



Announcement

NWR to acquire 25% shareholding in Ferrexpo

Potential opportunity to explore the development of a powerful regional growth platform in carbon steel materials

Amsterdam, 20 October 2008. New World Resources N.V. (“NWR” or “the Group”), Central Europe’s leading coking coal producer, announces that its Board of Directors (the “Board”) has accepted the offer made by its majority shareholder, RPG Industries SE (“RPGI”), to acquire all of RPGI's 147,156,037 Ferrexpo’s ordinary shares (the “Ferrexpo Shares”), representing an ownership holding of 25% plus one share in Ferrexpo plc (“Ferrexpo”) subject to shareholder approval and certain customary conditions (the “Transaction”).

- **NWR to purchase 147,156,037 Ferrexpo Shares at a price of 86 pence per share, for a total cash consideration of GBP 126.6 million (EUR 163.3 million)**
- **Unique opportunity for NWR to acquire a significant holding in a high margin, high growth iron ore business at an attractive valuation. Ferrexpo has a robust balance sheet, controls 6.5 billion tonnes of JORC resources plus approximately 14 billion tonnes of further Soviet-classified resources in Ukraine and has an ambition to become Europe’s largest iron ore producer**
- **There is strong complementarity between NWR and Ferrexpo in terms of regional focus, customer base, strategy and management approach, which NWR believes will enhance the regional footprint and growth opportunities of both companies**
- **The Transaction is expected to be earnings accretive in the first full year post completion and will be funded entirely out of NWR’s significant cash position of EUR 668 million (at 30 June 2008)**
- **An extraordinary general meeting of shareholders (“EGM”) will be convened to seek approval for the Transaction**

RPGI is offering to NWR, at cost (which includes related expenses), its entire shareholding of 25% of the ordinary share capital of Ferrexpo. The offer consists of the purchase of 147,156,037 Ferrexpo ordinary shares at a price of 86 pence per share, for a total cash consideration of GBP 126.6 million (EUR 163.3 million). As a related party, RPGI will not be entitled to vote on the Transaction at the EGM.

As part of the Transaction, conditional to its approval, NWR is expected to be offered representation in Ferrexpo’s Board of Directors. Likewise, the NWR Board will recommend that

shareholders approve the appointment of a Ferrexpo representative to join the NWR Board at the EGM. RPGI will be permitted to vote on this resolution.

The NWR Board has also agreed to review the potential benefits of a formal strategic alliance with Ferrexpo.

The Transaction is consistent with NWR's regional consolidation strategy.

The Transaction provides NWR with a significant shareholding in one of Central and Eastern Europe's ("CEE") largest iron ore pellet producers. Ferrexpo controls one of Europe's largest, low cost iron ore resources and has announced expansion plans to increase production capacity to 35 Mtpa of iron ore pellets over the next 10 years. In 2007, Ferrexpo produced 28.9 Mt of iron ore and 9.1 Mt of iron ore pellets.

The Transaction will:

- Diversify NWR's earnings within the attractive carbon steel materials value chain
- Enhance NWR's position in the CEE region, where strong GDP growth is expected to continue to drive demand for coking coal, thermal coal and iron ore
- Facilitate the development of potential coal opportunities in Ukraine
- Provide NWR exposure to Ferrexpo's significant organic iron ore development growth options in the Poltava area
- Unlock the potential to leverage the broad range of overlapping existing customer relationships

The Transaction is expected to be earnings accretive in the first full year post completion.

The Transaction will be entirely funded through NWR's current cash position, which was approximately EUR 668 million as at 30 June 2008. The Transaction will not financially constrain NWR's existing growth projects and the Group retains complete financial flexibility to pursue its growth strategy. However, the acquisition consideration is treated as a restricted payment under the terms of the Indenture relating to NWR's high yield bonds and consequently it will potentially impact NWR's 2008 dividend payout. The Directors expect to pay a 2009 dividend in line with its stated dividend policy.

The Directors believe that the consideration of EUR 163.3 million for a holding of 25% in Ferrexpo represents a very attractive price for entry into a world class iron ore resource with its associated high quality and high margin pellet business which is targeting a fourfold increase in capacity. In the year ended 31 December 2007, Ferrexpo delivered EBITDA of USD 246.1 million (approximately EUR 184 million) at an EBITDA margin of 35.2%. Profit before tax in the same period was USD 160.8 million (approximately EUR 120 million). For the six-month period ended 30 June 2008, Ferrexpo reported EBITDA of USD 228 million (approximately EUR 149

million), at an EBITDA margin of 44%. Gross assets at 30 June 2008 were USD 766 million (approximately EUR 486 million).

NWR will equity account its interest in Ferrexpo.

An extraordinary general meeting of NWR shareholders will be convened to approve the Transaction.

RPGI will not be entitled to vote on the Transaction at the EGM as it is a related party. It will however, be permitted to vote on the eventual appointment of a Ferrexpo representative to join the NWR Board. A circular and notice convening the EGM will be sent to NWR shareholders in due course. An independent adviser will be retained to provide the fairness opinion required under the UK's Listing Rules.

Comment

Commenting on the Transaction, Miklos Salamon, NWR's Executive Chairman, said:

"We are taking advantage of a unique market opportunity to secure a significant holding in Ferrexpo at an attractive valuation. Ferrexpo will be Europe's largest iron ore producer and has one of the world's largest iron deposits consisting of 6.5 billion tonnes of JORC resources plus approximately 14 billion tonnes of further Soviet-classified resources. Whilst opportunistic, this transaction is entirely consistent with our regional consolidation strategy set out at the time of our IPO in May. We believe that Ukraine offers exciting opportunities for NWR. Both companies share a common management approach, strategy and regional customer base. Given the complementary nature of the NWR and Ferrexpo businesses, we believe that the relationship between the two companies is important as it presents the potential for us to create a powerful carbon steel materials business that diversifies our earnings and enhances our regional footprint and growth opportunities. We believe the outlook for both coking coal and iron ore remains attractive in the region and that this transaction better positions NWR for the future."

Conference call and webcast

New World Resources management will hold an analyst and investor conference call today, Monday, 20 October 2008, at 12h00 UK time, 13h00 CET, to present and discuss the Transaction.

A live webcast of the presentation and audio conference call will be made available on NWR's website at www.newworldresources.eu

Dial in details for the conference call:

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Cautionary Note Regarding Forward-Looking Statements

Certain statements in this announcement are not historical facts and are “forward-looking”. NWR’s prospects, plans, financial position and business strategy, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. Although NWR 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.

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

Ends

Notes for editors:

New World Resources N.V.

New World Resources is the sole owner of OKD, a.s., the Czech Republic’s largest hard coal mining company and one of the 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 13.1 mt of coal in 2007, over 6.8 mt of which was coking coal supplied to its steel industry customers.

Ferrexpo plc

Ferrexpo is a Swiss headquartered resources group with assets in Ukraine, principally involved in the production and export of iron ore pellets, used in producing steel. Current output is over 9 million tonnes per annum, approximately 85% of which is exported to steelmakers around the world, and Ferrexpo is currently undertaking a significant growth programme. Ferrexpo is listed on the main market of the London Stock Exchange under the ticker FXPO. For further information please visit www.ferrexpo.com.

For further information please contact:

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