

Corporate Governance

Approach to corporate governance at NWR

The Corporate Governance Policy of NWR is based primarily on the Dutch Corporate Governance Code and also complies with the spirit of the broad requirements of codes in the UK, the Czech Republic and Poland. The policy formulates the standards of governance that NWR's Board of Directors (the 'Board') intends to uphold and ensures the maintenance of a coherent and effective system of governance. The policy can be found at www.newworldresources.eu.

The Company has announced its intention to re-incorporate in the United Kingdom during the first half of 2011, subject to regulatory clearances. The Company believes that this should allow FTSE UK Series Index eligibility, raising the profile of the Group with international investors and further demonstrating the Group's commitment to the high governance and control standards according to which it operates its business.



Ivona Ročárková
Company Secretary

Highlights 2010

- > Board evaluation review concluded that considerable progress had been made since the first external evaluation in 2009.
- > Marked improvement in communications between the Board and its Committees.
- > Launch of a new Remuneration Policy for the Board and implementation of a new remuneration plan across NWR Group.
- > Ongoing review of Group-wide risks and adoption of a Group Risk Management Policy.
- > Improvement of the structure and content of Board meetings to increase the focus and time spent on strategic matters.
- > Two-day strategy meeting of the Board including a site visit to the Czech operations.
- > Improvement to the Whistleblower Procedure applied at OKD, a.s. ('OKD'), meaning that complaints are now dealt with by an independent internal committee, to increase employees' trust in the system.

Board of Directors and Senior Management



During 2010 there were seven Board meetings (plus a strategy meeting) and the below table outlines the attendance record:

| | |
|--------------------|---|
| Mike Salamon | 8 |
| Marek Jelínek | 8 |
| Klaus-Dieter Beck | 8 |
| Zdeněk Bakala | 8 |
| Peter Kadas | 8 |
| Hans Mende | 6 |
| Pavel Telička | 7 |
| Kostyantín Zhevago | 7 |
| Bessel Kok | 8 |
| Hans-Jörg Rudloff | 6 |
| Steven Schuit | 7 |
| Paul Everard | 8 |
| Barry Rource | 8 |

1. Mike Salamon
Executive Chairman of the Board, NWR

Mike Salamon was appointed a Director and Executive Chairman of NWR on 1 September 2007. Mr. Salamon also serves as a non-executive member of the board of directors of OKD, a.s. ('OKD'), co-president of AMCI Capital and non-executive director of Central Rand Gold, Gem Diamonds and Ferrexpo plc. He has extensive knowledge of the international mining and extractive industries. His career spans more than 30 years, the latter part of which was spent with BHP Billiton, the world's largest diversified resources company.

Between 2003 and 2006, Mr. Salamon served as an executive director of BHP Billiton with responsibilities for the aluminium, copper and nickel businesses. From 2001 to 2006, he also chaired BHP Billiton's operating committee which was accountable for inter alia the BHP Billiton group's health, safety and environment, projects, purchasing and operating excellence. In 2001, Mr. Salamon oversaw the merger integration of Billiton plc and BHP Limited. He was a co-founding director of Billiton plc in 1997, and oversaw the Company's listing on the London Stock Exchange in 1997. Between 1985 and 1997, Mr. Salamon worked for Gencor Ltd, initially as marketing manager for coal. In 1989, he was appointed managing director of

Gencor Ltd's coal business, Trans-Natal Coal Corporation, and was then appointed director of Gencor Ltd from 1993 to 1997. During this time, he was also executive chairman of Samancor Ltd and Chairman of Columbus Stainless Steel. Previously, Mr. Salamon was with the coal division of Shell Group in various capacities between 1981 and 1985. Prior to that, he worked for the Anglo-American group, both in the Gold Division and at De Beers in trainee and junior management capacities. He commenced working for De Beers directly after graduation. Mr. Salamon graduated in 1975 from The University of the Witwatersrand, Johannesburg with a degree in Mining Engineering (Cum Laude) and obtained an MBA from the London Business School, University of London in 1981. (British, 14 April 1955)

2. Klaus-Dieter Beck
Executive Director of NWR, Chief Executive Officer of OKD

Klaus-Dieter Beck is a Director of NWR and was appointed on 12 June 2007. He has served as CEO and chairman of the board of directors of OKD since 1 July 2007. Mr. Beck also served as a member of the board of directors of OKK Koksovny a.s. ('OKK Koksovny') from 9 February 2009 to November 2010. Prior to joining OKD, he was senior vice-president for planning and engineering at Foundation Coal Holdings, Inc. (German, 8 March 1955)

