on 8 April 2011 (the 'DBP'), granting of options was discontinued as of 31 December 2010 and the SOP continues only in relation to options granted prior to that date. All those options are now vested and exercisable. In connection with the UK redomiciliation, NWR has granted equivalent (rollover) options over NWR A shares to the Executive Directors who participated in the SOP. These rollover options continue on the same terms and conditions as applied to the options granted originally under the SOP (with appropriate adjustments of their number and exercise price following the Rights Issue). Options can be exercised until the eighth anniversary of the date of award. Options, which have not been exercised will lapse on the eighth anniversary of their grant. Options may, however, be exercised early under certain circumstances, including certain terminations of employment and in the event of a takeover (change of control), scheme of arrangement or winding up. Options are not transferable and may only be exercised by the persons to whom they are granted.

Deferred Bonus Plan of NWR - Marek Jelínek further received, on 3 March 2011, an ad hoc grant of 30,000 deferred NWR NV shares under the DBP. There were no performance conditions attaching to this award. These deferred shares, which have been rolled over to A shares of NWR, vested on 3 March 2014.

Special LTIP awards – In connection with successful completion of the capital restructuring, Gareth Penny and Marek Jelínek received awards under the Special LTIP. They were granted under the LTIP, subject to following amendments: They take the form of a right to receive a cash payment equal to the market price of a specified number of NWR shares on the date on which Gareth Penny and Marek Jelínek elect to realise value. They may only so elect after the awards have vested. If they do not so elect within 12 months following the vesting date, that portion of the award will lapse.

Vesting: The awards will vest as to one third of the shares in respect of which they were granted on 31 December 2016, as to a further third on 31 December 2017, and as to the balance on 31 December 2018. Vesting of these awards to Gareth Penny and Marek Jelínek is conditional upon, and subject to, the shareholder approval at the 2015 AGM.

Satisfaction of award: Awards may, in certain circumstances, be satisfied through shares instead of cash. If the participants receive shares, at any time during the period of three years following the vesting, they will have the put option to sell any shares, at the market price of the shares on the date they elect to realise value, to NWR or any person nominated by it. Awards do not carry any right to shares or other securities and any interest in shares is purely notional.

(3) If a participant in the New Bonus Plan, the Special LTIP or the DBP (together called the 'Plans') leaves NWR Group, awards which have not vested will lapse unless the participant is a good leaver, in which case, the awards will normally continue in effect or may vest early, if the Remuneration Committee so decides.

A participant is treated as a good leaver if he/she leaves for any of the following reasons: (a) his/her death; (b) illness or disability; (c) retirement at the contractual retirement age or an earlier date which is agreed between the participant and the Company; (d) his/her employer ceasing to be under the control of any member of the Group; (e) a transfer of the undertaking, or part of the undertaking, in which the participant works, to a person which is not under the control of any member of the Group; (f) authorised leave of absence (excluding regular vacation); or (g) any other reason in circumstances where the Remuneration Committee decides, in its discretion, to treat the participant as a good leaver. This discretion might be used where the participant contributed meaningfully to NWR's business and was a valuable employee.

Awards under the Plans may vest early on a takeover or similar transaction and any performance conditions may be adjusted to take account of the transaction. The number of shares will be reduced on a pro-rata basis. Bonuses under the New Bonus Plan for the year in which the takeover occurs may be paid out early and in cash.

The Plans allow the Remuneration Committee to reduce or delay the payment of unvested awards if extraordinary circumstances have occurred before an award has been satisfied which would lead to an unfair result. An award paid out on the basis of incorrect financial or other data may be recovered.

Awards under the Plans can be adjusted to take account of rights issues, special dividends and other variations of capital.

Under the DBP and the Special LTIP, the participant has right, within the three years following vesting, to sell any shares he/she receives for at least the market value of those shares when they vested (or when he/she elected to realise value, in the case of the Special LTIP) to NWR or any person nominated by it.

Other than as described above, there are no components of the Executive Directors' remuneration that are not subject to performance criteria.

(4) The remuneration policy for the Executive Directors applies in unchanged form to our key executives, though the levels of awards tend to be lower than those offered to the Executive Directors and their individual performance criteria usually include elements relating to parts of the business for which the individual executive is responsible.

(5) For senior management personnel of the Group, pay comprises base salary, various allowances provided in cash or in kind and eligibility for the New Bonus Plan. Workers and miners are remunerated in line with the collective agreements agreed between OKD's management and the trade unions. Their pay comprises base tariff wages, holiday and Christmas bonuses and bonuses linked to performance. In addition, they can receive benefits in cash or in kind (such as pension allowance, life insurance, reimbursement of physiotherapies and various leisure activities, cafeteria plans, etc.). Underground workers also receive two weeks of paid holidays in addition to the statutory holiday of the Czech Republic.

Illustration of the application of remuneration policy

We estimate that the level of remuneration received by each of the two current Executive Directors for the first full year in which the revised policy applies will be, indicatively, at three different levels of performance:

> Minimum, where only fixed pay (salary, benefits and pension in case of the Executive Chairman) is payable and no bonus pay accrues;

> At expectation, fixed pay plus performance-related pay vesting at the levels reasonably expected, but ignoring any share price changes; and

> Maximum, fixed pay plus full vesting of performance-related pay, again ignoring any share price changes.

Chart: Executive Chairman (EUR; %)

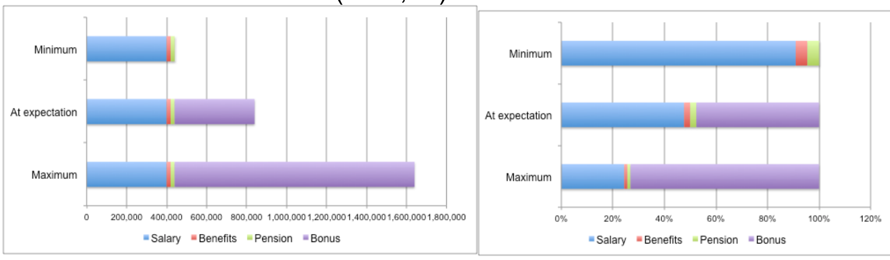
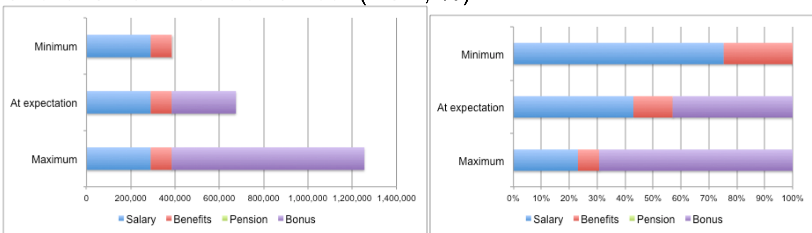


Chart: Chief Financial Officer (EUR; %)



The bonus in respect of a financial year is only paid in the following financial year, after the completion of all audit, assurance and approval processes. To illustrate the application of the remuneration policy, the 'bonus' amount reflects the bonus earned in respect of the year of employment. Salary, benefits and pension are shown at the estimated cash cost to the Company. Bonus at 'minimum' means that none of the performance targets is achieved; 'expectation' means that every performance condition is achieved at a base case target level and the bonus equals to 100 per cent of the annual base salary as explained in the policy table; 'maximum' means that every performance condition is achieved at super-stretch level, the bonus equals to 300 per cent of the annual base salary as explained in the policy table and is the amount at which the bonus payment is capped.

Approach to recruitment remuneration

In general, the starting point for negotiations with new recruits will be the policy described above. However, the Board (or the Remuneration Committee, as appropriate) may provide one-off benefits (or ad hoc share incentive plan awards) to new-joiners for recruitment purposes or to employees (including Executive Directors) upon promotion or for retention purposes. The maximum level of variable remuneration payable to a new recruit or the maximum size of a retention or promotion award is 300 per cent of annual base salary. This covers awards made on recruitment and any buy-out awards. A new joiner might, in the same year, also be granted a bonus amount in accordance with the policy. In addition, performance criteria applicable to the New Bonus Plan would apply on retention awards.

Service contracts of Executive Directors

Service contracts of Executive Directors provide for payment of salary alone in lieu of notice and statutory severance payment. A right to any benefits accrued or claimed under any share-based incentive plan or pension plan will be determined in accordance with the governing documents of the relevant plan. Any accrued but unpaid holiday pay will be paid on termination. Apart from that no other payments for loss of office will be made.

The notice periods will be no more than 12 months but subject to that, different notice periods may be agreed as described below. They are set on a discretionary basis and subject to the

Director’s position. Generally, the more specialised the position or the greater is the degree of responsibility associated with it, the longer the period of notice. Among the factors considered by the Remuneration Committee in assessing the period of reasonable notice are length of service and character of employment.

The service contracts are available at the Company’s registered office. The current contracts provide the following notice periods:

Name	Date of appointment	Termination date	Notice period
Gareth Penny	3 September 2012	-	Twelve months’ notice by NWR; three months’ notice by Director
Marek Jelínek	31 March 2011	-	Six months’ notice by NWR; three months’ notice by Director

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Remuneration Committee advises the Board in relation to its responsibilities with respect to the remuneration of Non-Executives Directors. The Board itself will determine the remuneration of the Non-Executive Directors within the limits set in the Articles of Association.

In accordance with NWR's Articles of Association, the term of appointment of the Non-Executive Directors is four years, subject to satisfactory performance and re-election when appropriate at the annual general meeting of shareholders. A one-month notice period applies to the termination of each Non-Executive Director's appointment. The appointment may also be terminated at any time by the general meeting. None of the Non-Executive Directors is entitled to any benefit on termination of his or her appointment.

Directors' fees shall from time to time be determined by the Board, with the proviso that total fees shall not exceed EUR 2 million per annum in aggregate or such higher amount as may from time to time be determined by ordinary resolution of the general meeting of shareholders. The fees are paid pro rata parte in cash upon the end of each quarter. The basic annual fee payable to the Non-Executive Directors is reviewed annually by the Remuneration Committee and at least every three years by the annual general meeting. In 2014, the Remuneration Committee looked at remuneration in other companies of comparable scale and complexity and proposed, also given the financial situation of NWR, a substantial reduction of the annual Board fee and the fees received for the membership of the Board committees. As of 22 November 2014, the Non-Executive Directors receive an annual fixed fee of EUR 50,000 instead of EUR 68,459. This amount reflects the time commitment and responsibilities of the role. In addition to the annual fixed fee, chairmen and members of the committees established by the Board receive the following annual fees (the fees received prior to the fee reduction are shown for comparison):

	Annual Fee (EUR) 1 January-21 November 2014		**Annual Fee (EUR) Since 22 November 2014**	
Committee	**Member**	**Chairman**	**Member**	**Chairman**
Audit and Risk Management	28,525	57,048	12,000	25,000
Real Estate	11,409	22,820	10,000	20,000
Safety, Health and Environment	28,525	57,048	11,500	23,000
Remuneration	22,820	28,525	10,000	20,000
Nomination	11,409	22,820	10,000	20,000

NWR does not operate an equity plan for Non-Executive Directors and they do not participate in the New Bonus Plan; nor may they receive any bonus. Non-Executive Directors are not entitled to any non-cash benefits. No personal loans, guarantees or other similar instruments may be provided to Non-Executive Directors.

Non-Executive Directors may be reimbursed for all reasonable and documented expenses incurred in performing their role - effective from 12 November 2014, NWR has a new expenses policy tightening the rules on reimbursement of Directors' expenses.

As described elsewhere in this report, NWR has consulted with its majority shareholder and certain noteholders the rules of the New Bonus Plan forming the main part of the revised remuneration policy.

REMUNERATION OF DIRECTORS IN FINANCIAL YEAR 2014

During the year, the Remuneration Committee did not appoint any remuneration consultants. The Executive Chairman, Gareth Penny, advised on the performance conditions relevant to the Executive Directors and senior managers participating in the LTIP. The new incentive arrangements (the restructuring bonus awards, the Special LTIP awards and the New Bonus Plan) have been discussed with the majority shareholder and certain noteholders and supported by them. No other material advice or services were provided to the Remuneration Committee.

Performance and pay

The chart below shows the total shareholder return of an investment in the Company's shares in each of the past six financial years as against that of an investment in the FTSE 350 Mining Index. The chart assumes that dividends were reinvested each time they were paid. For simplicity, the chart assumes that the total dividend (i.e. interim and final) was reinvested at the end of the year. The total shareholder return ('TSR') for any year is calculated as the change in the value of a share in the Company plus dividends reinvested as described above.

Chart: TSR

The pay of the Executive Chairman (who is treated as the CEO for the purposes of this disclosure) for each of those financial years is set out below for comparative purposes:

	2009	2010	2011	2012	2013	2014
Executive Chairman 'single figure' of total remuneration (EUR)[1]						
Mike Salamon[2]	1,852,791	2,554,561	2,093,514	1,146,540	N/A	N/A
Gareth Penny[3]	N/A	N/A	N/A	159,376	466,494	1,251,346
Total	1,852,791	2,554,561	2,093,514	1,305,916	466,494	1,251,346
Annual bonus paid against maximum opportunity (%)						
Mike Salamon	0%	0%	0%	0%	N/A	N/A
Gareth Penny	N/A	N/A	N/A	N/A	N/A	33%
Long-term incentive vesting against maximum opportunity						
Mike Salamon	100%	100%	100%	100%	N/A	N/A
Gareth Penny	N/A	N/A	N/A	N/A	100%	100%

(1) Where the figure includes share or option awards which are not subject to performance conditions tested over more than one year, the face value of such award is included in the year in which it vests or becomes exercisable, calculated by multiplying the number of shares vested by the closing price on the London Stock Exchange (the 'LSE') at the date of vesting less the exercise price and converted into EUR at an average exchange rate for the relevant year.
(2) The total remuneration of Mike Salamon includes his salary and the face value of 264,351 stock options vested in 2009, 265,150 stock options vested in 2010, 261,585 stock options vested in 2011 and 267,019 stock options vested in 2012. He retired on 30 September 2012.
(3) Gareth Penny joined as Executive Director on 3 September 2012. His remuneration for 2012 includes salary and a sign-on bonus. His 2013 and 2014 remuneration includes salary, benefits in kind, the face value of vested stock options and pension contribution. His 2014 remuneration also includes the restructuring bonus award and the annual bonus as described in the 'Single total figures' table. None of these were linked to any performance criteria.

Percentage change in the Executive Chairman's remuneration

The table below shows the percentage change in the Executive Chairman's total remuneration in 2013 and 2014 as it is impracticable to accurately disclose the remuneration of the Group's employees at a level below that of total remuneration. The year-on-year change in relation to the employees relates to all employees of the Group and is on per capita basis.

	Year-on-year change: Executive Chairman	Year-on-year change: Group employees
Total remuneration	287%	(9%)

Single total figures for Executive Directors' remuneration

The table below shows the pre-tax remuneration of Executive Directors for the fiscal year ended 31 December 2014 and 2013.

(EUR)	Salary and fees		Taxable benefits		Bonus[3]		Value of option awards vesting[4]		Value of share awards vesting[5]		Pension contribution		TOTAL	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Gareth Penny[1]	**399,706**	355,343	**19,246**	9,756	**800,000**	0	**12,394**	74,728	**0**	0	**20,000**	26,667	**1,251,346**	466,494
Marek Jelínek[2]	**374,583**	212,573	**94,522**	80,843	**435,000**	0	**0**	(84,307)	**14,330**	0	**0**	0	**918,435**	293,416

(1) Gareth Penny's contractual annual salary is EUR 400,000. The components of his taxable benefits were health insurance (EUR 11,735) and liability insurance (EUR 7,511). The face value of option awards vesting comprises the value of 166,666 stock options vested on 3 September 2014 in line with his option plan described below the policy table. The options were not linked to any performance criteria. They are included in this table to set out all items of Gareth Penny's remuneration in 2014. In line with his employment contract, the Company contributes, in monthly arrears, 5 per cent of his annual base salary to his personal pension arrangements.
(2) Marek Jelínek's contractual annual salary is EUR 290,000. In addition, he also received EUR 86,998 for accrued vacation time upon the termination of his contract with NWR Plc. His taxable benefits comprised family health insurance (EUR 3,961), liability insurance (EUR 7,511) and children's education (EUR 83,050). The face value of option awards vesting in 2013 comprises the face value of 19,870 stock options vested on 17 March 2013 in line with the SOP. The value of share awards vesting in 2014 comprises

the face value of 30,000 deferred shares vested on 3 March 2014 in line with the DBP.

(3) Gareth Penny and Marek Jelínek were awarded a restructuring bonus of EUR 600,000 and EUR 435,000, respectively, in relation to the successful completion of the capital restructuring. The shareholders approved these bonus awards on 3 November 2014. NWR has the right to demand repayment of the full amount in the event that they resign from their employment in the NWR Group within the 12-month period following the date of payment, unless they are good leavers. The Remuneration Committee also determined that Gareth Penny receive an annual bonus award of EUR 200,000, in relation to his individual performance in 2014.

(4) The face value of option awards vesting is calculated by multiplying the number of options vested less the exercise price by the closing price on the LSE at the date of vesting and converted into EUR at an average exchange rate GBP/EUR of 0.806 for 2014 and 0.85 for 2013. Where that value is negative, the figure is shown in brackets but is not deducted from the single figure. The closing price on the LSE on 3 September 2014 was GBP 0.068; on 3 September 2013 it was GBP 0.77 and on 18 March 2013 it was GBP 2.45 (the LSE was closed on 17 March 2013, which was the vesting date for Marek Jelínek's stock options and the closing price is provided for the closest LSE trading day).

(5) The face value of Marek Jelínek's deferred shares is calculated by multiplying their number by GBP 0.385, which was the closing price on the LSE at the date of vesting (i.e. 3 March 2014), and converted into EUR at an average exchange rate GBP/EUR of 0.806 for 2014.

This table and the associated footnotes have been subject to audit by KPMG LLP.

Information about benefits of Directors

The table below shows the information required by Schedule 5 of Statutory Instrument 2008/410 in relation to the Executive Directors.

Aggregate remuneration (EUR)[1]		**Scheme interests gain (EUR)**[2]	
2014	2013	**2014**	2013
2,169,781	1,203,748	**14,330**	0

(1) The aggregate remuneration includes the annual base salary, bonus and taxable benefits of the Executive Directors as described elsewhere in this report. It further includes the pension of Gareth Penny who participates in a defined contribution pension scheme as also described elsewhere in this report. There are no other defined contribution schemes and no defined benefit schemes. The 2013 aggregate remuneration includes that of Ján Fabián who was the Executive Director in the whole of 2013 although those costs were borne by OKD. In 2014, Ján Fabián received CZK 9,000,000 (EUR 326,845) paid by OKD as a non-compete compensation, which is not included in the 2014 aggregate remuneration.

(2) The scheme interest gains set out the gains made by the Directors on the exercise of stock options and assets or money received or receivable under the scheme interests other than the stock options. The 2014 scheme interests gain includes the face value of 30,000 deferred shares received by Marek Jelínek. No further gains have been made as at the date of this report. There are no other long-term incentive plans other than the share plans described elsewhere in this report.

Scheme interests awarded in 2014

	Type of interest and basis of award	Date of grant	As at 31 December 2014	Vesting date	Exercise Price	Closing price on LSE on the date of grant	Face value[2]
Gareth Penny	Special LTIP[1]	21.11.2014	125,000,000	31.12.16; 31.12.17; 31.12.18	N/A	GBP 0.014	EUR 2,171,216
Marek Jelínek	Special LTIP[1]	21.11.2014	67,000,000	31.12.16; 31.12.17; 31.12.18	N/A	GBP 0.014	EUR 1,163,772

(1) The Special LTIP is described in more detail in the remuneration policy. These awards are subject to shareholder approval at the 2015 AGM.

(2) The face value is calculated by multiplying the number of shares by the closing share price on the LSE at the date of grant and converted into EUR at an average exchange rate GBP/EUR of 0.806 for 2014.

This table and the associated footnotes have been subject to audit by KPMG LLP.

Single total figures for Non-Executive Directors' remuneration

Name	Annual fee[1] (EUR)		Committee chairmanship annual fee[1] (EUR)		Committee membership annual fee[1] (EUR)		Total compensation (EUR)	
	2014	2013	2014	2013	2014	2013	2014	2013
Ian Ashby[2]	8,856	N/A	5,334	N/A	1,659	N/A	15,849	N/A
Zdeněk Bakala[3]	0	0	0	0	0	0	0	0
Klaus-Dieter Beck[4]	N/A	26,571	N/A	0	N/A	0	N/A	26,571
Paul Everard[5]	57,581	70,959	47,983	59,132	9,596	29,361	115,160	159,452
Peter Kadas[3]	0	0	0	0	0	0	0	0
Colin Keogh[2]	8,856	N/A	3,317	N/A	4,943	N/A	17,116	N/A
Bessel Kok	66,346	70,959	75,574	88,699	13,976	11,702	155,986	171,360
Barry Rourke	66,346	70,959	43,941	82,785	25,651	29,435	136,028	183,179
Hans-Jörg Rudloff[5]	57,581	70,959	0	0	43,188	53,182	100,769	124,141
Steven Schuit[5]	57,581	70,959	0	0	57,581	88,636	115,162	159,545
Pavel Telička[6]	133,948	70,959	0	0	0	0	133,948	70,959
Kostyantin Zhevago[7]	10,316	70,959	0	0	0	0	10,316	70,959
Alyson Warhurst	66,436	46,993	3,317	0	26,660	18,053	96,413	65,046

(1) As of 22 November 2014, the basic annual fee and the fees for committee chairmanship and membership have been reduced as described in the remuneration policy.
(2) Ian Ashby and Colin Keogh joined the Board on 3 November 2014.
(3) Zdenek Bakala and Peter Kadas waived their fees for the whole of 2014 and 2013.
(4) Klaus-Dieter Beck resigned on 31 March 2013.
(5) Paul Everard, Hans-Jörg Rudloff and Steven Schuit retired on 3 November 2014.
(6) Pavel Telička's annual fee includes a monthly fee of EUR 20,000, which he was receiving until May 2014 in addition to his Board fee in connection with his appointment as Head of the Committee for Transformation established by the Board on 1 September 2013. He resigned on 30 June 2014. He was also the co-founder and director in charge of the Brussels office of BXL Consulting Ltd, which provided certain consultancy services to NWR. The agreement was terminated on 31 May 2013. For further details regarding this contract, see the 'Related Party Transactions' section of the 2013 Annual Report.
(7) Kostyantin Zhevago waived his annual fee for 2013 and 2014 for the benefit of a charity. He resigned on 24 February 2014.

