



## Press Release

### **New World Resources and Jastrzębska Spółka Węglowa sign Letter of Intent to jointly develop Polish coal deposits**

**Amsterdam, Jastrzębie-Zdrój, October 17<sup>th</sup> 2007** – New World Resources B.V. (NWR), the sole owner of OKD a.s., the Czech Republic's largest hard coal mining company, and Jastrzębska Spółka Węglowa S.A. (JSW), Poland's largest coking coal mining company, today announced that they have signed a Letter of Intent (LOI) to cooperate on the potential development of mining operations in the Morcinek coal field in the southern part of the Upper Silesian coal basin in southern Poland near the Czech-Polish border.

Located in proximity to OKD's ČSM mine, NWR and JSW plan initially to access the Morcinek coal deposits from the Czech Republic using NWR's existing mine and surface facilities. There is also the potential to develop new mining facilities in the Morcinek region on the Polish side of the border.

NWR and JSW have commenced their joint evaluation of potential mining operations at Morcinek, which is in line with the strategic ambitions of both companies in the region.

#### **Comment**

Commenting on today's announcement, Miklos Salamon, Chairman of NWR said:

"As part of our broader growth strategy in the Central and East European region, this first step towards the development of mining at Morcinek is a significant milestone for New World Resources and consistent with our long-term strategic intention to work with the Polish coal industry. We are delighted to be undertaking this development with our new colleagues and partners at JSW."

Zdenek Bakala, Board Director of NWR said:

"This agreement lays the foundation for closer cooperation between our two companies in the Silesian coal basin, historically divided by the border. We can now approach the further development of these key resources on a more co-ordinated and effective basis".

Daniel Ozon, Deputy Chief Executive Officer, Capital Strategy, of JSW said:

“Additional sources for coking coal would be a good investment for both NWR and JSW. Boosted demand for coking coal and naturally shrinking exploitation areas will bring significant potential with this joint undertaking”.

Krzysztof Tchórzewski, Vice Minister for the Economy, Government of Poland, said:

“Investments are a key element of Poland’s 2008–2015 Strategy for the Hard Coal Mining Industry due to their role in ensuring that coal mining remains at a level that meets market demand. The joint initiative of JSW and NWR to increase available resources through the launch of new coal deposits is in line with this strategy.”

### **Key terms of the LOI**

Under the terms of the LOI, NWR and JSW intend to jointly finalise a deposit development plan and formulate a long-term business plan. Agreement of the actual terms of the cooperation is subject to further discussion and the assessment of factors that include, among others, the economic viability of the mining plan and capital requirements.

The objective of the LOI is to enable NWR and JSW to prepare the necessary documentation to obtain regulatory approvals and to complete an environmental impact assessment, which will form the basis of discussions with the relevant local municipalities.

The LOI has been signed by both parties on the understanding that an agreement on cross-border mining between the Governments of the Republic of Poland and of the Czech Republic, which is currently at an advanced stage of negotiation, will be signed in due course. The LOI, however, is not a binding agreement and there is no guarantee that the cooperation arrangement or the proposed development of Morcinek as contemplated by the LOI will proceed as intended.

*This press release contains forward-looking statements. The forward-looking statements are based on NWR’s current expectations and beliefs concerning future developments and their potential effects on NWR. There can be no assurance that future developments affecting NWR will be those anticipated by NWR. These forward-looking statements involve a number of risks, uncertainties and other facts that may cause actual results to be materially different from those expressed or implied in the forward-looking statements.*

*This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.*

**Ends**

## Notes for Editors:

- **Jastrzębska Spółka Węglowa S.A. (JSW)**, a state-owned company, is the biggest coking coal producer in Europe. It employs more than 19,000 people. It currently operates five hard coal mines: Borynia, Jas-Mos, Krupiński, Pniówek and Zofiówka, each of which have state-of-the-art facilities that mine high-quality coking coal marketed to both Polish and foreign coking plants. JSW supplies coal to both domestic and foreign customers, with exports accounting for approximately 15% of total sales. The company's subsidiaries include one of the biggest Polish coking plants, Koksownia Przyjaźń. In 2006 JSW mined 13.325 million tons of hard coal, generated consolidated revenues of 6.23 billion Polish zlotys and posted a net income of 295 million Polish zlotys.
- **New World Resources B.V.** is the sole owner of OKD, the Czech Republic's largest hard coal mining company and one of largest producers in Central Europe by revenue and volume. Serving customers in the Czech Republic, Slovakia, Austria, Poland, Hungary and Germany, the company sold approximately 13.5 mt of coal in 2006, over 7.8 mt of which was coking coal supplied to its steel industry customers. NWR generated revenues of 37.282 million Czech crowns and EBITDA of 8.198 million Czech crowns for the full year 2006, at an EBITDA margin of over 20%. A Dutch company, NWR is a wholly owned subsidiary of RPG Industries SE, a European company based in Cyprus.
- **RPG Industries SE** is an investment company that focuses on Central and Eastern Europe. It is 81% owned by RPG Partners and the beneficial owners of RPG Partners; 19% is indirectly owned by First Reserve Corporation and American Metals and Coal International, Inc.
- **RPG Partners** is indirectly owned by Zdeněk Bakala, a Czech-born financier and businessman, and Crossroads Capital Investments Inc., a private equity house that is focused on Central and Eastern Europe.
- **First Reserve Corporation** is a US private equity firm specialising in the energy industry with \$12.5 billion under management.
- **American Metals and Coal International, Inc.** is a privately owned mining and marketing company with interests in coal operations in the United States, Australia, South Africa, Venezuela, and China.

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