3. Marek Jelínek

Executive Director and Chief Financial Officer of NWR

Marek Jelínek is a Director of NWR and was appointed on 6 March 2007. A member of the board of directors of OKD since his appointment on 1 November 2007. Since March 2007, he has been Chief Financial Officer of NWR and, in such capacity, is responsible for the restructuring activities within the NWR Group, the build up of NWR's headquarters team, including the Group-wide finance and treasury functions. In 2007 and 2008, Mr. Jelínek led the Group's bond issue and the successful Initial Public Offering in London, Prague and Warsaw. Since March 2009 to March 2010, Mr. Jelínek was non-executive director of Ferrexpo plc. Mr. Jelínek was a director of BXR Partners, a.s. (formerly RPG Advisors, 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, Mr. Jelínek 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)

4. Zdeněk Bakala

Vice-Chairman and Non-Independent Non-Executive Director

Zdeněk Bakala is a Director of NWR and was appointed on 15 August 2006. Mr. Bakala was appointed as Vice-Chairman of NWR's Board on 22 October 2007. He served as a member of the supervisory board of OKD from 2008 to 2010. He has served as a director of BXR Real Estate Investments (formerly RPG Real Estate B.V.) since October 2006, as a director of RPG Property B.V. since December 2008 and as chairman of the supervisory board of BXR Partners, a.s. (formerly RPG Advisors, a.s.) since September 2005. In 2008, Mr. Bakala acquired a majority shareholding in Economia, Czech publishing house, and is acting as a vice-chairman of the board. 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, a Prague based investment banking boutique in the Czech Republic, which was sold to KBC, a Belgian banking group, in 2001.

Between 1990 and 1994, Mr. Bakala worked as head of the Czech desk for Credit Suisse First Boston and was responsible for establishing a branch office 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 USA in 1986 with an A.B. degree (with honours) in Economics, and obtained a Master of Business Administration degree from the Amos Tuck School of Business Administration, Dartmouth College USA, in 1989. (Czech, 7 February 1961)

5. Peter Kadas

Vice-Chairman and Non-Independent Non-Executive Director

Peter Kadas was appointed as a Director of NWR in August 2006. He is also Vice-Chairman of NWR from 2007. He served as vice-chairman of the board of directors of OKD from 2006 to 2007. Since 2006 he has also served as director of BXR Real Estate Investments B.V.

Mr. Kadas has been a director of Bakala Crossroads Partners, an affiliate of BXR Group since 2000. Before that he was managing director of Croesus Central Europe. From 1996 to 1997 he also worked as managing director for MC Securities in London. In 1995 he co-founded Renaissance Capital, Russia's first private investment bank. In 1990 he was a director of Credit Suisse First Boston in Budapest. Mr. Kadas also served on numerous corporate boards in the region, including CSFB, management committee of Renaissance Capital, and vice-chairman of the board of directors of České radiokomunikace.

Mr. Kadas graduated in 1986 from Trinity College, University of Toronto with a Bachelor of Arts degree in Economics and Politics. He obtained in 1990 a Master of Business Administration degree from Dartmouth College. (Canadian, 27 February 1962)

6. Hans Jürgen Mende

Non-Independent Non-Executive Director

Hans Jürgen Mende is a Director of NWR and was appointed on 15 August 2006. Mr. Mende is president of the AMCI Group since he co-founded the company in 1986. Mr. Mende has served as a chairman of the board of directors of ANR Holdings from 2003 to 2005.

Mr. Mende is currently a member of the board of directors of Excel Maritime Inc. (Nasdaq-US), Whitehaven Coal Co. and White Energy (ASX-Australia), and MMX in Brazil, all publicly traded entities. Mr. Mende was born in Lovosice, Czech Republic in 1944, was educated in Germany and the US. (German, 13 March 1944)

7. Pavel Telička

Non-Independent Non-Executive Director

Pavel Telička is a Director of NWR and was appointed on 11 September 2007. In 2004, Mr. Telička co-founded BXL Consulting Ltd, a consultancy on European Union affairs, where he currently serves as director and is in charge of its Brussels office. Before that, also in 2004, he was nominated and held the position of Member of the European Commission co-responsible for the portfolio of health and consumer protection. Between 1991 and 2004, Mr. Telička worked at the Czech Republic Ministry of Foreign Affairs, and occupied various positions during this time including Ambassador and Head of the Permanent Mission of the Czech Republic to the EC in Brussels, Secretary of State for European Affairs and First Deputy Minister of Foreign Affairs (during which time he was Chief Negotiator for the accession of the Czech Republic to the EU).