This table and the associated footnotes have been subject to audit by KPMG LLP.

Directors' shareholding

The table below sets out information pertaining to the shares held by the Directors in NWR and their connected persons as at the end of 2014. No stock options were exercised in the year. The Directors holding NWR shares took up the rights in the Rights Issue and, as a result, their share interests as at 31 December 2014 are much higher compared to the beginning of 2014. There have been no changes in the interests of Directors (or their connected persons) in the Company's shares between 31 December 2014 and the date of this report. The Company does not require the Directors to own shares in the Company.

Name	At 1 January 2014	At 31 December 2014
Ian Ashby	0	0
Zdeněk Bakala[1]	0	0
Paul Everard[2]	67,843 shares	1,356,860 shares
Marek Jelínek	7,075 shares and 30,000 deferred shares under the DBP (not subject to performance conditions)	741,500 shares
Peter Kadas[1]	0	0
Colin Keogh	0	2,000,000 shares
Bessel Kok	54,308 shares	1,086,160 shares
Gareth Penny	0	0
Barry Rourke	55,843 shares	1,116,860 shares
Hans-Jörg Rudloff[2]	26,589 shares	531,780 shares
Steven Schuit[2]	25,843 shares	516,860 shares
Pavel Telička[3]	0	0
Alyson Warhurst	0	0
Kostyantin Zhevago[3]	0	0

(1) Please refer to the 'Shareholder Information' section in respect of the individual interests of entities affiliated with Zdeněk Bakala and Peter Kadas in the A shares and B shares of NWR.

(2) Paul Everard, Hans-Jörg Rudloff and Steven Schuit retired on 3 November 2014. The table shows their share interests as at that date.

(3) Pavel Telička and Kostyantin Zhevago did not own any shares of NWR at the time of their resignation on 30 June 2014 and 24 February 2014, respectively.

Directors' scheme interests

The table below sets out details of scheme interests, which were held by Directors as at the end of 2014 and which have not been disclosed elsewhere. None of them is subject to performance conditions. Further details of the SOP are set out in the remuneration policy. The number of outstanding stock options and their exercise price were adjusted upon the Board resolution on 23 February 2015 to take account of the Rights Issue and ensure that the Rights Issue was neutral for optionholders. The adjustment was made upon a standard formula for adjustment of options on a rights issue by working out theoretical ex-rights price, adjusting exercise price and adjusting number of shares subject to option. This table shows the adjusted figures as at the end of 2014.

	Type of interest and basis of award	Date of grant	Number of shares under option/award	Exercise period/vesting date	Exercise price
Gareth Penny	SOP	03.09.12	2,281,466	03.09.13-03.09.24	EUR 0.0033
Marek Jelínek	SOP	09.05.08	120,997	09.05.11-09.05.16	GBP 4.36
	SOP	24.06.09	674,976	24.06.12-24.06.17	GBP 0.93
	SOP	17.03.10	239,536	17.03.13-17.03.18	GBP 2.34

These tables and the associated footnotes have been subject to audit by KPMG LLP.

Relative importance of spend on pay

The table below shows the actual expenditures of the NWR Group.

	2014 (EUR)	2013 (EUR)	Difference (EUR)
Remuneration of the NWR Group employees	252,275,915	298,707,896	(46,431,981)
Distribution to shareholders	0	0	
Other significant distributions of profit or cash-flow:			
Capital expenditure	59,631,792	109,271,998	(49,640,206)

The year-on-year reduction in the remuneration costs of the NWR Group employees results from reduction in headcount combined with the finalisation of the Collective Bargaining Agreement in November 2013 which led in lower personnel benefit allowances and accordingly, in lower personnel expenses.

Capital expenditure is featured in the table to assist in understanding the relative importance of spend on pay as the Directors have a choice whether to distribute profits and cash-flows by way of dividend or reinvest these in the assets base to maintain or improve the operational health of the Company.

OTHER REQUIRED DISCLOSURES

Payments to former Directors

No payments of money or any other assets were made during 2014 to any former Director of the Company.

Payments for loss of office

There have been no payments in relation to a Director's loss of office during 2014. The Remuneration Committee used its discretion and determined, in relation to the stock options of Ján Fabián, who was the CEO of OKD and Executive Director of NWR from 1 January 2013 to 31 December 2013 that he is considered a good leaver for the purpose of the SOP operated by NWR. He is entitled to exercise, in line with the SOP rules, 156,159 stock options for the exercise price of GBP 4.36 until 9 May 2016; 711,775 stock options for the exercise price of GBP 0.93 until 24 June 2017; and 260,131 stock options for the exercise price of GBP 2.34 until 17 March 2018, all as adjusted to take account of the Rights Issue.

These disclosures have been subject to audit by KPMG LLP.

Voting at the 2014 AGM

At the AGM on 24 April 2014 three votes were considered in relation to Directors' remuneration: the binding vote on the policy section of the Directors' Remuneration Report and the advisory vote on the Directors' remuneration in the preceding year.

Resolution	Votes for (and percentage of votes cast)	Votes against (and percentage of votes cast)	Votes withheld	Total votes
Remuneration Policy	175,473,487 (95.54%)	8,187,786 (4.46%)	200	183,661,473
2013 Remuneration Report	175,912,839 (95.78%)	7,748,434 (4.22%)	200	183,661,473

Directors' remuneration in 2015

The remuneration policy for Executive Directors for 2015 is changed to a small degree from that in force in recent years, namely they will no longer participate in the LTIP due to its discontinuation and will instead receive bonus awards under the New Bonus Plan implemented on 1 January 2015. The bonus awards will be subject to the achievement of the performance conditions set out in the remuneration policy; the Remuneration Committee considered the applicable targets for 2015 at its February meeting. In the opinion of the Board, the targets set for the performance conditions are commercially sensitive. As permitted by the regulations, they are not being disclosed in advance but there will be full retrospective disclosure in the 2015 Annual Report and Accounts, if any bonuses have been paid in relation to 2015. On top of it, subject to the shareholders' approval at the 2015 AGM, the Executive Directors have received one-off awards under the Special LTIP. No material salary increases are expected across the Group for 2015.

This Remuneration Report was approved by the Board and signed on its behalf by the Company Secretary on 17 March 2015.

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the Directors are required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- State whether they have been prepared in accordance with IFRS as adopted by the EU, and Article 4 of the EU IAS Regulations; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company transactions and disclose with reasonable accuracy at any time the financial position of the parent company and of the Group and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent company and hence for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Having taken advice from the Audit and Risk Committee, the Directors consider that the Annual Report and financial statements taken as a whole are fair, balanced and understandable and provide the necessary information for shareholders to assess the Company's and the Group's performance, business model and strategy.

Each of the Directors, whose names appear on pages 51 to 60, confirm that, to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole;
- The Company financial statements, prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006,

give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- The Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- Having made the requisite enquiries, so far as the directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware and the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

Ivona Ročárková

Company Secretary

Independent auditor's report

To the member of New World Resources Plc only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of New World Resources Plc for the year ended 31 December 2014 set out on pages 139 to 189. In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 2 to the consolidated financial statements concerning the Group's and the Company's ability to continue as a going concern. The Group is currently cash flow negative and the current low coal price environment has placed significant pressure on the Group's liquidity position, and also on its solvency, resulting in the Group having net liabilities of EUR 160 million at 31 December 2014. The Directors completed a capital restructuring during the year, which is expected to provide sufficient cash for a period of 12 months from its completion. However, in the event of unexpected production or other operating issues, or further deterioration in coal prices, the Group could be in breach of the minimum available cash requirement for the Super Senior Credit Facility, which is set at EUR 40 million and is first tested as at 31 October 2015. In those circumstances the Group could run out of cash in the fourth quarter of 2015 and all of the remaining debt of the Group could become immediately repayable.

These conditions, along with other matters explained in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt as to the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

3. Our assessment of risks of material misstatement

We summarise below the risks of material misstatement that had the greatest effect on our audit, our key audit procedures to address those risks and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and consequently are incidental to that opinion, and we do not express discrete opinions on separate elements of the financial statements.

Liquidity and going concern

Refer to page 99 (Audit and Risk Management Committee Report) and page 144 (Basis of preparation – Going concern basis of accounting).

The risk – The Group's liquidity and solvency position is stressed as described in section 2 of this report above. Assessing whether the going concern basis of accounting is appropriate requires significant judgment and the application of a break-up basis could have a significant effect on the amounts included in the financial statements. Given the current position of the Group, it is of particular importance that the disclosure in the financial statements of the Directors' judgments in this regard and of the nature of any material uncertainty which may cast significant doubt as to the Group's and the Company's ability to continue as a going concern is clear and comprehensive.

Our response – Our audit procedures included testing the integrity of the cash flow projections and challenging the appropriateness of key assumptions used in preparing those projections (including commodity prices, sales volumes and product mix, production volumes and costs, committed and planned capital expenditure). We evaluated these projections and assumptions by reference to our knowledge of the industry and assessed the potential risk of management bias. Certain of the key assumptions, specifically projected commodity prices, sales and production volumes, and product mix, are volatile, outside the control of the Directors, require judgment in their selection, and can have a significant effect on forecast cash flows. For externally derived inputs we assessed the reasonableness of the Directors' assumptions by reference to external forecasts principally by comparing projected commodity prices against external analyst reports, both regionally and globally. For internally derived inputs, we compared prices for contracted volumes to sales contracts; we compared operating expense forecasts to the historical level of operating expenses (assessing in particular the extent to which these expenses can be reduced without jeopardising production); we assessed the accuracy of historical underlying forecasts to historical production and sales data; and we compared the capital expenditure projections to existing planned works and assessed whether this was sufficient to enable the projected level of production to be achieved. We evaluated the sensitivity of the projected available cash by considering scenarios that could result from reasonably plausible changes to key assumptions. We evaluated whether the Directors' plans to alleviate the cash shortfall evident from these scenarios were feasible in the circumstances. We considered whether the Group's disclosures in relation to its liquidity and capital resources were complete, represented the position of the Group at the date of approval of the financial statements, and included the Directors' key considerations in deciding to prepare the financial statements on a going concern basis.

Our findings – We found the assumptions and resulting estimates used to assess the Group's and the Company's liquidity and solvency to be balanced. We found that the Directors had made balanced judgments in concluding that, although there is a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern, it is appropriate to use the going concern basis of accounting. We found that the disclosures proportionately describe (i) the Group's liquidity requirements and capital resources, including the inherent degree of subjectivity in estimating liquidity requirements and the other risks to liquidity and solvency, and (ii) the Directors' judgment that these circumstances represent a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Accordingly, in section 2 of this report above, without modifying our opinion on the financial statements, we have included an emphasis of matter.

Impairment loss on property, plant and equipment (EUR 183 million)

Refer to page 99 (Audit and Risk Management Committee Report), page 150 (Summary of significant accounting policies – Impairment) and page 165 (Property, plant and equipment - Impairment).

The risk – The sustained deterioration in coal prices over the last year made it likely that there had been¦ a further impairment of the Group's property, plant and equipment. The amount of the impairment was assessed by the Group using a value in use model to derive the net present value of the forecast cash flows expected to be generated by the Group's mining business. The net present value of the forecast cash flows depends on a series of key assumptions and estimates including: the mineable proved and probable coal reserves in the Group's mines and the quality of these reserves; the mining plan to be applied by the Group in extracting these reserves and the resulting production profile; the prices that can be achieved for sale of this production; the cost, both capital and operating, of extracting the reserves; cost inflation; the forecast Czech Crown to Euro exchange rate; and the discount rate used to discount the forecast cash flows. The output of the model is sensitive to the assumptions used and the resulting impairment could vary significantly depending on the assumptions made by the Directors.

Our response – Our audit procedures included testing the integrity of the cash flow projections and challenging the appropriateness of key assumptions used in preparing those projections (including commodity prices, mineable proved and probable reserves, sales volumes and product mix, production volumes and costs, committed and planned capital expenditure). We evaluated these projections and assumptions by reference to our knowledge of the industry and assessed the potential risk of management bias. Certain of the key assumptions, specifically projected commodity prices, sales and production volumes, and product mix, are volatile, outside the control of the Directors, require judgment in their selection, and can have a significant effect on forecast cash flows. For externally derived inputs we assessed the reasonableness of the Directors' assumptions by reference to external forecasts principally by comparing projected commodity prices against external analyst reports, both regionally and globally. We compared the mineable reserves assumptions used in the value in use model to the reserves assessed by the mining engineers employed by the Group to produce an estimate of proven and probable reserves at 31 December 2014; we also assessed the objectivity and qualifications of the mining engineers. For internally derived inputs, we compared operating expense forecasts to the historical operating expenses; we assessed the accuracy of historical underlying forecasts to historical production and sales data; and we compared the capital expenditure projections to existing planned works and the capital development work necessary to extract the mineable reserves as assessed by the mining engineers. We critically assessed the appropriateness of the discount rate used by reference to a range of acceptable discount rates we derived from market data. We considered the Group's market capitalisation and compared that with a market valuation derived from the forecasts used in the impairment calculations, assessed the potential risk of management bias in the calculations and critically assessed the sensitivities applied by the Group. We considered the adequacy of the Group's disclosures in respect of impairment testing and whether the disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the key assumptions and the requirements of relevant accounting standards.

Our findings – We found no matters of concern regarding the mining engineers' objectivity or their experience and expertise with regard to estimating the Group's proven and probable coal reserves. We found no errors in the extraction of the mineable reserves and the production profile included in the value in use model from the ore reserves estimated by the mining engineers and the approved mine plans. We found that the forecast prices for the Group's production were balanced when compared to a variety of publicly available forecasts and to our own analysis. We found that cost estimates were balanced when compared to projections of likely future costs used by the mining engineers and to our own analysis of cost trends. We found the discount rate used to be optimistic, resulting in the carrying value of property, plant and equipment being somewhat higher than it otherwise would have been. Recognising the inherent imprecision in many of the key assumptions and estimates, we found that the Group's disclosure is proportionate in providing sufficient information on the impacts of different assumptions and of the sensitivity of the impairment charge to variations in assumptions.

Mine closure and restoration provisions (EUR 131 million)

Refer to page 99 (Audit and Risk Management Committee Report), page 152 (Summary of significant accounting policies - Provisions - Mine closure, restoration, and mining damages provisions) and page 177 (Provisions).

The risk – The mine closure and restoration provisions include a significant level of estimation and assumptions, including the timing of cash flows, expected life of each mine, the interpretation of local environmental legislation for which there are very few precedents and the future expected cost of restoration, rehabilitation and mine closure.

Our response – Our audit procedures included testing the integrity of the model used and comparison of the input assumptions to externally and internally derived data as well as to our own assessments. This included the corroboration of data to technical studies undertaken by the expert engaged by the Group, assessment of the objectivity and competence of the expert, comparison of the period over which the provisions are discounted to the approved life of mine plans and comparing these models to the value in use model, corroboration of volume of material required to be moved to survey and site plan data, comparison of activities planned to be undertaken to those that we believe would be required under the existing mining legislation in the Czech Republic and the assessment of the accuracy of provisions from historical remedial works undertaken. We critically assessed the appropriateness of the discount rate used to reflect the time value of money by reference to a range of acceptable discount rates we derived from market data. We tested the mathematical accuracy of the model. We challenged the overall consistency of the assumptions and of the estimated inputs, including the potential risk of management bias. We also considered the adequacy of the Group's disclosures in respect of expected timing of cash flows and the estimation assumptions made.

Our findings – We found no matters of concern regarding the Group expert's objectivity or experience and expertise to estimate the Group's closure and restoration provisions. We found no errors in the model's calculations. We found the assumptions and resulting estimates to be balanced and the Group's disclosures regarding the significant degree of inherent imprecision in the estimates to be proportionate.

Capital restructuring

Refer to page 99 (Audit and Risk Management Committee Report), and page 160 (Capital Restructuring).

The risk – On 22 January 2014, the Directors initiated a review of the capital structure of the Group. Following this review, the Group commenced the capital restructuring on 6 June 2014, which subsequently completed on 7 October 2014. The capital restructuring included a rights issue and placing of shares in the Company, as well as the financial, debt and corporate restructuring of the Group. The Group engaged third party experts in connection with both the estimation of the fair value of the financial instruments issued and the tax implications of the capital restructuring. The accounting and disclosure for these transactions can be complex and requires considerable judgment.

Our response – Our audit procedures included assessing the basis of accounting applied to each of the financial instruments issued and critically assessing the methodologies, inputs and assumptions used in determining the initial fair values and their subsequent accounting; we compared observable inputs into the valuation models (such as quoted prices) to externally available market data and we recalculated the valuations utilising our own valuation specialists, including testing the integrity of the valuation models. We assessed the objectivity and competence of the third party valuation expert engaged by the Group. We assessed the adequacy of the related disclosures regarding the level of estimation and valuation techniques used. We considered and challenged, assisted by our tax experts in the relevant jurisdictions, the assessment made of the likelihood that the tax exposures arising from the capital restructuring would give rise to a liability. This included an assessment of the objectivity and competence of the third party tax expert engaged by the Group. We also considered the adequacy of the Group's disclosures regarding the tax implications of the capital restructuring.

Our findings – We found the judgments made in applying the accounting bases for each of the financial instruments issued to be balanced, but that management had applied a valuation methodology for the convertible notes at the date of their issue which resulted in a material error that was subsequently corrected. We found no matters of concern regarding the third party valuation expert's objectivity or experience and expertise. We found the assumptions applied in the valuations of the financial instruments to be balanced. We found no errors in calculations. We found the Group's disclosures describing the capital restructuring to be ample. We found no matters of concern regarding the third party tax expert's objectivity. However, we disagreed with the conclusion of the third party expert in one area and we found that, as a consequence, the Group's assessment of the likelihood of a liability arising from the tax exposures was overly optimistic though the availability of tax losses offset the impact of this. The Directors subsequently included disclosure in Note 9 to the financial statements, which we found to be proportionate.

Overall findings

In reaching our audit opinion on the financial statements we took into account the findings that we describe above and those for other, lower risk areas. Overall the findings from across the whole audit are that the financial statements use mildly optimistic estimates. However, compared with materiality and considering the qualitative aspects of the financial statements as a whole we have not modified our opinion on the financial statements.

4. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at EUR 6.8 million, determined with reference to a benchmark of Group revenue of which it represents 1.0%. We consider revenue to be the most appropriate benchmark as it provides a more stable measure year on year than Group profit before taxation given the high operational gearing of the Group.

We report to the Audit and Risk Management Committee all material corrected misstatements and all uncorrected misstatements exceeding EUR 340,000 which we identified through our audit, as well as other identified misstatements that warranted reporting on qualitative grounds. Of the Group's seven reporting components, we subjected six to audits for group reporting purposes.

These audits covered 100 per cent of total Group revenue, 100 per cent of the Group profit before taxation; and 98 per cent of the total Group assets.

The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the component materialities, which ranged from EUR 8 thousand to EUR 6.1 million having regard to the mix of size and risk profile of the Group across the components. The work on four of the six components was performed by component auditors and the rest by the Group audit team.

The Group audit team visited component locations in the Czech Republic, together with the component auditors from the Netherlands, and held discussions with all the component audit teams, including discussions of the audit approach required to be applied and in-depth reviews of the audit work undertaken by the component auditors. Telephone conference meetings were also held with these component auditors throughout the year. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

5. *Our opinion on the other matters prescribed by the Companies Act 2006 is unmodified*

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- information given in the Corporate Governance Statement set out on pages 102 to 103 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structure is consistent with the financial statements.

6. *We have nothing to report in respect of the matters on which we are required to report by exception*

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy; or

- the Audit and Risk Management Committee Report does not appropriately address matters communicated by us to the Audit and Risk Management Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or

- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on pages 75 to 76, in relation to going concern; and

- the part of the Corporate Governance Statement on pages 70 to 78 relating to the Company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on pages 128 to 129, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014b, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Jimmy Daboo
Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
17 March 2015

Financial statements

Financial statements on pages 139 to 189 include:

EUR thousand	*Note*	2014	2013
Continuing operations			
Revenues	*3*	676,381	850,456
Cost of sales	*4*	(616,457)	(843,857)
Gross profit		59,924	6,599
Selling expenses	*4*	(63,586)	(86,497)
Administrative expenses	*4*	(71,000)	(78,541)
Impairment loss on property, plant and equipment	*11,12*	(182,642)	(806,964)
Loss from sale of property, plant and equipment		(258)	(7,375)
Other operating income		2,576	3,236
Other operating expenses		(2,521)	(3,008)
Operating loss		(257,507)	(972,550)
Finance income	*6*	7,987	25,420
Finance expenses	*6*	(67,498)	(113,666)
Capital restructuring	*7*	342,253	-
Profit / (loss) before tax		25,235	(1,060,796)
Income tax (expense) / benefit	*9*	(46,319)	146,438
LOSS FROM CONTINUING OPERATIONS		**(21,084)**	**(914,358)**
Discontinued operations			
Loss from discontinued operations	*8*	-	(55,913)
LOSS FOR THE YEAR		**(21,084)**	**(970,271)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:		(2,016)	(69,674)
Foreign currency translation differences		(2,453)	(58,697)
Foreign currency translation differences relating to discontinued operations		-	(10,030)
Derivatives - change in fair value		-	(2,412)
Derivatives - transferred to profit and loss		-	(7,462)
Income tax relating to components of other comprehensive income		437	8,927
Items that will never be reclassified to profit or loss:		-	-
Total other comprehensive income for the year, net of tax		(2,016)	(69,674)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(23,100)**	**(1,039,945)**
Loss attributable to:			
Shareholders of the Company		(21,084)	(970,271)
Total comprehensive income attributable to:			
Shareholders of the Company		(23,100)	(1,039,945)
EARNINGS / (LOSS) PER SHARE *(EUR)*	*21*		
A share			
Basic loss		(0.01)	(1.19)
Diluted loss		(0.01)	(1.19)
Basic loss from continuing operations		(0.01)	(1.13)
Diluted loss from continuing operations		(0.01)	(1.13)
Basic loss from discontinued operations		-	(0.06)
Diluted loss from discontinued operations		-	(0.06)
B share			
Basic earnings / (loss)		330.40	(954.60)
Diluted earnings / (loss)		330.40	(954.60)

The Notes on pages 143 to 183 are an integral part of these consolidated financial statements.

EUR thousand	*Note*	2014	2013
ASSETS			
Property, plant and equipment	*11*	322,374	533,737
Accounts receivable	*13*	3,062	5,769
Deferred tax	*9*	-	44,747
Restricted deposits	*14*	22,037	23,742
TOTAL NON-CURRENT ASSETS		347,473	607,995
Inventories	*15*	40,841	29,681
Accounts receivable and prepayments	*16*	64,219	89,352
Derivatives	*17*	2,629	-
Income tax receivable		-	2,243
Cash and cash equivalents		128,035	183,665
Restricted cash	*14*	-	7,000
TOTAL CURRENT ASSETS		235,724	311,941
TOTAL ASSETS		**583,197**	**919,936**
EQUITY			
Share capital	*20*	108,458	105,863
Share premium	*20*	142,363	2,368
Foreign exchange translation reserve	*20*	28,779	30,897
Restricted reserve	*20*	-	121,680
Equity-settled share-based payments	*24*	15,868	15,421
Merger reserve	*20*	(1,631,161)	(1,631,161)
Other distributable reserve	*20*	1,684,463	1,684,463
Retained earnings		(508,638)	(609,629)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		(159,868)	(280,098)
LIABILITIES			
Provisions	*22*	147,567	167,449
Long-term loans	*7,19*	83,726	34,598
Bonds issued	*7,19*	325,669	760,870
Employee benefits	*23*	36,956	49,308
Deferred revenue		747	2,369
Deferred tax	*9*	801	814
Other long-term liabilities		300	526
Cash-settled share-based payments	*24*	146	1,279
Derivatives	*17*	2,408	6,303
TOTAL NON-CURRENT LIABILITIES		598,320	1,023,516
Provisions	*22*	2,867	2,945
Accounts payable and accruals	*18*	130,989	141,496
Accrued interest payable		4,341	16,548
Derivatives	*17*	6,299	1,734
Income tax payable		168	240
Current portion of long-term loans	*19*	-	13,555
Cash-settled share-based payments	*24*	81	-
TOTAL CURRENT LIABILITIES		144,745	176,518
TOTAL LIABILITIES		743,065	1,200,034
TOTAL EQUITY AND LIABILITIES		**583,197**	**919,936**

The Notes on pages 143 to 183 are an integral part of these consolidated financial statements.

The financial statements on pages 139 to 183 were approved by the Directors on 17 March 2015 and signed on their behalf by:

....	....
Gareth Penny	Marek Jelínek
Executive Chairman of the Board	Chief Financial Officer

NEW WORLD RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium	Foreign exchange translation reserve	Restricted reserve	Equity-settled share-based payments	Hedging reserve	Merger reserve	Other distributable reserve	Retained earnings	**Total equity**
Balance at 1 January 2014	**105,863**	**2,368**	**30,897**	**121,680**	**15,421**	**-**	**(1,631,161)**	**1,684,463**	**(609,629)**	**(280,098)**
Loss for the year	-	-	-	-	-	-	-	-	(21,084)	**(21,084)**
Total other comprehensive income	-	-	(2,118)	102	-	-	-	-	-	**(2,016)**
Total comprehensive income for the year	-	-	(2,118)	102	-	-	-	-	(21,084)	**(23,100)**
Transaction with owners recorded directly in equity										
Utilisation of restricted reserve to cover losses incurred	-	-	-	(121,782)	-	-	-	-	121,782	**-**
Issue of A Shares under Deferred bonus plan	37	-	-	-	(213)	-	-	-	293	**117**
Share options for A shares	-	-	-	-	660	-	-	-	-	**660**
Issue of A Shares under rights issue and placing	2,558	147,442	-	-	-	-	-	-	-	**150,000**
Costs related to rights issue and placing of A Shares	-	(7,447)	-	-	-	-	-	-	-	**(7,447)**
Total transactions with owners	2,595	139,995	-	(121,782)	447	-	-	-	122,075	**143,330**
Balance at 31 December 2014	**108,458**	**142,363**	**28,779**	**-**	**15,868**	**-**	**(1,631,161)**	**1,684,463**	**(508,638)**	**(159,868)**

EUR thousand	Share capital	Share premium	Foreign exchange translation reserve	Restricted reserve	Equity-settled share-based payments	Hedging reserve	Merger reserve	Other distributable reserve	Retained earnings	**Total equity**
Balance at 1 January 2013	**105,863**	**2,368**	**81,735**	**132,691**	**13,827**	**7,825**	**(1,631,161)**	**1,684,463**	**360,642**	**758,253**
Loss for the year	-	-	-	-	-	-	-	-	(970,271)	**(970,271)**
Total other comprehensive income	-	-	(50,838)	(11,011)	-	(7,825)	-	-	-	**(69,674)**
Total comprehensive income for the year	-	-	(50,838)	(11,011)	-	(7,825)	-	-	(970,271)	**(1,039,945)**
Transaction with owners recorded directly in equity										
Share options for A shares	-	-	-	-	1,594	-	-	-	-	**1,594**
Total transactions with owners	-	-	-	-	1,594	-	-	-	-	**1,594**
Balance at 31 December 2013	**105,863**	**2,368**	**30,897**	**121,680**	**15,421**	**-**	**(1,631,161)**	**1,684,463**	**(609,629)**	**(280,098)**

The Notes on pages 143 to 183 are an integral part of these consolidated financial statements.

EUR thousand	Note	2014	2013 (restated)
Cash flows from operating activities			
Profit / (loss) before tax from continuing operations		25,235	(1,060,796)
Loss before tax from discontinued operations		-	(53,513)
Profit / (loss) before tax		25,235	(1,114,309)
Adjustments for:			
Depreciation and amortisation	*11,12*	85,258	151,546
Impairment loss on property, plant and equipment	*11,12*	182,642	806,964
Loss on disposal of discontinued operations	*8*	-	64,650
Changes in provisions		(27,734)	(48,675)
Changes in inventory allowance		3,404	(1,802)
Loss from sale of property, plant and equipment		258	7,050
Interest expense, net		57,050	61,857
Change in fair value of derivatives		(4,065)	(16,098)
Change in fair value of Convertible Notes	*6*	157	-
Loss on bond redemption		-	8,116
Capital restructuring	*7*	(342,253)	-
Equity-settled share-based payments		660	1,594
Operating cash flows before working capital changes		(19,388)	(79,107)
(Increase) / decrease in inventories		(14,564)	79,182
Decrease in receivables		27,794	27,040
(Decrease) in payables and deferred revenues		(18,981)	(28,337)
Decrease / (increase) in restricted cash and restricted deposits		1,458	(13,224)
Currency translation and other non-cash movements		693	39,096
Cash generated from operating activities		(22,988)	24,650
Interest paid		(34,146)	(58,251)
Corporate income tax refunded / (paid)		841	(2,293)
Net cash flows from operating activities		**(56,293)**	**(35,894)**
Cash flows from investing activities			
Interest received		493	2,338
Purchase of land, property, plant and equipment		(59,632)	(109,272)
Proceeds from sale of property, plant and equipment		863	5,430
Proceeds from disposal of discontinued operations, net of cash disposed of	*8*	7,000	83,447
Net cash flows from investing activities		**(51,276)**	**(18,057)**
Cash flows from financing activities			
Senior Notes due 2018 redemption	*7*	(60,000)	-
Senior Notes due 2021 redemption	*7*	(30,000)	-
Senior Notes due 2015 redemption		-	(257,565)
Fees paid on Senior Notes due 2015 redemption		-	(4,749)
Proceeds from long-term loans	*7,19*	35,000	-
Repayments of long term loans		-	(28,493)
Proceeds from Senior Notes due 2021 issue		-	275,000
Transaction costs on Senior Notes due 2021 issue		-	(4,328)
Transaction costs related to capital restructuring	*7*	(35,334)	-
Proceeds from rights issue and placing of A Shares	*7*	150,000	-
Costs related to rights issue and placing of A Shares	*7*	(7,447)	-
Net cash flows from financing activities		**52,219**	**(20,135)**
Net effect of currency translation		(280)	(9,260)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(55,630)**	**(83,346)**
Cash and Cash Equivalents at the beginning of year		183,665	267,011
Cash and Cash Equivalents at the end of year		**128,035**	**183,665**

The Notes on pages 143 to 183 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

a) Corporate information

New World Resources Plc ('NWR Plc' or the 'Company') is a public limited liability company with its registered office at One Silk Street, London EC2Y 8HQ, United Kingdom ('UK').

These consolidated financial statements comprise the Company and its subsidiaries (together the 'Group'). The Group is primarily involved in coal mining. The objective of the Company is to act as a holding company and to provide management services to the Group.

CERCL Mining B.V. (former BXR Mining B.V.), an investment, public limited company, is the major shareholder of the Company, holding approximately 51% of the Company's A shares. The ultimate parent of the Company and CERCL Mining B.V. is CERCL Holdings Limited. A shares of the Company are listed on stock exchanges in London, Warsaw and Prague. 100% of the Company's B shares are owned by Asental Property B.V., an entity controlled by Mr. Zdeněk Bakala (Vice-Chairman of the Company) and his family interests.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 17 March 2015.

b) The Group

The Company´s subsidiaries as at 31 December 2014 are:

Consolidated subsidiaries	Abbreviation	% voting shares	Nature of Activity
Entity directly owned by the Company:			
New World Resources N.V. (NL)	NWR NV	100%	Holding company; Management services
New World Resources Services Ltd (UK)	NWR Services	100%	Management services
Entities directly owned by NWR NV:			
NWR Holdings B.V. (NL)	NWR Holdings	100%	Holding company
NWR Communications, s.r.o. (CZE)	NWRC	100%	Public relations
Entities directly owned by NWR Holdings B.V.:			
OKD, a.s. (CZE)	OKD	100%	Coal mining
NWR KARBONIA S.A. (PL)	NWR KARBONIA	100%	Coal mining (Polish projects)
Entity directly owned by OKD:			
OKD, HBZS, a.s. (CZE)	HBZS	100%	Emergency services and waste processing

(incorporation) – NL (The Netherlands), UK (United Kingdom), CZE (Czech Republic), PL (Poland)

c) Changes in the consolidated group

As part of the Capital Restructuring, a new subsidiary, NWR Holdings B.V., was incorporated on 21 August 2014 to perform holding and financing activities. On 6 December 2013, the Group completed the sale of OKK Koksovny a.s. Refer to Note 8 for further details.

d) Capital Restructuring

The Group completed the Capital Restructuring on 7 October 2014, raising EUR 185 million of new money by way of a EUR 150 million Rights Issue and Placing and by certain noteholders providing a EUR 35 million new Super Senior Credit Facility. The Group repurchased the Existing Notes for a mixture of cash and new debt, comprising (i) cash consideration of EUR 90 million (ii) New Senior Secured Notes of EUR 300 million (iii) New Convertible Notes of EUR 150 million, and (iv) New Contingent Value Rights of EUR 35 million. For further information please refer to Going concern description on the next page and Note 7 Capital Restructuring.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('adopted IFRS').

The Group has consistently applied the accounting policies set out in this Note to all periods presented in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Non-derivative financial instruments at fair value through profit or loss	Fair value
Cash-settled share-based payments	Fair value

Discontinued operations

On 6 December 2013, the Group completed the sale of OKK Koksovny, a.s. ('OKK'), representing its entire Coke segment, whose results are presented as a discontinued operation in the comparative period.

Going concern basis of accounting

The Group manages its liquidity through cash (EUR 128 million (31 December 2013: EUR 184 million)) and receivable financing. The new senior secured notes and the new convertible notes have features which would result in interest being able to be paid in kind rather than in cash in certain circumstances.

At the present market prices for coal, the Group is currently cash flow negative and the current low coal price environment has placed significant pressure on the Group's liquidity position and also on its solvency resulting in the Group having net liabilities of EUR 160 million at 31 December 2014.

The prolonged global pressure on both coking and thermal coal prices, the expiry of the Group's RCF credit line and a likely downward revision of coal resource and reserve balances (as a direct result of the deterioration in the long term coal price outlook), triggered the Directors to initiate a review of the Group's capital structure on 22 January 2014. Following this review, the Group commenced the Capital Restructuring announced on 6 June 2014 which included a rights issue and placing of shares in the Company as well as the financial, debt and corporate restructuring of the Group.

The Capital Restructuring was completed on 7 October 2014, raising EUR 185 million of new money by way of a EUR 150 million rights issue and placing and by certain noteholders providing a EUR 35 million new Super Senior Credit Facility. The Group repurchased all the existing notes for a mixture of cash and new debt, comprising (i) cash consideration of EUR 90 million (ii) new senior secured notes with a nominal amount of EUR 300 million (iii) new convertible notes with a nominal amount of EUR 150 million, and (iv) new contingent value rights with a nominal amount of EUR 35 million.

Subsequently, the Export Credit Agency ('ECA') facility lenders have provided their consent to amend the EUR 49 million ECA Facility, including amending the repayment profile and waiving breaches of the terms of that agreement as at 30 September 2014, caused by, NWR NV having moved its Centre of Main Interest and address to England and having commenced negotiations with its creditors as part of the Capital Restructuring without consent having been obtained by the ECA Facility lenders that time.

Based on the current projections, the Directors consider that the Group has sufficient cash available to meet its funding requirements for at least the next 12 months following the date of this report.

There is a risk that the cash available to the Group is not sufficient for funding requirements over this period. In particular, in the event of unexpected production or other operating issues, or further deterioration in coal prices (although coal prices are fixed for most of the Group's anticipated 2015 sales, the Group is exposed to prices on approximately 25% of its coking coal sales in 2015 and to all sales in 2016), the Group could run out of cash in Q4 2015. The EUR 35 million Super Senior Credit Facility, which is fully drawn, requires the Group to maintain a minimum cash balance of EUR 40 million and this is first tested as at 31 October 2015. Although the Group's projections indicate that it would have more than this minimum cash balance, the excess over this amount is limited and the Group would have very little flexibility to manage the position. If this were to occur, the ECA Facility would also be capable of acceleration and, should that acceleration be reasonably probable, all of the remaining debt of the Group could become immediately repayable. In those circumstances, if it were able to, the Group would most likely repay any amount outstanding under the Super Senior Credit Facility prior to 31 October 2015 which would result in a minimal amount of cash being available.

In the event that it becomes likely that there will be a shortfall in available cash, the Group proposes to seek alternative sources of liquidity, which could include the sale of certain assets of OKD and NWR Karbonia, or raising additional debt (to the extent permitted by the New Senior Notes Indenture, the Super Senior Credit Facility and the ECA Facility) or equity or, if no viable alternative solutions are then available, attempting to sell OKD and NWR Karbonia thus effectively liquidating the Group's assets.

The Directors recognise that these circumstances represent a material uncertainty that may cast significant doubt as to the Group's and the Company's ability to continue as a going concern and that they may be unable to realise all of their assets and discharge all of their liabilities in the normal course of business. Nevertheless, the Directors expect that the risks associated with a deterioration in coal prices and/or other operating issues have been appropriately taken into consideration and accordingly the financial statements have been prepared on a going concern basis and do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

New standards and interpretations adopted during the financial year

The accounting policies used in preparation of these financial statements are consistent with those of the previous financial year. The Group adopted the following new standards, amendments to standards and interpretations, which are effective for its accounting period starting 1 January 2014:

- IAS 27 *Separate Financial Statements* (as revised in 2011)
- IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011)
- Amendment to IAS 32 *Financial Instrument: Presentation* – Offsetting Financial Assets and Financial Liabilities
- Amendment to IAS 36 *Impairment of assets* on recoverable amount disclosures
- Amendment to IAS 39 *Financial Instrument: Recognition and measurement* on novation of derivatives and hedge accounting
- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*
- Amendments to IFRS 10,11 and 12 on transition guidance
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities

None of them have a significant impact on the consolidated financial statements.

New standards and interpretations endorsed by the European Union but not effective yet

The Group is currently assessing the potential impacts of the following new interpretation that has been issued but is not yet effective for the year ended 31 December 2014:

- IFRIC 21 Levies (effective 17 June 2014)

Judgements, estimates and assumptions made in applying accounting policies

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Set out below is information regarding:

- Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements; and
- Assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment within next financial year.

Fair value measurement

Some of the Group's assets and liabilities are measured at fair value. In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent it is available. Once not available, the Group implements valuation techniques used by banks or uses third party professional valuators in which all significant inputs are based on observable market data. Fair value of the Group's financial assets and liabilities are set out in Note 17.

Coal reserves
Economically recoverable coal reserves represent the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions. The determination of coal reserves includes estimates and assumptions about a range of geological, technical and economic factors, including: quantities, grades, production techniques, recovery rates, productions costs, transportation costs, commodity demand, commodity prices and exchange rates. Changes in coal reserves impact the assessment of the recoverability of property, plant and equipment, the carrying amount of mining licences and mine closure and restoration provision. The amounts of these assets and provision are set out in Notes 11, 12 and 22.

Restoration and mine closure provisions
Determining the cost of restoration, rehabilitation, and mine closure during mining activities in accordance with the Group’s accounting policy k), requires the use of significant estimates and assumptions, including: the appropriate discount rate, the timing of cash flows, the expected life of the relevant mine, the application of relevant environmental legislation, and the future expected costs of restoration, rehabilitation and mine closure.

Changes in the estimates and assumptions used to determine the cost of restoration, rehabilitation and mine closure could have a material impact on the carrying value of the restoration and mine closure provision and the relevant asset. The provision recognised for each mine is reviewed at each reporting date and updated based on the facts and circumstances available at that time. The carrying value of these provisions is set out in Note 22.

Impairment of assets
The recoverable amount of each non financial asset or cash-generating unit (‘CGU’) is determined as the higher of the value-in-use and fair value less costs to sell, in accordance with the Group’s accounting policy h). The determination of the recoverable amount of an asset or CGU’s based on a discounted cash flow model requires the use of estimates and assumptions, including: the appropriate discount rate, the timing of the cash flow and the expected life of the relevant area of interest, exchange rates, coal prices, reserves, future capital requirements and future operating performance. Changes in these estimates and assumptions impact the recoverable amount of the asset or CGU, and accordingly could result in an adjustment to the carrying amount of that asset or CGU.

Employee benefits
The Group’s accounting policy for employee benefits requires management to make estimates and assumptions about the discount rate, future remuneration changes, changes in benefits, life expectancy, retirement age, the number of employees and the expected remaining periods of service of employees. Changes in these estimates and assumptions could have a material impact on the carrying value of the employee benefit provision. Refer to Note 23 for details of the key assumptions.

b) Basis of consolidation

(i) Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation
Intragroup balances and transactions, and any unrealised gains or losses arising from such transactions are eliminated in preparing these consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Changes in ownership interest without a loss of control
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

(iv) Loss of control
Upon the loss of control over a subsidiary, the Group derecognises the assets and liabilities of the subsidiary and other components of equity related to the subsidiary. Any resulting gain or loss is recognised in profit or loss. If the Group retains any interest in an entity that was previously a subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted

for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Business combination involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the Group entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

In the absence of more specific guidance, the Group entities consistently apply the book value measurement method to all common control transactions. Differences between the consideration paid and the carrying value of acquired net assets are recognised as a change in consolidated equity.

c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to functional currency at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(ii) Foreign operations

Assets and liabilities of operations with functional currency other than EUR are translated to EUR at the exchange rate at the reporting date; income statement items of such operations are translated at exchange rates approximating the rates at the dates of the transactions. Equity items are translated at historical exchange rates. The exchange differences arising on translation are recognised in other comprehensive income. On disposal of an operation with functional currency other than EUR (in full or in part), the relevant amount of accumulated exchange differences is reclassified to the income statement.

d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition or construction of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. The cost also includes the estimated cost of dismantling and removing the asset and restoring the site, to the extent that it is initially recognised as a provision under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Mining works are classified under the land and buildings class of property, plant and equipment. They are stated at cost less accumulated depreciation and impairment losses. Once approved, expenditure relating to a mining project that is designed to access a new mine level or to the construction of new mining works (cross cuts, blind shafts, storage places, bins and mining depots, other auxiliary constructions etc.) are capitalised only if both the following conditions are satisfied:

- mining work has useful life exceeding one year
- and such construction is necessary for accessing the new mining level or new areas of interest.

Expenditures on technical improvement of mining works are capitalised, even if they are not related to accessing a new mine level, but they represent a technical improvement of existing mining works.

Other mine development costs related to construction of under-surface supporting structures (operational mining works) are expensed as incurred.

Any gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

(ii) Borrowing costs

Borrowing costs from specific use borrowings or general use borrowings, which are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowings.

(iii) Leased assets

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. The determination of whether an arrangement is, or contains a lease involves an assessment based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use an asset.

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at their fair value or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance expense and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Assets held under other leases are classified as operating leases and are not recognised in the statement of financial position. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(v) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. Land and assets under construction are not depreciated.

The estimated useful lives are as follow:

- Buildings 15 years
- Plant and equipment 4-15 years
- Other 4 years

Mining works, taking into the effect of impairments, are depreciated on a straight-line basis based on their estimated useful life, as an approximate to the units of production method. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

e) Intangible assets

(i) Licences

Licences represent the coal reserve licences owned by the Group. The coal reserve is an exclusive deposit owned by the countries in which the Group operates in and the licences allow the Group to extract coal from these deposits. Licences are stated at cost less amortisation and impairment losses.

(ii) Amortisation

Amortisation of licences for the period is calculated as a proportion of the coal amount actually mined in the period to the total economically exploitable coal reserves as estimated by management.

(iii) Exploration for and evaluation of mineral resources

Expenditures on exploration for and evaluation of mineral resources are charged to profit or loss as incurred, until the technical feasibility and commercial viability of extracting a coal reserve has been determined. Thereafter, costs are capitalised as mining licences or property, plant and equipment as appropriate.

f) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party of contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities (other than those categorised at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or when it transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or they expire.

(i) Non-derivative financial assets and financial liabilities

The Group classifies financial assets into ‘loans and receivables’ or ‘cash and cash equivalent’ (including restricted deposits) category and financial liabilities as either ‘financial liabilities at fair value through profit or loss (‘FVTPL’)’ or ‘other financial liabilities’.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are, after initial measurement, carried at amortised cost using the effective interest method, less any impairment (see accounting policy h).

Cash and cash equivalents comprise cash balances, call deposits and investments in marketable securities (if any) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (with original maturity of three months and less).

Restricted balances of deposits (cash and investments in government bonds), which are shown under non-current financial assets as restricted funds, relate to funds set aside to settle mining damages and restoration expenses as required by relevant Czech regulations.

A financial liability (other than a financial liability held for trading) may be designated as at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and the combined instrument is managed collectively. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest accrued or paid on the financial liability.

Other financial liabilities (including loans and borrowing and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

(ii) Derivative financial instruments and hedge accounting

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including for example interest rate swaps.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

Subsequent to initial recognition, derivatives are measured at fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

g) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on a weighted average method and includes expenditure incurred in acquiring the inventories, the cost of conversion and other costs incurred in bringing them to their existing location and condition.

The cost of material and spare parts is the acquisition cost on a weighted average basis. The cost of work-in-progress and finished goods is a standard cost based on the cost of direct materials and labour plus attributable production overheads based on a normal level of activity. At operations that produce joint products (products arising from a common production process and each of which has a significant relative value), cost is allocated amongst the products on the basis of their relative values (selling price).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and variable selling expenses.

h) Impairment

(i) Non-financial assets

The carrying amounts of the Group's non-financial assets, excluding inventories (see accounting policy i) and deferred tax assets (see accounting policy s(iii)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of a non-financial asset or the cash-generating unit to which it belongs exceeds its recoverable amount. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash flows that are largely independent from other non-financial assets and groups of assets.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of a CGU are allocated to reduce the carrying amount of the assets in the CGU (groups of CGU) on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of a non-financial asset or the CGU to which it belongs is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows generated by the asset or the CGU are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the non-financial assets or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU and for such a non-financial asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

(ii) Non-derivative financial assets

A non-derivative financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A non-derivative financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that non-derivative financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due by a debtor on terms that would not be considered otherwise by the Group, indications that a debtor or issuer will enter bankruptcy, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, information about historical trends of the probability of default, the timing of recoveries and the amount of loss incurred is used, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a non-derivative financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in profit or loss and reflected in allowance accounts against loans and receivables.

Calculation of recoverable amount

The recoverable amount of loans and receivables is calculated as the present value of expected future cash flows, discounted to their present value using the financial asset's original effective interest rate. Loans and receivables with a short duration are not discounted.

i) Employee benefits

The Group's obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the yield at the reporting date on Czech government bonds that have maturity dates approximating the terms of the Group's obligations.

j) Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees for awards granted is measured by reference to the fair value at the date on which they are granted. The fair value is determined based on the market price listed on the stock exchange and whenever appropriate using option pricing models.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Transactions with cash-alternative

The cost of transactions with a cash-alternative are measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date with changes in fair value recognised in the income statement.

k) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects a current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Mine closure, restoration, and mining damages provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or on-going production of a mining property and the Group is liable for environmental damage caused by mining activities.

These future costs generally include restoration and remediation of land and disturbed areas, mine closure costs, including the dismantling and demolition of infrastructure and the removal of residual materials, and mining damages costs.

Decommissioning of mining sites and land and disturbed areas restoration costs are a normal consequence of mining. The majority of mine closure and rehabilitation expenditure is incurred at the end of the life of the mine. Although the ultimate cost to be incurred is uncertain, the Group's businesses estimate their respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Restoration costs and clean-up of land used for mining activities are liabilities to restore the land to the condition it was in prior to the mining activities or as stated in the relevant licences. These costs are incurred during the mining activity and can continue for many years depending on the nature of the disturbance and the remediation techniques. The mine closure costs include estimated costs of mine levels and pits closure, and capping of pits after removal of the surface construction.

Provisions for land restoration and mine closure costs are recognised as the net present value of the estimated outflow of economic resources to settle the obligation. Provisions are structured as land restoration and mine closure costs provision. Land restoration and mine closure costs represent a part of the acquisition cost of fixed assets and such assets are depreciated over the useful life of the mines using the linear depreciation method. Any change in the estimate of restoration costs is recognised within fixed assets and is depreciated over the remaining useful life of the mines.

The amortisation or "unwinding" of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. The amortisation of the discount is shown as a financing cost, rather than an operating cost.

Mining damages costs are liabilities to reimburse all immediate damages caused by mining activities to third party assets. Mining damages costs are assessed by the Group for each individual project. This assessment is reviewed and approved by the Czech Mining Authority on an annual basis.

l) Revenue

(i) Own products sold and services rendered

Sales revenues consist of sales of coal and related by-products, and services rendered to third parties, measured at the fair value of the consideration received, excluding any applicable taxes, excise duties, charges, discounts and rebates. Most of the sales are priced as carriage paid to (CPT), delivered at place (DAP) or delivered duty paid (DDP).

The Group has concluded that it is acting as a principal in all of its sales arrangements, delivering complete supplies to specified place including responsibility for transportation, handling, solving duty tax issues and possibly insurance. All amounts billed to customers for transportation and handling are classified mostly as a sales revenue from own products, as a part of selling price, or occasionally as services rendered, with transportation and handling costs recognised as service expenses.

The sales revenue is only recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the product have been transferred to the customer;
- the Group has retained neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Group; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

All these conditions are satisfied when the product is delivered to the destination specified by the customer and as such, the title passes to the customer. Sales revenue is commonly subject to adjustments based on an inspection of the product by the customer. Where there are agreed differences in volume or quality of delivered products, this is reflected as reduction or increase (usually for better qualities of coal) in sales revenue recognised on the sale transaction. Sales revenue from services rendered is recognised when services are rendered and accepted by the customer.

(ii) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

m) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit or loss as an integral part of the total lease expense.

(ii) Finance income and finance expenses

The Group's finance income and finance expenses comprise interest income, interest expense, foreign exchange gains and losses, gains and losses on derivative instruments and gains and losses on non-derivatives instruments that are recognised at FVTPL. Interest on borrowings are expensed only to the extent that they are not directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised in accordance with accounting policy d)(ii). Interest income or expense is recognised using the effective interest method.

(iii) Income tax

Income tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

A current tax liability is calculated in accordance with the tax regulations of the jurisdictions in which the Group operates and is based on the income or loss reported under local accounting regulations, adjusted for appropriate permanent and temporary differences from taxable income. Income taxes are calculated on an individual company basis in the Czech Republic as the tax laws do not permit consolidated tax returns.

A deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted in the expected period of settlement of deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

n) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

o) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations and is part of a plan to be disposed of. Classification as a discontinued operation occurs when the operation meets the criteria to be classified as held for sale or upon disposal, if earlier.

3 SEGMENT INFORMATION

a) Introduction to segment information

Until the end of 2013, NWR's business was organised into two main segments - Coal and Coke segment. On 6 December 2013, the Group completed the sale of OKK Koksovny a.s., its entire Coke segment, which is now presented separately as discontinued operations within comparative period (see Note 8). Financial and other performance measures of the remaining Coal segment are regularly evaluated by the Chief Operating Decision Maker ('CODM'). The CODM is the Company's Board of Directors.

The Group is further organised into two divisions: the Mining Division ('MD') and the Real Estate Division ('RED'). The Company had A Shares and B Shares outstanding for the presented periods. The A Shares and B Shares are tracking stocks, which are designed to reflect the financial performance and economic value of the MD and RED, respectively. Due to the public listing of the Company's A shares, the Group provides divisional reporting showing separately the performance of the MD and RED. The main rights, obligations and relations between the RED and MD are described in the Divisional Policy Statement, available at the Company's website www.newworldresources.eu. The divisional reporting, as such, is essential for the evaluation of the equity attributable for the listed part of the Group. The whole Mining Division represents the Coal segment.

RED division
The RED mainly provides inter-divisional service i.e. provides real estates to the MD and concentrates ownership of certain assets, known as Real Estate Assets (buildings, surface constructions and land), defined by the DPS. This group of Real Estate Assets was allocated to the RED based on their book values as of 31 December 2007 when the divisions were established.

The RED receives an annual fee (the 'CAP') for Real Estate Assets provided by the RED to the MD. The DPS determined the CAP value at EUR 3.6 million. The CAP is annually adjusted by inflation and disposals of the Group entities.

MD division (Coal segment)
The MD's core activities are mining and processing of coal. The MD has the right to access and use of any Real Estate Assets as specified by the DPS for its operating activities.

There is no consideration required from the MD to repay the present value of the buildings provided in compliance with the DPS as would be usual under lease terms. Therefore the respective amount i.e. the book value of the buildings provided to the MD as at 31 December 2014 is presented in the equity of the MD.

EUR thousand	2014	2013
Net book value of leased buildings used by MD	110,602	119,246

b) Division accounting policies, measurement and disclosure

The divisional financial information is based on standalone financial statements of entities, prepared under adopted IFRS, including application of the DPS on the basis of the following policies:

- Sales and all transactions between divisions are priced on arm's length basis.
- The RED is obliged to provide certain buildings and construction to the MD, if the MD needs such assets for its operating activities. The management considers this relationship between the RED and MD as a finance lease relationship, because the RED provides buildings and construction for remuneration to the MD, the lease term is for the major part of the economic part of the life of the assets and the leased assets are of such a specialised nature that only the lessee can use them without major modifications. However, there is no lease payment as under standard financial lease condition, only the CAP. Buildings and construction leased from the RED are disclosed in book value and are depreciated by the MD.
- Land is provided to the MD without any consideration. The Group decided to present this relationship in the division analysis as a Right to use land ('Right') granted by the RED to the MD and RED has deferred revenue for granting the Right. The management determined the original value of the Right as the book value of land at 31 December 2007. Amortisation of the Right is reflected in the accounts of the MD and the Right is depleted over the expected lifetime of mining and relates business using a linear amortisation method. Deferred revenue corresponding to the amount of the Right is presented in the statement of financial position of the RED. It will be released into revenues over the period

correspondingly to the depletion of the Right. The deferred revenue is disclosed within revenues of the RED.

- Real Estate Assets used by the MD are presented within assets of the MD; assets not used by the MD are presented in the assets of the RED; land used by the MD is in the accounts of the RED.
- When any building or construction is not needed by the MD for its operating activities any more, the asset is transferred back to the RED. Since the respective buildings and construction are expected to be used for the major part of the economic life of the assets, they will generally be fully depreciated at the moment, when mining and related operations stop in the future. The transfer should therefore include only fully depreciated assets with a zero book value. IAS 16 assumes some residual value of assets which should be equal to their estimated market value at the end of their useful life. However the Company is unable to make a reliable estimate of such residual value due to the character of the assets.
- The CAP is accounted for as financial revenue in the RED and as financial expense in the MD. The CAP amount is annually adjusted by inflation rate and by impact of changes in the Group.
- The RED is allocated certain expenses related to revenues generated from sundry rentals.
- The RED is also charged a fee by the MD for utilisation of supporting internal functions (audit, tax advisory, accounting, IT services etc.). The amount was capped at EUR 100 thousand in 2008. The limit is subject to adjustment by inflation.
- All Intercompany transactions are eliminated at the appropriate level of division.

c) Presentation of business segments

Business Segments	**Year ended 31 December 2014**				**Year ended 31 December 2013**			
EUR thousand	Mining division	Real Estate division	Eliminations & adjustments[1]	**Group operations total**	Mining division	Real Estate division	Eliminations & adjustments[1]	**Group operations total**
Segment revenues								
Sales to third parties	676,381	-	-	**676,381**	798,980	-	-	**798,980**
Sales to continuing segments	-	510	(510)	**-**	-	5,905	(5,905)	**-**
Sales to discontinued segments	-	-	-	**-**	51,476	-	-	**51,476**
Total revenues	**676,381**	**510**	**(510)**	**676,381**	**850,456**	**5,905**	**(5,905)**	**850,456**
Cost of sales	(617,060)	-	603	**(616,457)**	(844,426)	(116)	685	**(843,857)**
Gross profit	**59,321**	**510**	**93**	**59,924**	**6,030**	**5,789**	**(5,220)**	**6,599**
Selling expenses	(63,586)	-	-	**(63,586)**	(86,497)	-	-	**(86,497)**
Administrative expenses	(70,885)	(115)	-	**(71,000)**	(78,553)	12	-	**(78,541)**
Impairment loss on property, plant and equipment	(182,642)	-	-	**(182,642)**	(806,964)	-	-	**(806,964)**
(Loss) / gain from sale of property, plant and equipment	(288)	30	-	**(258)**	(194)	(4,802)	(2,379)	**(7,375)**
Other operating income	2,576	-	-	**2,576**	3,236	247	(247)	**3,236**
Other operating expenses	(2,521)	-	-	**(2,521)**	(3,008)	(90)	90	**(3,008)**
SEGMENT OPERATING (LOSS) / INCOME	**(258,025)**	**425**	**93**	**(257,507)**	**(965,950)**	**1,156**	**(7,756)**	**(972,550)**
Finance income	7,985	3,602	(3,600)	**7,987**	24,457	24,316	(23,353)	**25,420**
Finance expenses	(71,097)	(1)	3,600	**(67,498)**	(117,032)	(33,093)	36,459	**(113,666)**
Capital restructuring	342,253	-	-	**342,253**	-	-	-	**-**
Profit / (loss) before tax	21,116	4,026	93	**25,235**	(1,058,525)	(7,621)	5,350	**(1,060,796)**
Income tax (expense) / benefit	(45,579)	(722)	(18)	**(46,319)**	147,162	(1,925)	1,201	**146,438**
(LOSS) / PROFIT FROM CONTINUING OPERATIONS	**(24,463)**	**3,304**	**75**	**(21,084)**	**(911,363)**	**(9,546)**	**6,551**	**(914,358)**
Attributable to:								
SHAREHOLDERS OF THE COMPANY	(24,463)	3,304	75	**(21,084)**	(911,363)	(9,546)	6,551	**(914,358)**

[1] elimination of transactions between the divisions (e.g. lease charges, service fees, annual fees for providing real estates)

Business Segments	Year ended 31 December 2014				Year ended 31 December 2013 (restated)			
EUR thousand	Mining division	Real Estate division	Eliminations & adjustments[1]	**Group operations total**	Mining division	Real Estate division	Eliminations & adjustments[1]	**Group operations total**
Assets and liabilities								
Total segment assets	548,804	44,415	(10,022)	**583,197**	907,299	41,188	(28,551)	**919,936**
Total segment liabilities	743,222	7,997	(8,154)	**743,065**	1,218,699	7,886	(26,551)	**1,200,034**
Other segment information:								
EBITDA	**10,766**	**395**	**(510)**	**10,651**	**(10,050)**	**5,965**	**(5,977)**	**(10,062)**
Capital expenditures	59,632	-	-	**59,632**	100,310	-	-	**100,310**
Depreciation and amortisation	85,861	-	(603)	**85,258**	148,737	-	(588)	**148,149**
Interest income	466	-	-	**466**	1,397	1	-	**1,398**
Interest income - divisional CAP	-	3,438	(3,438)	**-**	-	3,729	(3,729)	**-**
Interest expense	57,499	-	-	**57,499**	63,289	-	-	**63,289**
Interest expense - divisional CAP	3,438	-	(3,438)	**-**	3,729	-	(3,729)	**-**

[1] elimination of transactions between the divisions (e.g. lease charges, service fees, annual fees for providing real estates)

d) Additional information on divisions

This additional information is not required by IFRS 8 but is important for different users of the financial statements and represents the level of detailed considered by the CODM.

	Mining division		Real Estate division	
EUR thousand	2014	2013	2014	2013
Non-current assets	340,642	601,009	8,699	8,951
Right to use land	5,928	6,507	-	-
Current assets	202,234	299,783	35,716	32,237
TOTAL ASSETS	**548,804**	**907,299**	**44,415**	**41,188**
Equity attributable to shareholders	(194,418)	(311,400)	36,418	33,302
TOTAL EQUITY	(194,418)	(311,400)	36,418	33,302
Non-current liabilities	598,321	1,023,517	5,928	6,507
Current liabilities	144,901	195,182	2,069	1,379
TOTAL LIABILITIES	743,222	1,218,699	7,997	7,886
TOTAL EQUITY AND LIABILITIES	**548,804**	**907,299**	**44,415**	**41,188**

Non-current assets of the RED include land amounting to EUR 8.7 million (2013: EUR 9 million). Current assets of the RED include cash and cash equivalents of EUR 35.6 million (2013: EUR 13.5 million).

e) Geographical information

Revenue by location of customer:

EUR thousand	2014	2013
Czech Republic	323,898	418,285
Austria	110,731	157,488
Poland	108,334	125,228
Slovakia	73,540	100,816
Other	59,878	48,639
Consolidated revenues total	**676,381**	**850,456**

Non-current assets consisting of property, plant and equipment and capital expenditures spent per country based on the physical location of the non-current assets:

EUR thousand	2014	2013	2014	2013
	Non-current assets		*Capital expenditures spent*	
Czech Republic	315,643	527,012	59,153	97,845
Poland	6,658	6,608	479	2,341
The Netherlands	-	18	-	5
Great Britain	73	99	-	119
	322,374	**533,737**	**59,632**	**100,310**

f) Significant customers of the Group

The Group has a stable key customer base and revenues of EUR 359 million were generated from trading with five significant customers, representing 53% of total revenues (2013: EUR 481 million, representing 57% of total revenues). In the table below the comparative period was restated to reflect the customer base from the current year 2014.

EUR thousand	2014	2013 (restated)
Customer A	94,091	91,095
Customer B	80,430	129,696
Customer C	72,956	100,549
Customer D	68,214	76,735
Customer E	43,551	55,312
	359,242	**453,387**

The Group's largest source of revenue is from the sale of coking coal and thermal coal:

EUR thousand	2014	2013
Coking coal sales	392,871	450,807
Thermal coal sales	259,407	364,444
Other revenue	24,103	35,205
	676,381	**850,456**

4 EXPENSES BY NATURE

EUR thousand	*Note*	2014	2013
Consumption of material and energy		205,919	258,194
Service expenses		211,525	250,650
Personnel expenses	*5*	252,276	283,007
Depreciation and amortisation	*11, 12*	85,258	148,149
Change in inventories of finished goods and work-in-progress		(12,865)	59,280
Other operating expenses, net		11,451	12,623
Total cost of sales, selling, administrative and other operating expenses		**753,564**	**1,011,903**

5 PERSONNEL EXPENSES

EUR thousand	*Note*	2014	2013
Wages and salaries		182,952	221,935
Social insurance costs		58,035	70,364
Social security and other payroll costs		15,185	18,295
Share based payments	*24*	(263)	590
Net benefit credit associated with long term employee benefits	*23*	(3,414)	(27,237)
Total personnel expenses		252,495	283,947
Less own work capitalised		(219)	(940)
		252,276	**283,007**
Average number of employees *		11,494	12,607

*including members of Board of Directors of the Company

6 FINANCE INCOME AND EXPENSES

EUR thousand	2014	2013
Finance income comprise:		
Realised and unrealised foreign exchange gains	4,378	20,517
Profit on derivative instruments	2,884	2,548
Bank and other interest received	466	1,398
Other	259	957
	7,987	**25,420**

EUR thousand	2014	2013
Finance expenses comprise:		
Bonds interest expense	53,330	56,875
Realised and unrealised foreign exchange losses	4,781	36,676
Loss on bond redemption	-	8,116
Loss on derivative instruments	4,605	4,752
Fair value revaluation of Convertible Notes	157	-
Bank interest expense	2,152	3,932
Other interest expense	2,017	2,490
Other	456	825
	67,498	**113,666**

Convertible Notes were initially designated as FVTPL and EUR 157 thousand represents the movement in the fair value of the Convertible Notes between the date of inception and the year end. Other interest expense relates to unwinding of restoration and mine closure provision discount. Please refer to the Statement of other comprehensive income for the finance income and expenses recognised directly in equity.

7 CAPITAL RESTRUCTURING

The Group completed the Capital Restructuring on 7 October 2014, raising EUR 185 million of new money by way of a EUR 150 million Rights Issue and Placing and by certain noteholders providing a EUR 35 million new Super Senior Credit Facility. The Group repurchased the Existing Notes for a mixture of cash and new debt, comprising (i) cash consideration of EUR 90 million (ii) New Senior Secured Notes of EUR 300 million (iii) New Convertible Notes of EUR 150 million, and (iv) New Contingent Value Rights of EUR 35 million. The contractual terms of these financial instruments is explained further in Note 19 Loans and borrowings.

Equity component
The Company issued in total 6,394,436,852 new A shares through the Rights Issue and Placing by which it raised EUR 150 million, of which EUR 90 million was used to repurchase the Existing Notes (see below). The net proceeds by the Group were EUR 142 million (EUR 150 million gross proceeds less direct issue costs of EUR 8 million).

Debt component
The exchange of the Existing Notes for a mixture of cash and newly issued instruments has been accounted for as an extinguishment of the Existing Notes and the recognition of the new instruments issued as the terms of the newly issued instruments are substantially different from the Existing Notes. The gain of EUR 342 million (net of EUR 37 million of costs incurred and recognised directly into profit or loss) represent the difference between the carrying amount of the Existing Notes (including accumulated accrued interest) immediately prior to extinguishment and the fair value of the new instruments issued.

(EUR thousand)	Existing Senior Secured Notes	Existing Senior Unsecured Notes	Total
De-recognition of Existing Notes:			
Nominal value	(500,000)	(275,000)	(775,000)
Unamortised transaction costs	8,512	3,622	12,134
Accrued interest	(17,063)	(15,761)	(32,824)
			(795,690)
Fair value of exchange consideration:			
Cash paid to Existing Note holders	60,000	30,000	90,000
New Senior Secured Notes*	248,299	-	248,299
New Convertible Notes	54,194	16,494	70,688
Contingent Value Rights	-	7,207	7,207
* including embedded derivative			**416,194**
Transaction costs			37,243
Total gain recognised			**342,253**

The total fair value of the New Senior Secured Notes (nominal EUR 300 million) and the New Convertible Notes (nominal EUR 150 million) has been estimated based on the market value of these new instruments immediately after the completion of the Capital Restructuring.

The fair value of the Contingent Value Rights (tranche one with a nominal value of EUR 20 million and tranche two with a nominal value of EUR 15 million) has been estimated based on the forward commodity curves for coking coal using Monte Carlo simulations and the pricing thresholds for the Group's reported average realised price in Euro per tonne for coking coal, which must be exceeded for two consecutive quarters in order for funds to be paid out in respect of the Contingent Value Rights.

Categories of newly issued financial instruments
The Group on completion of the Capital Restructuring designated the new financial instruments as follows:

New financial instruments	Category
New Senior Secured Notes	Financial liability held at amortised cost
Call option under New Senior Secured Notes (embedded derivative)	Financial asset held at fair value through profit or loss
New Convertible Notes	Financial liability held at fair value through profit or loss
Contingent Value Rights (derivative)	Financial liability held at fair value through profit or loss

8 DISCONTINUED OPERATIONS

On 6 December 2013, the Group completed the sale of OKK, representing its entire Coke segment. As such, the Coke segment is presented as discontinued operations in the comparative consolidated statement of comprehensive income.

a) *Result of discontinued operations*

EUR thousand	2013
Revenues	160,059
Cost of sales	(125,138)
Gross profit	34,921
Selling expenses	(20,801)
Administrative expenses	(3,755)
Other operating income	917
Other operating expenses	(170)
Operating income	11,112
Finance income	382
Finance expenses	(357)
Profit before tax	11,137
Income tax expense	(2,400)
Profit from discontinued operations (operating activities)	**8,737**
Loss on disposal of discontinued operations	(74,680)
FX translation differences relating to discontinued operations and reclassified to profit or loss	10,030
Loss on disposal of discontinued operations, total	**(64,650)**
Loss from discontinued operations	**(55,913)**

b) *Cash flows from discontinued operations*

EUR thousand	2013
Net cash flows from operating activities	19,122
Net cash flows from investing activities	(8,503)
Net cash flows from discontinued operations	**10,619**

c) *Effect of disposal on the financial position of the Group*

EUR thousand	2013
Consideration received, net of costs incurred	92,529
Cash and cash equivalents disposed of	(2,082)
Net cash inflow from investing activities	**90,447**
Of which paid on escrow account (increase in restricted cash)	(7,000)
Net cash inflow	**83,447**

EUR 7 million was released in full from the escrow account in 2014 (the Coke segment was sold for EUR 95 million with EUR 7 million paid into an escrow account to be released three months after the date of sale, subject to the satisfaction of any claims by the purchaser under the OKK Share Purchase Agreement).

9 INCOME TAX AND DEFERRED TAX

The corporate income tax in 2014 and 2013 is calculated in accordance with the tax regulations applied in the country of each Group entity's tax residency.

Components of income tax expense / (benefit)

EUR thousand	2014	2013
Income statement:		
Current tax expense	1,754	6,934
Deferred tax expense/(benefit)	44,565	(153,372)
Income tax expense/(benefit)	**46,319**	**(146,438)**

Reconciliation of the statutory and effective tax rate

The Group applies a tax rate of 19% for effective tax rate reconciliation due to the fact the Group's main business is carried from the Czech Republic, through OKD.

EUR thousand	2014	2013
Profit / (loss) from continuing operations before tax	**25,235**	**(1,060,796)**
Tax at the applicable rate of 19%	**4,795**	**(201,551)**
Tax effect of:		
- Non-deductible expense	58,212	5,062
- Other tax exempt income	(73,666)	-
- Change in unrecognised deferred tax asset	58,028	57,546
Effect of the applicable tax rates other than 19% in other jurisdictions	(2,000)	(7,230)
Prior period income tax adjustment	950	(265)
Income tax expense / (benefit)	**46,319**	**(146,438)**
Effective tax rate	184%	14%

The income tax benefit from continuing operations in 2013 excludes the income tax expense from discontinued operations of EUR 2.4 million, which is included in loss from discontinued operations (see Note 8).

The movement in deferred tax asset / liability is as follows:

EUR thousand	2014	2013
Deferred tax asset:		
At 1 January	43,933	32,925
Deferred tax charge for the year	(45,590)	24,093
Disposal of subsidiary	-	(10,024)
Currency translation	1,710	(3,061)
At 31 December	**53**	**43,933**
Deferred tax liability:		
At 1 January	-	132,727
Deferred income tax related to items charged or credited directly to equity:		
- Net loss on revaluation of cash flow hedges	-	(1,982)
Deferred tax charge for the year	(729)	(126,511)
Currency translation	(125)	(4,234)
At 31 December	**(854)**	**-**
Deferred tax (liability) / asset, net	**(801)**	**43,933**
out of which presented in balance sheet		
Deferred tax asset	**-**	**44,747**
Deferred tax liability	**(801)**	**814**

Deferred tax is presented in the balance sheet based to the extent that the Group is legally able to net the liability and asset, relating to each taxable entity.

During the year the Group updated its assessment of its ability to utilise tax losses based on medium term projections and concluded that it was not probable that these losses would be able to be recovered within the period for utilising such losses. As a result, the associated deferred tax asset recognised as at 31 December 2013 has been derecognised in full.

Deferred tax analysed by the type of temporary difference:

EUR thousand	2014	2013
Deferred tax asset relates to the following:		
Property, plant and equipment	-	13,862
Allowances, adjustments and provisions	53	5,746
Employee benefits	-	9,193
Tax losses carried forward	-	15,132
Deferred tax asset	**53**	**43,933**
Deferred tax liability relates to the following:		
Property, plant and equipment	(854)	-
Derivatives	-	-
Deferred tax liability	**(854)**	**-**

Tax losses to be carried forward and offset against future taxable income are available at various companies within the Group. Non recognised deferred tax asset in relation to tax losses amounts to EUR 87 million as of 31 December 2014 (2013: EUR 112 million).

During 2014 as part of the capital restructuring, NWR NV moved its principal place of business to England and as such, became a UK tax resident. Non recognised deferred tax assets of EUR 93 million from tax losses at NWR NV arose prior to the tax residency change, of which EUR 48 million can be utilised by the Company due to its fiscal unity with NWR NV between 2011 and 2014. It is possible that these losses at the Company and NWR NV prior to the tax residency change will be utilised in connection with the capital restructuring.

No deferred tax assets are recognised, as it is not considered probable that future taxable profits will be available to offset any of the accumulated tax losses.

Tax recognised in other comprehensive income

	2014		
EUR thousand	*Before tax*	*Tax benefit*	*After tax*
Foreign currency translation differences	(2,453)	437	*(2,016)*
	(2,453)	**437**	***(2,016)***

	2013		
EUR thousand	*Before tax*	*Tax benefit*	*After tax*
Foreign currency translation differences	(58,697)	6,880	*(51,817)*
Foreign currency on sale of subsidiary	(10,030)	-	*(10,030)*
Derivatives – net change in fair value of cash flow hedges	(2,412)	-	*(2,412)*
Derivatives – fair value of cash flow hedges reclassified to profit or loss	(7,462)	2,047	*(5,415)*
	(78,601)	**8,927**	***(69,674)***

10 RELATED PARTY DISCLOSURE

During the year the Group had transactions in the normal course of operations with related parties. This includes transactions with the ultimate parent company (see Note 1b), entities under common control, shareholders and key management personnel of the Group, and companies of which they are principal owners. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions. For further details of these related parties, please refer to section Certain relationships and related party transactions of the Annual Report on page 79.

Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly. In 2014 these persons comprised on average two Executive Directors, ten Non-Executive Directors and chief executive officer of OKD. (2013: three Executive Directors and ten Non-Executive Directors).

Key management personnel compensation comprised the following:

EUR thousand	2014	2013
Short-term employee benefits	4,108	2,377
Termination benefits	-	346
Share-based payments	622	395
	4,730	**3,118**

Further information in relation to the Directors of the Group are included within the Directors Remuneration Report on pages 106 to 128.

Other related party transactions

Sales to related parties comprised:

EUR thousand	2014	2013
Entities under common control:		
Sales of methane and related services	5,464	7,002
Sales of sludge, coal and other products	940	1,183
Other	64	256
	6,468	**8,441**

Receivables arising from these transactions were EUR 2 million (2013: EUR 2 million).

Purchases from related parties comprised:

EUR thousand	2014	2013
Entities under common control:		
Transport services	75,005	101,314
Drilling works	3,747	6,156
Restoration services	11,136	4,535
Nitrogen delivery and related services	4,097	3,045
Other	2,192	3,009
	96,177	**118,059**
Entities related to key management personnel:		
Advisory services	-	205
	96,177	**118,264**

Payables arising from these transactions were EUR 22 million (2013: EUR 20 million).

As part of the Rights Issue, CERCL Mining B.V. (a wholly owned subsidiary of CERCL Holdings Ltd., the controlling shareholder, formerly BXR Holdings Ltd.), paid EUR 75 million in exchange for 3,197,218,426 of A shares. Refer to Note 7 for further details regarding the Capital Restructure.

11 PROPERTY, PLANT AND EQUIPMENT

EUR thousand	Land and buildings	Plant and equipment	Other assets	Construction in progress	Total
Cost					
At 1 January 2014	1,260,155	1,023,949	26,586	80,020	2,390,710
Additions	2,033	31,049	573	35,395	69,050
Disposals	(12,799)	(19,147)	(168)	(1,781)	(33,895)
Transfers	28,235	6,513	-	(34,748)	-
Restoration and mine closure costs	(4,465)	-	-	-	(4,465)
Currency translation	(15,333)	(11,502)	(402)	(776)	(28,013)
At 31 December 2014	1,257,826	1,030,862	26,589	78,110	2,393,387
Accumulated depreciation and impairment losses					
At 1 January 2014	1,010,387	819,079	17,454	10,053	1,856,973
Depreciation and write-off of construction in progress	38,205	43,843	2,915	295	85,258
Impairment loss	39,606	143,063	(442)	415	182,642
Disposals	(9,659)	(19,135)	(194)	(1,649)	(30,637)
Currency translation	(12,588)	(10,086)	(418)	(131)	(23,223)
At 31 December 2014	1,065,951	976,764	19,315	8,983	2,071,013
Net book value at 1 January 2014	249,768	204,870	9,132	69,967	533,737
Net book value at 31 December 2014	**191,875**	**54,098**	**7,274**	**69,127**	**322,374**

The Group identified assets financed through generally borrowed funds as qualifying assets for capitalisation of borrowing costs. Borrowing costs of EUR 3 million were capitalised in 2014 (2013: EUR 8 million). The borrowing costs were determined using the average capitalisation rate of 8.290% (2013: 8.180%).

Impairment

Due to reduced price expectations for the Group's products, the Group undertook a re-assessment of the mine plan for future operations, which accordingly led to a re-assessment of the recoverable amount of its cash generating units ('CGUs') as at 31 December 2014. As a result, an impairment loss of EUR 183 million (2013: EUR 807 million) has been recognised.

The recoverable amount of the CGUs was based on value in use. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGUs. Value in use as at 31 December 2014 was based on the following key assumptions:

- cash flows were forecasted based on past experience, actual operating results, approved budget and long term business plan. Future cash flows were extrapolated using declining growth rates (reflecting decreasing production towards the end of the life of the mines);
- revenue was forecasted based on agreed prices for the year 2015. The anticipated annual revenue movement included in the cash flow projections ranged from 0% to 18% for the years 2016 to 2019 and are based on the average of a range of publically available data (market consensus);
- a pre-tax rate equivalent to a post-tax discount rate of 12.60% (2013: 11.73%) was applied in determining the recoverable amount. The discount rate was estimated based on an industry average weighted-average cost of capital adjusted for the specific risks related to the Group; and
- cash mining unit costs anticipated of EUR 64 per tonne in 2015 and subsequent periods.

The impairment charges are particularly sensitive to the discount rate applied, the forecast sales prices of the Group's products and the operating expenses. Holding all other parameters constant a 1.50% increase in the discount rate would give rise to an additional impairment loss of EUR 21 million (2013: EUR 38 million); a 2.50% increase in the discount rate would give rise to an additional impairment loss of EUR 34 million (2013: EUR 61 million); a 5% reduction in sales prices would give rise to an additional impairment loss of EUR 95 million (2013: EUR 144 million) and a EUR 5 per tonne increase on operating expenses would give rise to an additional impairment loss of EUR 110 million (2013: EUR 164 million).

EUR thousand	Land and buildings	Plant and equipment	Other assets	Construction in progress	Total
Cost					
At 1 January 2013	1,355,203	1,185,844	26,467	197,449	2,764,963
Additions	17,009	34,322	2,637	25,842	79,810
Disposals	(24,070)	(19,128)	(307)	(1,305)	(44,810)
Disposal of discontinued operations	(69,194)	(114,976)	(404)	(4,394)	(188,968)
Transfers	88,645	39,201	-	(127,846)	-
Restoration and mine closure costs	8,907	-	-	-	8,907
Currency translation	(116,345)	(101,314)	(1,807)	(9,726)	(229,192)
At 31 December 2013	1,260,155	1,023,949	26,586	80,020	2,390,710
Accumulated depreciation and impairment losses					
At 1 January 2013	731,856	541,240	12,263	3,034	1,288,393
Depreciation	66,147	78,706	3,317	-	148,170
Impairment loss	331,965	327,122	3,201	9,594	671,882
Disposals	(11,933)	(19,492)	(44)	-	(31,469)
Disposal of discontinued operations	(30,311)	(43,980)	(194)	-	(74,485)
Transfers	2,075	22	-	(2,097)	-
Currency translation	(79,412)	(64,539)	(1,089)	(478)	(145,518)
At 31 December 2013	1,010,387	819,079	17,454	10,053	1,856,973
Net book value at 1 January 2013	623,347	644,604	14,204	194,415	1,476,570
Net book value at 31 December 2013	**249,768**	**204,870**	**9,132**	**69,967**	**533,737**

12 MINING LICENCES

EUR thousand	Cost	Accumulated amortisation	Net book value
At 1 January 2014	203,899	(203,899)	**-**
Currency translation	(2,264)	2,264	-
At 31 December 2014	**201,635**	**(201,635)**	**-**

EUR thousand	Cost	Accumulated amortisation	Net book value
At 1 January 2013	222,351	(79,331)	143,020
Amortisation	-	(3,376)	(3,376)
Impairment loss	-	(135,082)	(135,082)
Currency translation	(18,452)	13,890	(4,562)
At 31 December 2013	**203,899**	**(203,899)**	-

The Group was granted a mining licence for Dębieńsko 1 in Poland in June 2008. The licence was granted for 50 years for mine construction and operations at nil cost. All other mining areas have concessions with no expiry date.

13 LONG-TERM RECEIVABLES

EUR thousand	2014	2013
Bank collateral related to open interest rate swap agreements	2,950	5,650
Other receivables	112	119
	3,062	**5,769**

14 RESTRICTED DEPOSITS/CASH

As at 31 December 2014 and 31 December 2013, the Company had long-term restricted deposits (consisting of cash and investment in liquid government bonds) of EUR 22 million and EUR 23.7 million, respectively, in relation to mining damages and restoration expenditures. The amount of restricted deposits corresponds to the mining and restoration provision recognised by OKD since 1 January 2004 in accordance with Czech legal requirements and the restricted cash can be used only to settle the mining damages and restoration obligations.

As at 31 December 2013, the Company had short-term restricted cash of EUR 7 million resulting from the sale of OKK for gross proceeds of EUR 95 million, of which EUR 88 million was received on the date of sale, with the remaining EUR 7 million paid into an escrow account to cover potential claims, if any, from the purchaser under the OKK Share Purchase Agreement. On 6 March 2014, the period for which the purchaser could make a claim lapsed and the EUR 7 million was released in full.

15 INVENTORIES

EUR thousand	2014	2013
Material and spare parts	10,611	12,013
Finished goods	30,206	17,069
Work-in-progress and semi-finished goods	24	599
	40,841	**29,681**

The inventories were written down to their net realisable value, which resulted in a loss recognised of EUR 5.7 million (2013: EUR 2.6 million). Provisions are included within cost of sales and selling expenses in profit or loss.

16 ACCOUNTS RECEIVABLE AND PREPAYMENTS

EUR thousand	2014	2013
Trade receivables	53,190	73,735
VAT and other tax receivables	3,667	5,285
Other receivables, accrued income	6,275	8,880
	63,132	**87,900**
Advance payments and prepaid expenses	1,087	1,452
	64,219	**89,352**

Trade receivables are non-interest bearing and are generally on 20 to 45 day terms. Total receivables are stated net of provisions for impairment, which amounted to EUR 454 thousand as of 31 December 2014 (2013: EUR 590 thousand).

The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and analysis of customer credit risk.

As of 31 December 2014 and 31 December 2013, the analysis of accounts receivable that were either not past due or past due but not impaired is as follows:

EUR '000	Neither past due nor impaired	Past due but not impaired <30 days	31 - 90 days	>90 days	Total
31 December 2014	61,287	1,813	13	19	63,132
31 December 2013	85,498	2,040	117	245	87,900

17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk). The Board reviews and agrees policies for managing each of these risks, which are summarised below, and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department ('Group treasury') and risk management department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

It is the Group's policy, and has been throughout 2014 and 2013, that no speculative trading in derivatives shall be undertaken.

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade payables, cash-settled share-based payments and leasing contracts. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash, restricted deposits and short-term deposits (if any), which arise directly from its operations.

- **Credit Risk**

Credit risk arises from the potential inability of debtors to meet their obligations as they fall due. Credit risk is addressed by top management and related departments by efficient sales operations to prevent excessive bad debts. At the balance sheet date there are concentrations of credit risk to steel producers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant (see Note 16). For OKD, representing the main part of the Group's receivables, the Head of sales is responsible for the customer management database, systematic monitoring of customers, their ratings and corresponding risks.

With respect to credit risk arising from other financial assets of the Group, which comprise cash, cash equivalents and restricted deposits and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, which is stated in the table at the end of this Note. There was no impairment of financial assets other than trade receivables recognised as at 31 December 2014 and 31 December 2013 (see Note 16).

- **Liquidity risk**

Liquidity risk refers to the possibility of the Group being unable to meet its financial obligations, when they fall due, mainly in relation to the settlement of amounts due to suppliers, bondholders and financial institutions.

The Group monitors its risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of its financial investments, financial assets (e.g. accounts receivable, other financial assets), financial liabilities and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, issued bonds and leases contracts with the aim to have sufficient liquidity to meet its due obligations under any conditions.

The Group values its business relationships. It is the Group's policy to agree credit terms prior to commencement of trading. Subject to any items of genuine dispute, it is Group policy to pay creditors within the terms agreed.

The table below summarises the contractual maturity profile of the Group's financial liabilities at 31 December 2014 and 31 December 2013 based on undiscounted payments including interest.

EUR thousand	< 1 year	1 to 5 years	> 5 years	Total
At 31 December 2014				
Loans	4,112	71,713	20,421	96,246
Bonds issued	28,000	96,000	306,400	430,400
Convertible Notes*	12,000	48,000	11,600	71,600
Contingent value rights	5,305	-	-	5,305
Other long-term liabilities	-	300	-	300
Accounts payable and accruals	130,989	-	-	130,989
Interest rate swaps	994	2,408	-	3,402
Cash-settled share-based payments	81	146	-	227

*The Convertible Notes have the option at the discretion of NWR NV to pay either a cash coupon of 4% or a PIK coupon of 8%. For the purposes of the contractual maturity profile, the Group has included the PIK coupon rate of 8% in the contractual maturity profile, accordingly it is not expected that any cash outflow will arise relating to the Convertible Notes and that at the end of the facility these will convert into a variable number of shares in NWR Plc.

EUR thousand	< 1 year	1 to 5 years	> 5 years	Total
At 31 December 2013				
Loans	15,921	37,941	-	53,862
Bonds issued	61,031	746,094	307,484	1,114,609
Other long-term liabilities	-	526	-	526
Accounts payable and accruals	141,496	-	-	141,496
Interest rate swaps	1,734	6,081	-	7,815
Interest rate collars	-	222	-	222
Cash-settled share-based payments	-	1,279	-	1,279

At the present market prices for coal, the Group is currently cash flow negative. The current low coal price environment has placed significant pressure on the Group’s liquidity position. The Group has instituted a number of measures to improve its liquidity position, through a various operational measures, like operational expenses savings, capital expenditures savings, receivable factoring and other working capital optimisation. Apart from that, the Group undertook and completed the Capital Restructuring on 7 October 2014, raising additional capital and reducing its long-term debt. For more information and a description of the Group’s liquidity position at the date of approval of these financial statements and Capital Restructuring refer to Note 2 a) Going concern basis of accounting.

- **Market risk**

Market risk arises from the possible variations in the value of assets and liabilities due to fluctuations in foreign exchange rates or interest rates. The Group has implemented policies and methods for monitoring these risks as detailed for each risk below.

a) Foreign exchange rate risk

The Group has significant transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. In 2014 approximately 46% of the OKD' sales (2013: 40%) were denominated in currencies other than its functional currency, whilst most of its costs were denominated in the functional currency.

The Group aimed to mitigate foreign currency exposure risks by entering into forward exchange rate contracts with financial institutions. In previous years, the Group entered into foreign exchange forward contracts to hedge the EUR denominated revenues of OKD (which has CZK as its functional currency). Hedging was managed at the Group level as part of the centralised treasury functions. The aim was to minimise earnings volatility for the Group resulting from movements in foreign exchange rates. The Group’s policy was to cover up to 70% of its currency exposure. To the extent where possible and effective, the Group applied hedge accounting for these foreign exchange rate forward contracts. All these contracts were concluded by the end of 2013. While the Group’s policy remain in place, no further forward contract were entered into during 2014.

Foreign currency sensitivity analysis

The Group companies with EUR as functional currency had the following CZK-denominated balances and the Group companies with CZK as functional currency had the following EUR-denominated balances which when retranslated affect the income statement and equity.

	31 December 2014			31 December 2013		
EUR thousand	EUR denominated	CZK denominated	Total	EUR denominated	CZK denominated	Total
Cash & cash equivalents	18,860	10,860	29,720	23,325	1,155	24,480
Accounts receivable*	26,798	-	26,798	30,867	10,104	40,971
Accounts payable*	(15,408)	(19)	(15,427)	(11,289)	(4,865)	(16,154)
Intercompany loans*	(130,156)	-	(130,156)	(188,208)	-	(188,208)
Gross balance sheet exposure	**(99,906)**	**10,841**	**(89,065)**	**(145,305)**	**6,394**	**(138,911)**

* including intercompany balances

The following table demonstrates the sensitivity of a depreciation of CZK to EUR by 1% (the Group´s estimate of a reasonably possible change over the following 12 months), with all other variables unchanged, on the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities and derivatives).

	2014			2013		
EUR thousand	EUR denominated	CZK denominated	Total	EUR denominated	CZK denominated	Total
Depreciation of CZK against EUR by 1%						
Effect on profit after tax / equity	**(809)**	**(109)**	**(918)**	**(1,177)**	**(64)**	**(1,241)**

The depreciation of the CZK against the EUR by 1%, with all other variables unchanged would result in loss after tax / equity of EUR 918 thousand (2013: loss EUR 1,241 thousand).

b) Interest rate risk

The Group aims to minimise its exposure to the risk of changes in market interest rates. The Group has entered into forward interest rate swaps to convert floating rate loans to fixed rate loans. The specific amounts that the Group hedges are determined based on the prevailing market conditions and the current shape of the yield curve. The specific terms and notional amounts of the swaps are determined based on management's assessment of future interest rates, as well as other factors, including short-term strategic initiatives. As at 31 December 2014, the swaps covered 68% of the Group's scheduled interest rate exposure pursuant to which the Group receives floating EURIBOR in exchange for paying a fixed rate of interest.

Exposure to the interest rate risk of floating rate bank loans is presented by way of sensitivity analysis. This sensitivity analysis shows the effects of changes in market interest rates on the Group's result after tax as if market interest rates had been 0.25% higher respectively lower over the whole period from 1 January 2014 to 31 December 2014 with all other variables held unchanged. The interest rate sensitivity analysis is calculated from all loans, all cash at bank and all interest rates swap contracts. The hypothetical effect on the result after tax is equal to EUR 420 thousand and EUR (420) thousand respectively.

The following derivative financial instruments were entered into to mitigate the above risk:

Nominal value of derivative instruments	31 December 2014		31 December 2013	
EUR thousand	Czech crown denominated contracts	Euro denominated contracts	Czech crown denominated contracts	Euro denominated contracts
Interest rates swap contracts	-	57,807	-	110,019
Interest rates collar contracts	-	-	3,850	-
	-	**57,807**	**3,850**	**110,019**

The nominal value of interest rates swap contracts and interest rates collar contracts presented in the above tables is derived from the sum of open individual contracts as at the year end.

Changes in the fair value of interest rate swaps and collars were recorded directly in the income statement as, in this case, the Group does not apply hedge accounting.

Capital management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans and borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

EUR thousand	2014	2013 (represented)
Total loans and borrowings	409,395	809,023
Less Cash and cash equivalents	(128,035)	(183,665)
Net debt	281,360	625,358
Equity	(158,450)	(280,098)
Total capital	**122,910**	**345,260**
Gearing ratio	**229%**	**181%**

During 2014, the basis of representing the gearing ratio has changed from comparing net debt to EBITDA to method shown above. Accordingly the comparative gearing ratio for 2013 has been represented.

Please refer to Note 7 on Capital Restructuring and to Note 2 on going concern disclosure.

Fair value

Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Financial instrument	**Fair value estimation**
Cash & cash equivalents Current investments	The carrying amount approximates fair value due to the relatively short-term maturity and reset periods of these financial instruments.
Short-term receivables Short-term payables	The carrying amount approximates fair value due to the short-term maturity of these financial instruments.
Long-term receivables	The carrying amount approximates fair value due to the relatively short-term maturity and reset periods of these financial statements.
Cash-settled share-based payments	These are carried at fair value measured in accordance with adopted IFRS.
Short-term loans	The carrying amount approximates fair value because of the floating interest rate and the short period to maturity of those instruments.
Bonds and Convertible Notes	The fair value is based upon the quoted price on the markets.
Long-term debt	The carrying amount of long-term debt with variable interest rates approximates their fair values as interest reset at a minimum each twelve months. Fair value may be affected also by changes in the Group credit rating.
Derivatives	The fair value of interest rate derivatives is estimated by discounting the difference between the contractual interest rate and current interest rate for the residual maturity of the contract using a risk-free interest rate. The fair value of the Contingent Value Rights has been estimated based on the forward commodity curves for coking coal using Monte Carlo simulation and the pricing thresholds for Group's reported average realised price in Euro per tonne for coking coal, which must be exceeded for two consecutive quarters in order for any money to be paid out in respect of the Contingent Value Rights.

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value (for example accounts receivable or accounts payable).

EUR thousand	31 December 2014			31 December 2013		
	Carrying Value	Fair value Level 1	Fair value Level 2	Carrying Value	Fair value Level 1	Fair value Level 2
Financial assets:						
At fair value through profit or loss						
Embedded option	2,629	-	2,629	-	-	-
Loans and receivables						
Long-term receivables	3,062	-	-	5,769	-	-
Accounts receivable and prepayments	64,219	-	-	89,352	-	-
Cash and cash equivalents						
Restricted deposits	22,037	-	-	30,742	-	-
Cash and cash equivalents	128,035	-	-	183,665	-	-
Total	**219,982**			**309,528**		
Financial liabilities:						
At fair value through profit or loss						
Interest rates derivatives	3,402	-	3,402	8,037	-	8,037
Convertible Notes	70,845	70,845	-	-	-	-
Contingent value rights	5,305	-	5,305	-	-	-
Cash-settled share-based payments	227	227	-	1,279	1,279	-
Other						
Long-term loans including accrued interest	84,067	-	-	48,153	-	-
Bonds issued including accrued interest	258,824	236,125	-	777,418	492,845	-
Other long-term liabilities	300	-	-	526	-	-
Accounts payable and accruals	130,989	-	-	141,496	-	-
Total	**553,959**			**976,909**		

Fair value hierarchy

The different levels have been defined as follows:

Level 1	quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3	inputs for the asset or liability that are not based on observable market data (unobservable inputs)

In order to determine the fair value of the financial instruments, the Company implements valuation techniques used by banks or uses third party professional valuators in which all significant inputs were based on observable market data.

18 ACCOUNTS PAYABLE AND ACCRUALS

EUR thousand	2014	2013
Trade payables	75,796	83,428
Wages and salaries payable	15,176	16,555
Social and health insurance payable	7,343	11,393
VAT and other tax payable	4,127	6,945
Other payables and accruals	28,547	23,175
	130,989	**141,496**

19 LOANS AND BORROWINGS

The terms and conditions of outstanding loans are as follows:

				Carrying amount		Face value	
EUR thousand	Currency	Nominal interest rate	Year of maturity	2014	2013	2014	2013
Export Credit Agency loan ('ECA Facility')	EUR	EURIBOR 6M +1.85%	2022	48,726	48,153	49,863	49,863
Senior Secured Notes due 2018	EUR	7.875%	2018	-	489,821	-	500,000
Senior Notes due 2021	EUR	7.875%	2021	-	271,049	-	275,000
Super Senior Credit Facility ('SSCF Facility')	EUR	EURIBOR 3M +4.00% (+1.50% each quarter)	2016	35,000	-	35,000	-
Senior Secured Notes due 2020	EUR	8% or PIK	2020	254,824	-	300,000	-
Convertible Notes due 2020	EUR	4% or PIK	2020	70,845	-	150,000	-
Total non-current liabilities				**409,395**	**809,023**	**534,863**	**824,863**
of which current portion				-	13,555	-	14,246
of which non-current portion				409,395	795,468	534,863	810,617

As described in Note 7, the Group completed the Capital Restructuring on 7 October 2014, raising EUR 185 million of new money by way of a EUR 150 million Rights Issue and Placing and by certain noteholders providing a EUR 35 million new Super Senior Credit Facility. The Group repurchased the Existing Notes (Senior Secured Notes due 2018 and Senior Notes due 2021) for a mixture of cash and new debt, comprising (i) cash consideration of EUR 90 million (ii) New Senior Secured Notes of EUR 300 million (iii) New Convertible Notes of EUR 150 million, and (iv) New Contingent Value Rights of EUR 35 million.

As part of Capital Restructuring, the ECA Facility Lenders have provided their consent to amend the Facility, including the repayment profile (maturity prolonged from 2017 until 2022), suspension of covenant testing and waiving the breaches as at 30 September 2014, whereby NWR NV had moved its Centre of Main Interest and address to England and having commenced negotiations with its creditors as part of the Capital Restructuring without consent having been obtained by the ECA Facility lenders that time.

Key characteristics of New Senior Secured Notes due 2020

- Nominal value of EUR 300,000 thousand with maturity 5.5 years from the completion of the Capital Restructuring
- Cash coupon rate of 8% p.a. with semi-annual coupon payments (1 May and 1 November)
- Payment in Kind ('PIK') coupon – NWR NV may elect in writing to capitalise all but not part of the accrued interest at a higher rate (11% until the second anniversary of issuance / 9% thereafter), subject to liquidity conditions (where available liquidity is less or would become less than EUR 110 million until second anniversary of issuance and EUR 75 million thereafter if all accrued interest were to be paid in cash)
- Under certain conditions (at the time of the redemption, pro forma any such redemption payment, available liquidity exceeds EUR 125 million) issuer call available (classified as embedded derivative)
- Secured by a pledge of the shares of NWR NV, OKD and NWR KARBONIA, together with guarantees from OKD and NWR KARBONIA
- Listed on the Luxembourg Stock Exchange.

Key characteristics of New Convertible Notes due 2020

- Nominal value of EUR 150,000 thousand with maturity 6 years from the completion of the Capital Restructuring
- Mandatory conversion into a fixed number of shares in NWR NV, at which point NWR Plc is obliged to convert these shares into a variable number of NWR Plc ordinary shares
- Cash coupon rate of 4% p.a. with annual coupon payments
- PIK coupon – NWR NV my elect to pay PIK interest at a rate of 8% p.a.
- Listed on the Luxembourg Stock Exchange
- Acceleration in the event of default, i.e. full amount of the Convertible Notes can become payable in the event of default at the option of the holders. In such a situation NWR NV does not have an unconditional right to avoid the contractual obligation to deliver cash and as such, the Convertible Notes meets the definition of a financial liability
- Due to existence of embedded derivatives and the way in which the Group manages these instruments, the Group designated the whole Convertible Notes as a financial liability held at FVTPL.

Key characteristics of Contingent Value Rights (classified as derivatives)

- Fixed payout of up to EUR 35,000 thousand split into two tranches described in the table below
- Valid from the completion of the Capital Restructuring up until and including the 6th anniversary of Completion
- Right to receive a payment if the Group's reported average realised prices per tonne for coking coal exceeds for two consecutive quarters preceding the date of exercise the levels specified for each year until maturity

EUR/tonne thresholds	2014	2015	2016	2017	2018	2019	2020
First tranche, EUR 20,000 thousand	127	130	133	135	138	141	143
Second tranche, EUR 15,000 thousand	137	139	142	145	148	151	154

- Exercisable under conditions of no outstanding event of default under the Senior Secured Notes due 2020 and until those Senior Secured Notes have been discharged and cancelled in full. In addition, the available cash pro forma any payment to be made would exceed EUR 150,000 thousand
- Listed on the Luxembourg Stock Exchange.

20 SHARE CAPITAL AND RESERVES

a) Share capital and share premium

The Company's share capital is divided into A shares and B shares in order to reflect the existence of two divisions which act as separate accounting and reporting units: the Mining Division and the Real Estate Division (see Note 3). The rights and obligations attaching to the A shares and B shares, and other provisions related to them, are derived from the Articles of Association of the Company, subject to the limitations of the Divisional Policy Statements and applicable law.

The A Shares are designed to track the performance, and represent the economic value, of the Mining Division and the B Shares are designed to track the performance, and represent the economic value, of the Real Estate Division. Holders of the A Shares are not entitled to receive any dividends, liquidation proceeds or other distributions which relate to the Real Estate Division and holders of B Shares are not entitled to dividends, liquidation proceeds or other distributions which relate to the Mining Division.

During the year ended 31 December 2014, the Company undertook a sub-division of its share capital, whereby, one A share with nominal value of EUR 0.40 was subdivided into one A share with nominal value of EUR 0.0004 and 999 D shares with nominal value of EUR 0.0004 per share. Altogether the Company issued 264,477,400,857 D shares. The holders of the new D shares are not entitled to dividends, voting rights or distributions, do not receive a share certificate in respect of their shareholding, but are entitled to receive liquidation proceeds ranking behind the A and B shareholders. The rights, obligations and other provisions related to them are derived from the Articles of Association of the Company.

The following table tracks the number and nominal value of the share capital of the Company.

Issued and fully paid up share capital	Number of shares		Aggregate nominal value (EUR thousand)	
	2014	2013	2014	2013
A ordinary shares				
At 1 January	264,648,002	264,648,002	105,859	105,859
Shares issued under Deferred bonus plan	94,141	-	37	-
Subdivision of A Shares	-	-	(105,791)	-
Rights issue and placing of shares	6,394,436,852	-	2,558	-
At 31 December	**6,659,178,995**	**264,648,002**	**2,663**	**105,859**
B ordinary shares				
At 1 January	10,000	10,000	4	4
At 31 December	**10,000**	**10,000**	**4**	**4**
D ordinary shares				
At 1 January	-	-	-	-
Subdivision of A Shares	264,477,400,857	-	105,791	-
At 31 December	**264,477,400,857**	**-**	**105,791**	**-**
Total share capital	**271,136,589,852**	**264,658,002**	**108,458**	**105,863**

As part of the Capital Restructuring, the Company issued under the Rights Issue and Placement 6,394,436,852 new A Shares at an exercise price of EUR 0.02345789 per A share, resulting into share premium of EUR 139,995 thousand (net of EUR 7,447 thousand directly attributable costs).

b) Nature and purpose of reserves

Restricted reserve

In accordance with regulations in the Czech Republic, joint stock companies ("a.s.") are required to establish an undistributable statutory reserve for contingencies against possible future losses and other events. Contributions must be at a minimum of 20% of after-tax profit in the first year in which profits are made and 5% of after-tax profit each year thereafter, until the fund reaches at least 20% of share capital. The fund can only be used to offset losses.

The Group's subsidiary OKD utilised the previous established reserve and offset the losses it incurred in previous years.

Foreign exchange translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations from their functional currency to the presentation currency.

Hedging reserve

The hedging reserve comprised the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss. The Group hasn't entered into any new foreign exchange forward contracts during 2014.

Merger reserve

The merger reserve represents the effect of a corporate reorganisation under which, on 6 May 2011, the Company became the holding company for the business previously held by NWR NV. The reorganisation was undertaken by way of an offer by the Company to the shareholders of NWR NV to exchange shares in the Company for their shares in NWR NV on a one-for-one basis. The Company issued new A and B shares with a nominal value of EUR 7.00 per share and the difference between the nominal value of the shares and carrying value of net assets acquired was recognised as a change in consolidated equity, resulting in the recognition of negative merger reserve.

Other distributable reserves

Other distributable reserves were created after the Company reduced its share capital by reducing the nominal value of each of the A and B ordinary shares from EUR 7.00 per share (see Merger reserve above) to EUR 0.40 per share.

c) Dividends

No dividends were declared or paid during 2014 and 2013 to either A or B shareholders.

d) Other comprehensive income, net of tax

EUR thousand	Foreign exchange translation reserve	Restricted reserve	Hedging reserve	**Total other comprehensive income**
Year ended 31 December 2014				
Foreign currency translation differences	(2,118)	102	-	**(2,016)**
Total other comprehensive income, net of tax	(2,118)	102	-	**(2,016)**
Year ended 31 December 2013				
Foreign currency translation differences	(40,808)	(11,011)	-	**(51,819)**
Derivatives – net change in fair value of cash flow hedges	-	-	(2,412)	**(2,412)**
Derivatives – fair value of cash flow hedges reclassified to profit or loss	-	-	(5,413)	**(5,413)**
Sale of subsidiary	(10,030)	-	-	**(10,030)**
Total other comprehensive income, net of tax	(50,838)	(11,011)	(7,825)	**(69,674)**

21 EARNINGS PER SHARE

The calculation of earnings per share at 31 December 2014 was based on the result attributable to the shareholders of the Company, and a weighted average number of shares outstanding during the year, calculated as follows:

Profit / (loss) attributable to the shareholders of the Company

EUR thousand	2014	2013
Loss for the year	(21,084)	(970,271)
Loss attributable to A shares	(24,463)	(958,652)
Profit / (loss) attributable to B shares	3,304	(9,545)

Please refer to Note 3 for further details on the split of earnings between A and B shares.

Weighted average number of shares (basic)

Number of A shares	2014	2013 (restated)
Issued shares at 1 January	805,045,854	805,045,854
Effect of deferred shares issued	189,533	-
Effect of rights issue and placing	1,441,407,147	-
Weighted average number of shares at 31 December	**2,246,642,534**	**805,045,854**

On 7 October 2014, the Company completed a EUR 150 million capital increase via a 1:19 fully underwritten rights issue and a placing. The number of ordinary A shares issued under the Rights Issue was 5,030,100,717. The current and prior period basic and diluted earnings per share have been adjusted by the bonus element associated with the Rights Issue.

The weighted average number of B shares is equal to the number of shares issued being 10 thousand, in both periods.

D shares, issued as a result of the sub-division of its share capital, namely A shares, have no rights to dividends and there is no impact on the EPS calculation as a result of the issuance of the D shares.

Weighted average number of shares (diluted)

In the calculation of diluted weighted average number of shares the dilutive potential impact of individual share-based payments arrangements is taken into account.

Number of A shares at 31 December	2014	2013 (restated)
Weighted average number of shares (basic)	2,246,642,534	805,045,854
Effect of share options	998,742	465,281
Effect of deferred shares	1,514,556	397,950
Weighted average number of shares (diluted)	2,249,155,832	805,909,085

All tranches of share options granted to employees have no dilutive impact. The share options granted to Gareth Penny have a dilutive impact of 998,742 shares and the Deferred Bonus Plan grants have a dilutive impact of 1,514,556 shares. For further information relating to share-based payment arrangements please refer to Note 24.

The average market price of the Company's shares for the purposes of calculating the dilutive effect of the share options was based on quoted market prices for the period during which the options were outstanding.

22 PROVISIONS

EUR thousand	1 January 2014	Charged	Capitalised	Utilised	Unwinding of discount	Currency translation	31 December 2014
Restoration and mine closure provision	147,095	-	(4,464)	(11,809)	1,959	(1,530)	131,251
Mining damage	20,354	2,928	-	(6,788)	-	(178)	16,316
Total long-term provisions	**167,449**	**2,928**	**(4,464)**	**(18,597)**	**1,959**	**(1,708)**	**147,567**
Unpaid vacation	2,445	1,934	-	(2,409)	-	(24)	1,946
Other	500	732	-	(302)	-	(9)	921
Total short-term provisions	**2,945**	**2,666**	**-**	**(2,711)**	**-**	**(33)**	**2,867**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mining property and the Group is liable for environmental damage caused by mining activities. These future costs generally include restoration and remediation of land and disturbed areas, mine closure costs, including the dismantling and demolition of infrastructure and the removal of residual materials, and mining damages costs.

Mine closure and restoration costs are a normal consequence of mining, and the majority of mine closure and restoration expenditure is incurred at the end of the relevant operation.

In 2013 the Company re-assessed its long term operating plan including reserves, based on which the Group changed its best estimate of the timing and amount of cost of restoration and mine closure. The Group's operating mines are expected to cease mining activities (with relevant cash outflow to be incurred) in the period 2020-2028, except for Paskov mine, which is expected to cease mining activities by the end of 2017.

Although the ultimate cost to be incurred is uncertain, the Group's businesses estimate their respective costs based on feasibility and engineering studies using current restoration standards and techniques. Provisions of EUR 131 million (2013: EUR 147 million) for mine closure and restoration costs and environmental clean up obligations include estimates of the effect of future inflation and have been adjusted to reflect risk. These estimates have been discounted to their present value using discount rates of 0.51% p.a. (2013: 2.35%-2.54% p.a.).

23 EMPLOYEE BENEFITS

The Group provides a number of different long-term employment benefits to its employees – special miners' benefits, severance payments, vouchers, loyalty benefits and others. The Group's net obligation in respect of long-term service benefits is the amount of benefits that are payable after the balance sheet date and that the employees have earned in return for their service in the current and prior periods.

The Group's employee benefit scheme covers the legal requirements valid for the mining industry and other benefits concluded with the labour union in the general labour agreement. The significant benefits are listed below.

EUR thousand	2014	2013
Special miners benefits	21,320	26,649
Severance payment	9,444	13,867
Vouchers	4,591	6,906
Loyalty benefits	147	205
Other long-term benefits	1,454	1,681
	36,956	**49,308**

The decrease in employee benefits as of 31 December 2014 compared to 31 December 2013 is a cumulative result of updated assumptions, mainly the updated mining plan and a reduction in the number of employees.

Special miners' benefits
Length-of-service benefit for miners is paid to all employees in the mining professions once a year and is based on the length of the employment. The benefit is required by the current legislation of the Czech Republic.

Special miners' benefits are assigned to employees working underground once they achieve 100% of the highest allowable exposure to mine dust, in the event of both a position transfer or employment termination. These benefits are paid monthly, until the pension entitlement arises or the age of 60 is reached. The benefit is required by the current legislation of the Czech Republic.

Health-related severance payment is based on the collective agreement between OKD and its trade union. Eligible persons are employees whose employment relationship was dissolved owing to their inability to continue performing their work for health reasons and who are not entitled to receive any other severance payment. This benefit is a one-time payment calculated as a multiple of average monthly wage in connection with years of service.

Severance payments
Severance payments are based on legislative requirements in the Czech Republic. Eligible persons are employees whose employment relationship was dissolved owing to having achieved 100% of the highest allowable exposure to mine dust or occupational injury or incidence of occupational illness and who are unable to find another suitable position within the entity. The payment is made as a one-time disbursement.

Vouchers
This benefit has been recognised at OKD since 1 January 2009 based on an amendment to the collective agreement between OKD and its trade union at that time. All employees are granted vouchers annually and the amount is based on the length of employment relationship. Employees may use these vouchers for health, cultural, sporting, educational and holiday purposes.

Loyalty benefits
Stabilisation premiums are defined in the collective agreements of individual Group entities and are due to all current employees who are not entitled to length-of-service benefits for miners. This bonus is paid once a year and the amount is based on the length of uninterrupted service.

Length-of-service bonuses are defined in the collective labour agreements of individual Group entities and their disbursement is based on the specific provisions of collective agreements, tied to years of uninterrupted service. This benefit is designed as a one-time payment.

Changes in the present value of the defined benefit obligation:

EUR thousand	2014	2013
Defined benefit obligation at 1 January	49,308	93,211
Subsidiaries disposed	-	(1,337)
Benefits paid	(8,478)	(10,383)
Net benefit (credit) / expense	(3,414)	(27,237)
Currency translation	(460)	(4,946)
Defined benefit obligation at 31 December	**36,956**	**49,308**

The following table summarises the components of the net benefit expense recognised in the income statement and the funding status and amounts recognised in the statement of financial position for the respective plan:

EUR thousand	2014	2013
Current service cost	2,237	3,205
Interest cost on benefit obligation	83	787
Curtailments	-	(23,337)
Remeasurement of the net defined benefit liability	(5,734)	(7,892)
Net benefit (credit) / expense	**(3,414)**	**(27,237)**

Curtailments - Retirement benefits in 2012 were based on the collective bargaining agreement between OKD and its trade union and were paid to employees who terminated their employment contract upon becoming entitled to draw an old age pension. The one-time payment was a multiple of average monthly wage. This benefit was cancelled in the amended collective bargaining agreement for 2014-2018.

The principal financial and demographic assumptions used in determining long-term employee benefits are shown below:

Discount rate – The discount rate is derived from the yield of Czech government bonds as of the balance sheet date. The average period of payment is considered for the choice of the most suitable bond. The discount rate used for the calculation of employee benefits as of 31 December 2014 was 0.26% p.a. (as of 31 December 2013: 1.66% p.a.).

Wage increase - This assumption is relevant where the benefit depends on the future wage. In all cases the Group estimates an average wage increase of 3.0% per annum as of 31 December 2014 (3.0% per annum as of 31 December 2013).

Mortality - Model mortality for the benefit calculation is undertaken from statistical tables, specific to the relevant region in which OKD mines, as published by the Czech Statistical Office.

Retirement age
The retirement age for men is set as follows:
- 55 years if the person permanently worked underground for 15 years as of 31 December 1992
- 55 years and 6 months if the person permanently worked underground for a minimum of 11 years and maximum of 14 years as of 31 December 1992 and in total worked 25 years
- Retirement age for men under Czech legislation less 5 years if an employee started working as a miner before 1 January 1993 and worked 3,300 shifts underground by 31 December 2008
- 62-70 years (2013: 62-70 years) for all other employees not fulfilling the above criteria

The retirement age for women is set at 58-70 years (2013: 58-70 years).

24 SHARE-BASED PAYMENTS

The Group offers certain employees of the Group various share-based remuneration packages (see below). Subsequent to the completion of the Capital Restructuring, all packages have been modified to reflect the discount on the Rights Issue, resulting in adjustment of number of deferred shares or options and of the exercise price of the options.

a) Share options granted to Executive Director

On 3 September 2012, the Company granted Mr Penny, Executive Chairman, 250,000 share options for A shares, in 3 equal tranches (representing an aggregate of 750,000 A ordinary shares with an exercise price of EUR 0.01 per share; adjusted to reflect the discount on the Rights Issue to 2,281,466 A shares with an exercise price of EUR 0.003 per share).

Subject to Mr Penny remaining in employment with the Company, each tranche vests equally over three years representing one third of the options, annually on the relevant anniversary of the grant date, such that:
- one third of the shares subject to the first Option will vest on each of the first, second and third anniversary of the grant date;
- one third of the shares subject to the second Option will vest on each of the second, third and fourth anniversary of the grant date; and
- one third of the shares subject to the third Option will vest on each of the third, fourth and fifth anniversary of the grant date.

Once vested, each Option will be exercisable from the date on which it vests until the 7th anniversary of the first vesting date of that Option, when it will lapse. This remuneration package classifies as an equity-settled share-based payment transaction.

b) Share options granted to employees of the Group

Several eligible employees and Executive Directors of the Group were granted options over A shares of the Company in accordance with its Stock Option Plan for Executive Directors, senior management and key employees. This remuneration package is recognised as an equity-settled arrangement. The terms and conditions related to the grants of the share option are as follows:

Grant date	Number of options at grant date	Number of options after modification	Exercise price	Exercise price after modification	Vesting conditions	Contractual life of option
9 May 2008	619,878	1,766,707	16.69	5.45	Same for each grant: 3 years' service from the grant date and various performance conditions depending on participant	8 years
24 June 2009	3,325,762	9,353,416	3.33	1.16		8 years
17 March 2010	1,742,631	4,764,361	7.95	2.93		8 years
Total	**5,688,271**	**15,884,484**				

Due to the implementation of the Deferred Bonus Plan, the Board decided to terminate the Stock Option Plan as of 31 December 2010. Subsequently, no further options may be granted, although the provisions of the Stock Option Plan will continue in relation to options already granted.

c) Deferred Bonus Plan

Starting 1 January 2011, the Company implemented a new remuneration program, the Deferred Bonus Plan. A group of eligible employees and Directors of the Group, after meeting specified conditions, will be entitled to the annual bonus, part of which will be payable in cash and part will be deferred into A shares for a period of three years. In addition, each participant will have a put option which enables the holder to sell the shares back to the Company at market price set at the time the A shares are issued or delivered. The period for exercising the put option is limited to three years. This remuneration package classifies as a share-based payment transaction with cash alternatives and accordingly, the Company has granted a compound financial instrument.

Grant date	Number of shares at grant date	Number of shares after modification	Vesting conditions	Contractual life of put option
3 March 2011	101,136	-	3 years' service from the grant date	3 years from vesting date
16 May 2012	610,676	1,707,261	3 years' service from the grant date	3 years from vesting date
12 April 2013	844,518	2,504,320	3 years' service from the grant date	3 years from vesting date

d) Special Long-Term Incentive Plan ('LTIP')

On 20 November 2014, the Group granted certain Executive Directors and senior managers special award, under which they are entitled to receive cash payment equal to the market value of 331 million A shares on the date of election (any date within 12 months following each vesting date). Each award shall vest as to one third of the total number of award shares on 31 December 2016, 2017 and 2018. Under certain circumstances, the award may be satisfied through share issues instead of cash or may even lapse, in which case the Company and each participant shall agree an appropriate compensation. In case of share issue, each participant will get a put option, which enables the participant, at any time during the period of three years following the vesting, to sell any shares, at the market price of the shares on the date they elect to realise value, to NWR or any person nominated by it. Awards do not carry any right to shares or other securities and any interest in shares is purely notional.

Of these awards, 192 million A shares are to be provided to Executive Directors pending shareholder approval.

This remuneration package classifies as cash-settled share-based payment transaction.

Measurement of fair value

The fair value of all equity-settled share-based payments plans was measured using the Black-Scholes model. The fair value of the compound financial instrument is based on fair value of A shares at each balance sheet date for the cash-settled part (shares granted) and a combination of Monte Carlo simulation and binomial model as a valuation tool for the equity-settled part (put option granted) as at grant date.

As part of the Capital Restructuring, certain share based payment schemes were modified to take account of the dilution of the share capital arising from the share split.

The inputs used in the measurement of the incremental fair values at the date of modification were as follows:

	Share options granted to Executive Director	Share options plans	Deferred bonus plans (put option)
Fair value of the modified grant measured at the modification date	€0.009	€0	€0
Fair value of the original grant measured at the modification date	€0.004	€0	€0
Incremental fair value	€0.005	€0	€0
Share price at the modification date	€0.0169	€0.0169	€0.0169
Exercise price – after modification	€0.004	€1.41 – €6.61	-
Exercise price – before modification	€0.01	€3.33 - €16.69	-
Expected volatility	16.12%	16.12%	16.12%
Expected life	6 years	2 – 4 years	3 years
Expected dividends	4.35%	4.35%	4.35%
Risk-free interest rate	0.18%	0.16%-0.19%	0.17%

The modification has had immaterial impact on the financial statements.

Personnel expenses

EUR thousand	2014	2013
Share-based remuneration schemes:		
Executive Directors	622	380
Stock Option Plan	-	85
Deferred Bonus Plan	(948)	125
Special LTIP	63	-
Total (benefit) / expense recognised as personnel expenses	**(263)**	**590**

Reconciliation of outstanding share options

The number and weighted average exercise price of share options under all stock option plans is as follows:

	2014 Number of options	2014 Weighted average exercise price (EUR)	2013 Number of options	2013 Weighted average exercise price (EUR)
Outstanding at 1 January	6,252,382	5.48	6,252,382	5.48
Forfeited during the year	(280,581)	6.71	-	-
Modified during the year	12,194,149	1.90	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	**18,165,950**	**1.90**	**6,252,382**	**5.48**
Exercisable at 31 December	16,644,970	2.07	5,585,715	6.13

The options outstanding at 31 December 2014 have an exercise price in the range of EUR 0.003 to EUR 5.45 (2013: EUR 0.01 to EUR 16.69) and a weighted average contractual life of 2.9 years (2013: 3.9 years).

25 FUTURE COMMITMENTS

The Group has the following operating lease and capital commitments in respect of:

EUR thousand	2014	2013
Non-cancellable operating leases		
Instalments due within one year	795	1,381
Instalments due between two and five years	2,699	3,136
	3,494	**4,517**
Acquisition of property, plant and equipment		
From third parties	12,533	14,563

Leased items include equipment, land and buildings. There are no leases with term exceeding 5 years. The operating lease expense in 2014 was EUR 1 million (2013: EUR 2 million).

Included with the contractual obligations to acquire property, plant and equipment EUR 4 million is spread over more than one year (2013: nil).

26 AUDITOR REMUNERATION

EUR thousand	2014	2013
Fees payable to the Company's auditor for the audit of the company and consolidated financial statements	435	405
Fees payable to the companies auditor and its associates for audit of its subsidiaries pursuant to legislation	260	284
	695	689
Amounts receivable by the auditor and its associates in respect of:		
- audit related assurance services	316	304
- other assurance services	465	318
	781	622
	1,476	**1,311**

Included within other assurance services is an amount of EUR 465 thousand paid to the auditor in regard to their role as reporting accountants for the capital restructuring in 2014 (in 2013 EUR 308 thousand paid in regard to their role as reporting accountants for the disposal of OKK).

27 CONTINGENT ASSETS AND LIABILITIES

The Group has the following significant contingent assets and contingent liabilities as at 31 December 2014:

OKD have been claimed against for unfounded enrichment by Mr. Otakar Černý in relation to Improvement proposal no. 31/5-15/95 for a total of CZK 1,087 million (approx. EUR 43 million). The first hearing was held on 18 January 2012, when the petition was partially rejected by the court and the proceeding was suspended until a similar dispute led by the Regional Court in Ostrava is settled. OKD believes that the claim is unjustified and will be dismissed by the courts. Management is of the opinion that it is more likely than not that the case will not result in charges for the Company and as such no provision has been included in the financial statements as at 31 December 2014.

Litigation is pending against OKD (as successor entity) regarding the review of the adequacy of the consideration for shares of ČMD, a.s. paid out to minority shareholders (constituting at the time 5.915% of the shareholders of the company) in a squeeze-out procedure relating to ČMD, a.s. If the courts rule in favour of the claimant, the judgment would be applicable to all minority shareholders subject to the squeeze-out procedure. The proceeding is still pending, and the potential impact of a decision in the claimants' favour is not possible to assess given that the consideration is subject to review. Management is of the opinion that it is more likely than not that the case will not result in charges for OKD and as such no provision has been included in the financial statements as at 31 December 2014.

The Group is involved in other, less material, litigation claims. As inherent in such proceedings, outcomes cannot be predicted with certainty and there is a risk of unfavourable outcomes to the Group. The Group disputes all pending and threatened litigation claims of which it is aware and which it considers unjustified. No provision has been set up as at 31 December 2014 for any of the litigation proceedings. At the date of these financial statements, based on advice of counsel, the management of the Group believes that the litigation proceedings have no significant impact on the Group’s financial position as at 31 December 2014.

28 SUBSEQUENT EVENTS

European Commission approves the Czech State's aid for Paskov

On 12 February 2015, the European Commission has approved, under EU state aid rules, public funding by the Czech State to facilitate the closure of the Paskov mine operated by its wholly owned subsidiary OKD. The aid aims to ease the closure process and provide financial support to those working in the Paskov mine. The Czech state will contribute, under the conditions set out in the agreement reached with OKD in April 2014, an amount of CZK 600 million to cover the social costs of the closure, provided that OKD would keep the mine open until the end of 2017. The agreement was conditional upon the approval of the European Commission and has now come into full force.

Background

In 2013, as one of the outcomes of NWR's strategic operational review, the Paskov mine was concluded to remain loss making in the medium term due to its high-cost nature. Consequently in January 2014, the Company entered into discussions with the Czech government about the closure of the mine.

In April 2014, an agreement with the Czech government was reached: the State would provide an amount of CZK 600 million covering the social costs of the closure, provided that OKD would keep the mine open until 31 December 2017.

Further elements of the agreement are:

a) If hard coking coal benchmark prices drop below 110 USD per tonne for three consecutive quarters in period of between 1 July 2014 and 31 December 2017, the agreement is invalid and both parties will renegotiate the agreement in good faith;
b) OKD retains the flexibility to continue mining at Paskov after 2017 should it decide so;
c) The agreement also becomes invalid if the net result of the Paskov mine is positive (in sum) for at least four consecutive quarters.

EUR'000	*Note*	2014	2013
ASSETS			
Investments	*D*	69,316	125,963
Long-term loans		193	180
TOTAL NON-CURRENT ASSETS		69,509	126,143
Accounts receivable and prepayments		477	2,027
Cash		52,604	130
TOTAL CURRENT ASSETS		53,081	2,157
TOTAL ASSETS		**122,590**	**128,300**
EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY			
Share capital	*E*	108,459	105,863
Share premium	*E*	142,363	2,368
Equity-settled share based payments	*F*	15,085	14,621
Other distributable reserve	*E*	1,684,463	1,684,463
Retained earnings	*E*	(1,834,872)	(1,683,859)
TOTAL EQUITY		115,498	123,456
LIABILITIES			
Cash-settled share based payments		63	83
TOTAL NON-CURRENT LIABILITIES		63	83
Trade and other payables		1,627	973
Short term loans / Cash pool liabilities		5,355	3,788
Cash-settled share based payments		47	-
TOTAL CURRENT LIABILITIES		7,029	4,761
TOTAL LIABILITIES		7,092	4,844
TOTAL EQUITY AND LIABILITIES		**122,590**	**128,300**

The notes on pages 187 to 189 form an integral part of these financial statements.

The financial statements on pages 184 to 189 were approved by the Board of Directors and authorised for issue on 17 March 2015 and were signed on its behalf by

…………………………..
Gareth Penny
Executive Chairman of the Board

…………………………..
Marek Jelínek
Chief Financial Officer

New World Resources Plc
Registered number: 07584218

NEW WORLD RESOURCES PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

EUR'000	Share capital	Share premium	Equity-settled share-based payments	Other distributable reserve	Retained earnings	Total
Balance at 1 January 2014	**105,863**	**2,368**	**14,621**	**1,684,463**	**(1,683,859)**	**123,456**
Total comprehensive loss for the year	-	-	-	-	(151,306)	(151,306)
Transactions with owners						
Equity-settled share based payments	-	-	678	-	-	678
Issue of A shares under Deferred Bonus Plan	38	-	(214)	-	293	117
Issue of A shares under Rights Issue and Placing	2,558	139,995	-	-	-	142,553
Balance at 31 December 2014	**108,459**	**142,363**	**15,085**	**1,684,463**	**(1,834,872)**	**115,498**

EUR'000	Share capital	Share premium	Equity-settled share-based payments	Other distributable reserve	Retained earnings	Total
Balance at 1 January 2013	**105,863**	**2,368**	**13,508**	**1,684,463**	**(793,973)**	**1,012,229**
Total comprehensive loss for the year	-	-	-	-	(889,886)	(889,886)
Transactions with owners						
Equity-settled share based payments	-	-	1,113	-	-	1,113
Balance at 31 December 2013	**105,863**	**2,368**	**14,621**	**1,684,463**	**(1,683,859)**	**123,456**

The notes on pages 187 to 189 form an integral part of these financial statements.

EUR'000	2014	2013
Cash flows from operating activities		
Loss for the year	(151,306)	(889,886)
Adjustments for:		
Share-based payment transactions	692	1,038
Dividend income	-	(10,000)
Interest received	(17)	(13)
Unrealised foreign exchange losses	179	-
Impairment of financial investment	146,693	894,108
Operating cash flow before working capital changes	(3,759)	(4,753)
Decrease / (Increase) in receivables	1,550	(1,805)
Increase in payables	654	132
Net cash flows from operating activities	**(1,555)**	**(6,426)**
Cash flows from investing activities		
Dividend income	-	10,000
Capital contribution to subsidiary	(90,000)	-
Long-term loans provided	-	(180)
Interest received	17	13
Cash flows from investing activities	**(89,983)**	**9,833**
Cash flows from financing activities		
Proceeds from issue of shares under Deferred Bonus Plan	84	-
Proceeds from rights issue/placing	150,000	-
Transaction costs related to rights issue/placing	(7,447)	-
Proceeds / (repayment) of short-term loans	1,375	(3,286)
Net cash flows from financing activities	**144,012**	**(3,286)**
Net increase in cash and cash equivalents	52,474	121
Cash and Cash Equivalents at the beginning of year	130	9
Cash and Cash Equivalents at the end of year	52,604	130

The notes on pages 187 to 189 form an integral part of these financial statements.

A GENERAL INFORMATION

a) Corporate Information

New World Resources Plc (the 'Company', 'NWR Plc') is a public limited company incorporated under the laws of England and Wales. Its registered office is One Silk Street, London EC2Y 8HQ, United Kingdom.

The Company was incorporated on 30 March 2011.

b) Statement of compliance

The financial statements are prepared based on the recognition and measurement principles of International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

c) Basis of preparation

The financial statements are presented in Euros (EUR), which is the functional currency of the Company. They are prepared on the historical cost basis apart of cash-settled share-based payments which are stated at fair value.

The description of the application of the going concern basis set out in Note 2(a) "Going concern basis of accounting" in the Group financial statements on page 144 also applies to these company financial statements.

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

B PRINCIPAL ACCOUNTING POLICIES

The Company follows the accounting policies of the Group (NWR Plc and its subsidiaries) as described in the note 2 Summary of significant accounting policies in the notes to the consolidated financial statements of this document.

a) Investments

Fixed assets investments are carried at cost less impairment provisions. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the Company issues shares to acquire an interest in a subsidiary and section 612 of the Companies Act 2006 applies, the investment is recorded at the nominal value of shares issued plus the fair value of other consideration paid.

b) Share-based payment transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the grant date and is recognised as an expense for employees working for the Company and as an addition to the cost of the investment in the subsidiary in which the relevant employees work over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. The fair value is determined by reference to the share price on the grant date. In valuing equity-settled transactions of the Company, no account is taken of any vesting conditions because no market conditions apply for vesting. At each balance sheet date, before the end of the vesting period, the cumulative expense is calculated, reflecting the extent to which the vesting period has expired and the number of equity instruments that is expected to ultimately vest. The movement in cumulative expense compared to the previous balance sheet date is recognised as personnel expense in the income statement or as an addition to the cost of the investment in the balance sheet, with a corresponding entry in equity or liability, based on the type of share-based scheme.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

c) **Dividends**

Dividend income from subsidiaries is recognised in the income statement once the Company's right to receive the payments has been established. Dividends payable are recognised as a liability and reduction in equity once the criteria for a present obligation are met.

C RESULT OF THE COMPANY

The loss of the Company for the year ended 31 December 2014 amounted to EUR 151,306 thousand, reflecting impairment of financial investments of EUR 146,696 thousand. The loss of the Company for the year ended 31 December 2013 amounted to EUR 889,886 thousand, including dividend income of EUR 10,000 thousand and impairment of financial investments of EUR 894,108 thousand.

D INVESTMENTS

The Company has the following investments:

EUR'000	% voting shares	2014	2013
New World Resources N.V. ('NWR NV')	100.00%	69,192	125,839
New World Resources Services Ltd ('NWR Services')	100.00%	124	124

The movement in investment in NWR NV may be detailed as follows:

EUR'000	2014	2013
At 1 January	125,839	1,019,872
Increase in cost in respect of share-based payments	46	75
Increase in cost in respect of capital contribution	90,000	-
Impairment of financial investment	(146,693)	(894,108)
At 31 December	**69,192**	**125,839**

Impairment

During 2014, due to continuing volatility in the commodity markets and reduced long term coal price expectations, the Company estimated the recoverable amount of its financial investment in NWR NV using a fair value less cost to sell model, which was based on the market capitalisation of the Company adjusted for those assets and liabilities specific to the Company. The recoverable value of the financial investment was estimated to be lower than the carrying value of the associated assets and accordingly an impairment charge of EUR 146,693 thousand has been recognised.

E SHARE CAPITAL AND RESERVES

EUR'000	Share capital	Share premium	Other distributable reserve	Retained earnings
Balance at 31 December 2014				
A shares	2,664	142,363	1,684,397	(1,834,872)
B shares	4	-	66	-
D shares	105,791	-	-	-
Total	**108,459**	**142,363**	**1,684,463**	**(1,834,872)**

EUR'000	Share capital	Share premium	Other distributable reserve	Retained earnings
Balance at 31 December 2013				
A shares	105,859	2,368	1,684,397	(1,683,859)
B shares	4	-	66	-
Total	**105,863**	**2,368**	**1,684,463**	**(1,683,859)**

Further disclosure on A, B and D shares is included in the notes to the consolidated financial statements within this document.

F EQUITY-SETTLED SHARE-BASED PAYMENT RESERVE

EUR'000	2013	2013
At 1 January	14,621	13,508
Charged during the year	632	1,038
Increase in cost of investment in NWR NV	46	75
Shares issued under Deferred Bonus Plan	(214)	-
At 31 December	**15,085**	**14,621**

For further information about various share-based payments schemes please refer to the note 24 of the consolidated financial statements within this document.

G RELATED PARTY TRANSACTIONS

During the period the Company had transactions in the normal course of operations with related parties. All transactions with related parties were made on terms equivalent to those that prevail in arm's length transactions.

Transactions with the Company's subsidiaries

EUR'000	2014	2013
Sales (management services)	2,314	477
Purchases (advisory services)	740	864
Receivables	233	1,724
Payables (short term loans/cash pool liability)	5,516	3,958

As part of the Capital Restructuring (see Note 7 of the consolidated financial statements), the Company contributed EUR 90 million to the capital of New World Resources N.V.

Transactions with the parent company

As part of the Rights issue, CERCL Mining B.V. (a wholly owned subsidiary of CERCL Holdings Ltd., the controlling Shareholder, formerly BXR Holdings Ltd.) paid EUR 75 million in exchange for 3,197,218,426 A Shares. Refer to Note 7 of the consolidated financial statements for further details regarding the Capital Restructure.

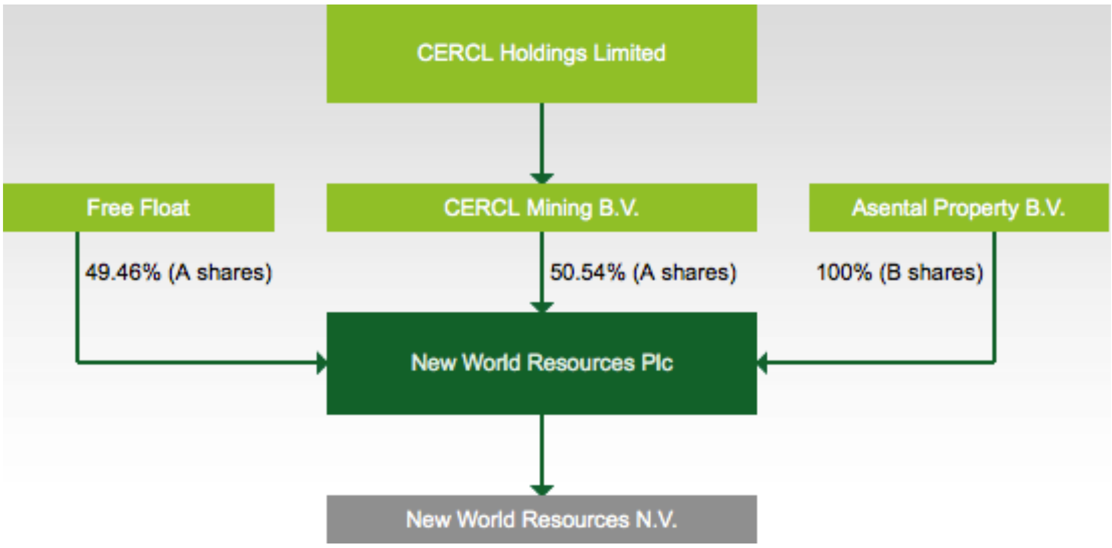
Additional information

Shareholder information

Markets
As at 31 December 2014, A Ordinary shares ('A shares') of NWR were listed on the London Stock Exchange ('LSE'), the Prague Stock Exchange ('PSE') and the Warsaw Stock Exchange ('WSE').

Share ownership
Share capital
Details about NWR's share capital are presented in Note 20 of the Consolidated Financial Statements.

Shareholder structure
As at 31 December 2014 the total share capital of NWR consists of 6,659,178,995 A Shares, 10,000 B shares and 264,477,400,857 D shares. The B and D shares are not listed on any stock exchange. NWR holds no shares in Treasury.
Ownership is 100 per cent unless otherwise stated.



The free float includes the A shares held by certain noteholders after the restructuring of the NWR Group's balance sheet completed in October 2014.

Majority shareholder
The controlling shareholder of NWR, CERCL Mining B.V., owns approximately 50.54% of the A Shares and as a result, has effective control of NWR.

CERCL Mining B.V.
An investment company, which is indirectly owned by BXR Group and Mr. Zdeněk Bakala. The company owns approximately 50.54 % of A shares of NWR.

CERCL Holdings Limited
CERCL Holdings is a joint venture between BXR Group and Mr. Zdeněk Bakala (Vice-Chairman of NWR) and his family interests. BXR Group is an international private investment group with a North American and EU investor base. In addition to its stake in NWR which is held through its wholly-owned subsidiary CERCL Mining B.V., CERCL Holdings owns Domus NV, owner and operator of a residential real estate portfolio in the Czech Republic, a majority stake in Green Gas International B.V., a renewable energy company and a minority stake in Ferrexpo plc, which owns and operates large iron ore mining resources in Ukraine.

Asental Property B.V.
Asental Property is an entity, which is controlled by Zdeněk Bakala and his family trust. The company owns 100% of B shares of NWR.

BXRG is an international investment group with a diverse range of global interests. While it remains a substantial investor in Central Europe, it has in recent years diversified its investment activities to include investments in Western Europe, the Americas, Africa, Asia and Australasia. BXRG typically takes large or controlling stakes in companies and is active in the management of its investments. In addition to its investment in NWR, BXRG currently has investments in real estate, logistics, green energy, financial services, agriculture and other industries.

Changes in the majority shareholder structure during 2014
As at 1 January 2014, CERCL Mining B.V. held 63.58% of A shares in the Company. Following the share issuance of 94,141 A as part of the Deferred Bonus Plan share on 3 March 2014, the holding of CERCL decreased to 63.56%.

Following the process of the Capital Restructuring and the Rights Issue, which has been finalised in October 2014, the holding of CERCL Mining B.V. decreased to 50.54%

Free float
At the date of publishing this report, public shareholders held approximately 49.46 per cent of A shares.

On 9 October 2014 the Company has received 3 filings under DTR 5.

The table below presents the details of the filings received.

Full name of person(s) subject to the notification obligation	**Full name of shareholder(s)**	**% of voting rights**
Ashmore Investment Management Limited Ashmore Investment Advisors Limited	ARIA Co Pty Ltd, as trustee for the ARIA Alternative Assets Trust Ashmore Emerging Markets Corporate High Yield Fund Limited Ashmore Funds, a Massachussetts Business	11.56 %

	Trust, on behalf of Ashmore Emerging Markets Corporate Debt Fund Ashmore SICAV in respect of Ashmore Emerging Markets High Yield Corporate Debt Fund Ashmore SICAV in respect of Ashmore SICAV Emerging Markets Corporate Debt Fund City National Rochdale Fixed Income Opportunities Fund Northrop Grumman Pension Master Trust	
GLG Partners LP	GLG Partners LP	5.6%
Gramercy Funds Management LLC	Gramercy Funds Management LLC	9.6%

On 15th October 2014 the Company has received 1 filing under DTR 5.

Full name of person(s) subject to the notification obligation	Full name of shareholder(s)	% of voting rights
GLG Partners LP	GLG Partners LP	4.47%

Purchase and issue of shares
NWR issued 94,191 A shares on 3rd March 2014, increasing the total A share capital to 264,742,143.

Following the process of the Capital Restructuring and the Rights Issue, the total amount of 6,394,436,852 of shares has been issued. As a result, the company has 6,659,178,995 A shares.

The Company has 5,514,755 A Ordinary shares under the Block Listing scheme (for the purpose of the Employee Stock Option Plan). None of the shares has been issued under the scheme during 2014.

NWR did not purchase any shares in 2014.

At the Company's Annual General Meeting of Shareholders ("AGM") held on 24 April 2014, authority was given to the Directors to allot unissued A shares up to an aggregate nominal amount of EUR 34,945,963 and a further nominal amount of 34,945,963 in connection with an offer by way of a rights issue.

Authority was also given to allot equity securities wholly for cash, up to an aggregated nominal value of EUR 5,294,843. Further authority was given allowing the Company to make market purchases of up to 26,474,219 of its own A shares.

As these authorisations expire at the forthcoming 2015 AGM, the Directors will be seeking new authorisations, details of which are set out in the Company's Notice of AGM.

Voting and transfer of shares

NWR's Articles of Association do not contain specific restrictions on the size of the shareholder's holding or on the transfer of shares. Nor is the Company aware of agreements between shareholders that may result in the restrictions on the transfer of securities and/or voting rights.

NWR's Articles of Association do not contain, and the Company is not aware of, any restrictions on voting rights including any limitations on voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights and arrangements by which, with the Company's co-operation, financial rights carried by securities are held by a person other than the holder of the securities.

For further information please refer to the Corporate Governance section of the Company's website www.newworldresources.eu.

Operation of the Annual General Meeting of Shareholders

The AGM of the Company will be held on 23 April 2015 at NWR offices, Jachthavenweg 109h, 1081 KM Amsterdam, the Netherlands at 10:00 CET.

Full details relating to the AGM, including the explanatory notes, are contained in the Notice of AGM published on the 19 March 2015. The Notice sets out the resolutions to be proposed at the AGM and an explanation of each resolution. All documents relating to the AGM are available on the Company's website at www.newworldresources.eu.

Share price information

The table below shows the closing share prices for the period indicated for the A shares at each of the stock exchanges respectively.

		Closing price		
Stock exchange	Currency	**31 December 2014**	31 December 2013	31 December 2012
LSE	GBp	**1.23**	73.0	337.3
PSE	CZK	**0.42**	24.7	97.8
WSE	PLN	**0.07**	3.68	15.8

Allotments of equity securities

During the period under review, no allotments of equity securities in NWR were made in exchange for cash.

Dividend policy

NWR's dividend policy is to target distribution of approximately 50 per cent of the Mining Division's consolidated annual net income over the course of the business cycle, to be paid as interim and final dividends.

The dividend for NWR is declared in Euros. Shareholders of A shares may elect to receive their dividend in Euros or Pounds Sterling. The default election will be deemed to be Euros, if a shareholder expresses no preference.

Subject to various exceptions and exemptions, shareholders are generally subject to Dutch dividend withholding tax at the rate of 15 per cent on dividends distributed by NWR, which sum NWR is required to withhold and account for to the Dutch tax authorities.

Shareholders should consult their own tax advisers as to the particular tax consequences for them as a result of receiving dividends from NWR.

Dividends on A shares

NWR did not pay any dividends in the course of 2014.

Provision of the Annual Report and Accounts

The 2014 Annual Report and Accounts of NWR is available on the Company's website at www.newworldresources.eu. A hard copy of the report can be requested from the PR & IR Manager of NWR. Shareholders may also inspect the report at the Company's headquarters in the Netherlands or its registered office in UK.

Radek Němeček
PR & IR Manager
rnemecek@nwrgroup.eu

Ancillary information for shareholders

New World Resources Plc

Registered Office:
c/o Hackwood Secretaries Limited
One Silk Street
London EC2Y 8HQ
United Kingdom

Headquarters:
Jachthavenweg 109h
1081 KM Amsterdam
The Netherlands
Tel: +31 20 570 2200
Fax: +31 20 570 2222
E-mail: info@nwrgroup.eu

www.newworldresources.eu

A public company incorporated in England and Wales with Company Number 7584218.
The Company is also registered with the trade register in the Netherlands under number 55931758.

Shareholder information
Stock Exchange Listings:
- Prague Stock Exchange
- Warsaw Stock Exchange
- London Stock Exchange

Trading symbol: NWR
ISIN: GB00B42CTW68

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgewater Road
Bristol BS99 6ZY
United Kingdom

Shareholder calendar 2015
23 April 2015
Annual General Meeting

13 May 2015
Q1 2015 Results

20 August 2015
H1 2015 Results

19 November 2015
Q3 2015 Results

Polish Corporate Governance Code

The Company observes the majority of the principles of corporate governance contained in the Code of Best Practice for Warsaw Stock Exchange Listed Companies (the ‘WSE Code’). Certain principles of the WSE Code may only be applied to the Company to the extent permitted by and where compatible with its status as a public company, incorporated in the United Kingdom under the laws of England and Wales. In particular, the WSE Code assumes that a company will have separate supervisory and management boards whereas the Company has a one-tier board consisting of Executive and Non-Executive Directors. Therefore, the Company complies only partially or is unable to comply fully with Rules I.6, I.7, II.1.9a, II.4, II.6 and III.1-9 of the WSE Code concerning the supervisory board and its members. Where the Company is unable to comply with certain principles, it endeavours to comply with the spirit of such principles.

The WSE Code requires companies listed on the Warsaw Stock Exchange to publish a detailed statement on any non-compliance or partial compliance with the WSE Code. The Company is also required to indicate the ways in which it eliminates possible consequences of such non-compliance, or describe the steps the Company intends to take to mitigate the risk of non-compliance. During the year under review, the Company complied with the WSE Code except in respect of the following rules:

Rule I.6. – A member of the supervisory board should have appropriate expertise and experience and be able to devote the time necessary to perform his or her duties. A member of the supervisory board should take relevant action to ensure that the supervisory board is informed about issues significant to the Company.

Rule I.7. – Each member of the supervisory board should act in the interests of the Company and form independent decisions and judgements, and in particular refuse to accept unreasonable benefits, which could have a negative impact on the independence of his or her opinions and judgments and raise explicit objections and separate opinions in any case when he or she deems that the decision of the supervisory board is contrary to the interest of the Company.

The Company has a one-tier Board structure and, therefore, does not comply directly with Rules I.6 and I.7. However, the requirements of these Rules are substantially similar to those applicable to the Non-Executive Directors under the UK Corporate Governance Code (the “UK Code”) that the Company complies with (unless described otherwise in this Corporate Governance Report).

Rule II.1.9a – A company should operate a corporate website and publish on it, in addition to information required by legal regulations, a record of the general meeting in audio or video format.

The Company believes that the current information policy applied by the Company guarantees that the investors receive full and comprehensive information on the decisions made at the general meetings of the Company.

Rule II.4 – A member of the management board should provide notification of any conflicts of interest, which have arisen or may arise to the management board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue, which gives rise to such a conflict of interest.

In order to avoid any conflicts of interest the Company has adopted a Corporate Governance Policy (the "Policy"). Under the Policy, the Directors are required to report any potential conflict of interest to the Senior Independent Director (or to the Board as the case may be). If the Senior Independent Director has a conflict of interest, he shall report this immediately to the Board. The Director concerned shall not take part in the assessment by the Audit and Risk Management Committee of whether a conflict of interest exists.

Rule II.6 – General meetings should be attended by members of the management board who will answer questions submitted at the general meeting.

The Board views effective communication with shareholders as extremely important. However, the presence of Directors at the general meetings is not mandatory under English law and while the Company aims to ensure that the Directors attend the general meetings of shareholders, it cannot guarantee that all Directors will be present.

Rule III.1 – In addition to its responsibilities laid down in legal provisions, the supervisory board should once a year prepare and present to the annual general meeting of shareholders a brief assessment of the Company's standing, including an evaluation of the internal control system and the significant risk management system, and review and present opinions on issues subject to resolutions of the general meeting.

While the Company does not have a supervisory board, the above duties are performed by the committees established by the Board, which assist the Board in performing its duties regarding internal control and risk management.

Rule III.2 – A member of the supervisory board should submit to the Company's management board information on any relationship with a shareholder who holds shares representing not less than 5 per cent of all votes at the general meeting. This obligation concerns financial, family and other relationships, which may affect the position of the member of the supervisory board on matters decided by the supervisory board.

The Company has a one-tier board and therefore cannot comply with Rule III.2.

Rule III.3 – General meetings should be attended by members of the supervisory board who will answer questions submitted at the general meeting.

The Company has a one-tier board and the Directors are present at the general meetings to answer questions.

Rule III.4 – A member of the supervisory board should notify the supervisory board of all conflicts of interest, which have arisen or may arise, and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue, which gives rise to such conflict of interest.

The approach to conflict of interest is explained above in relation to Rule II.4.

Rule III.5 – A member of the supervisory board should not resign if such resignation could have a negative impact on the supervisory board's capacity to act, including adoption of resolutions by the supervisory board.

The Company has a one-tier board and therefore cannot comply with Rule III.5.

Rule III.6 – At least two members of the supervisory board should meet the criteria of being independent from the Company and entities with significant connections with the Company. The independence criteria should be applied under Annex II to the Commission Recommendation of 15 February 2005 (the "Recommendation") on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the Annex, a person who is an employee of the Company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5 per cent of all votes at the general meeting.

The Board has five Independent Non-Executive Directors at the date of this Annual Report.

Rule III.8 – Annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board should apply to the tasks and the operation of the committees of the supervisory board.

Each of the five Independent Non-Executive Directors must meet the independence criteria set out by the Policy. The criteria are based on the best practice requirements set out by the UK Code and are typically more stringent than the requirements of the Commission Recommendation of 15 February 2005 regarding the role of the Non-Executive Directors.

Rule III.9 – Execution by the Company of an agreement/transaction with a related entity, which meets the conditions of section II.3 requires the approval of the supervisory board.

The Audit and Risk Management Committee monitors all transactions with related parties and reviews whether they are agreed on arm's length terms. Such transactions are also regularly reviewed by the external auditor. This approach complies with the requirements of Rule II.3.

As required by Resolution No. 1013/2007 of the WSE dated 11 December 2007, a description of other relevant information may be found on the following pages of this Annual Report:

The operations and main powers of the general meeting, shareholders' rights and the exercise thereof are described in 'Shareholder information' section above.

The composition and performance of the managing and supervising bodies of the Company and their committees are described in the Corporate governance report starting on page 50.

A detailed description of the 'Principal risks and uncertainties' starts on page 17.

For the purpose of compliance with DTR 4.1.5R(2) and DTR 4.1.8R, the required content of the 'Management report' can be found in this Directors' report and the Strategic Report.

Disclaimer and Cautionary Note on Forward Looking Statements and Notes on Certain Other Matters

Certain statements in this document are not historical facts and are or are deemed to be 'forward-looking'. The Company's prospects, plans, financial position and business strategy, and statements pertaining to the capital resources, future expenditure for development projects and results of operations, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology including, but not limited to; 'may', 'expect', 'intend', 'estimate', 'anticipate', 'plan', 'foresee', 'will', 'could', 'may', 'might', 'believe' or 'continue' or the negatives of these terms or variations of them or similar terminology. Although the Company has made every effort to assure the accuracy of the used information and believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These forward-looking statements involve a number of factors, risks, uncertainties and other facts that may cause actual results to be materially different from those expressed or implied in these forward-looking statements because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond NWR's ability to control or predict. Forward-looking statements are not guarantees of future performances.

Factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected can be a result of or include, but are not limited to, the following: changes in political, economic and social conditions in the Czech Republic, Poland, the United Kingdom, the Netherlands and the Central and Eastern Europe region; future prices and demand for the Company's products, and demand for the Company's customers' products; coal mine reserves; remaining life of the Company's mines; coal production; trends in the coal industry and domestic and international coal market conditions; risks in coal mining operations; future expansion plans and capital expenditures; the Company's relationship with, and conditions affecting, the Company's customers; competition; railroad and other transportation performance and costs; availability of specialist and qualified workers; weather conditions or catastrophic damage; risks relating to Dutch, UK, Czech or Polish law, regulations and taxation, including laws, regulations, decrees and decisions governing the coal mining industry, the environment and currency and exchange controls relating to Czech and Polish entities and their official interpretation by governmental and other regulatory bodies and by the courts; developments in the financial markets; and risks relating to global economic conditions and the global economic environment. Additional risk factors are as described in this Annual Report.

Forward-looking statements are made only as of the date of this document. The Company expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained in this report to reflect any change in its expectations or any change in events, conditions, assumptions or circumstances on which any such statement is based unless so required by applicable law.