Mr. Telička has also been a Senior Advisor to the European Policy Centre since 2005 as Member of the Administrative Council of the Notre Europe Foundation, established by Jacques Delors. In July 2005, he was appointed European Coordinator for one of the priority projects within TEN-T for the railway network Rail Baltica. Mr. Telička is a member of the High Level Group on Administrative Burden Reduction in the EU, which is an advisory body to the European Commission. Mr. Telička graduated from the Faculty of Law at the Charles University in Prague in 1986. (Czech, 24 August 1965)

Board of Directors and Senior Management continued



8. Kostyantyn Zhevago

Non-Independent Non-Executive Director

Kostyantyn Zhevago was appointed a Director of NWR on 28 April 2009. He has been a member of the Ukrainian Parliament since 1998. He is currently a member of the Parliamentary Committee on Law Policy and Chairman of the Parliamentary Group for Inter-Parliamentary Relations with Japan. Since 2002, Mr. Zhevago has been a member of the permanent delegation of the Ukrainian Parliament in the Parliamentary Assembly of the European Council and a member of the Ukrainian faction of the Committee for Parliamentary Cooperation between Ukraine and the European Union. At present, Mr. Zhevago is the controlling shareholder of Ferrexpo plc, and was appointed as its Chief Executive Officer on 1 November 2008. He has previously served as chairman of the management board and deputy chairman of the supervisory board of CJSC Commercial Bank Finance and Credit ('Finance and Credit Bank') and as a member of the supervisory board of JSC Ukrnafta. Between 1993 and 1996, he was financial director of Finance and Credit Bank. Mr. Zhevago graduated from the Kyiv State Economic University in 1996, specialising in international economics. (Ukrainian, 7 January 1974)

9. Bessel Kok

Senior Independent Director

Bessel Kok is a Director of NWR and was appointed on 11 September 2007. He has served as chairman of Astelit/LIFE since 2005. From 1995 to 2004, he was vice-chairman and chief operating officer

of Český Telecom (now Telefonica/02) in the Czech Republic. In the same years, he also served as chairman of the board of directors of Eurotel.

Mr. Kok was President of Belgacom from 1989 to the end of 1994 and oversaw its privatisation. In 1973, Mr. Kok joined SWIFT (Society for Worldwide Interbank Financial Telecommunication) in Belgium and became its president and CEO in 1981, positions that he held until 1989. Mr. Kok graduated in 1963 from the Municipal University of Amsterdam with a degree in Economic Sciences. (Belgian, 13 December 1941)

10. Steven Schuit

Independent Director

Steven Schuit is a Director of NWR and was appointed on 20 November 2007. He is also currently a part-time professor of International Commercial and Financial Law at Utrecht University and a part-time professor of Corporate Governance and Responsibility at the Strategy Center of Nyenrode Business University. He is currently a member of the supervisory board of ZBG Capital N.V., Breevast B.V and of Sahara B.V and Chairman of Stichting Giving Back. He is currently legal counsel to Allen & Overy LLP in its Amsterdam office, having served as partner to this firm and its predecessor firm between 1976 and 2005. Mr. Schuit has previously been a member of the supervisory board of Numico from 2002–2006. Mr. Schuit graduated in 1969 from Groningen University with a degree in Law and was admitted to the bar in the Netherlands in 1971. (Dutch, 9 October 1942)

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11. Paul Everard Independent Director

Paul Everard is a Director of NWR and was appointed on 20 November 2007. Between 2001 and 2005, when he retired, Mr. Everard served as deputy president of aluminium for BHP Billiton. From 1994 until 2001, up to Billiton's merger with BHP, he was executive director of Billiton Aluminium responsible variously for strategy, business development, and operations outside South Africa. He joined Billiton in 1974 becoming executive director in 1983, responsible for aluminium. Subsequently, in 1986 he assumed responsibility, as director, for all business performance, strategic planning, research, HSE, and public affairs for the Billiton group.

He began his career with Shell Group in 1963 mainly working in oil marketing in East Africa until his transfer to Billiton. Mr. Everard graduated in 1962 from Cambridge University, and has an MA in Mechanical Sciences. He completed the Advanced Management Program at Harvard Business School in 1979. (British, 6 May 1940)

12. Barry Rourke Independent Director

Barry Rourke is a Director of NWR and was appointed on 20 November 2007. He served as an audit partner at PricewaterhouseCoopers from 1984 until 2001. Mr. Rourke is currently director and chairman of the audit committee of 3Legs Resources plc, 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, and is a non-executive director at Avocet Mining plc and Ruukki Group 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)

13. Hans-Jörg Rudloff Independent Director

Hans-Jörg Rudloff is a Director of NWR and was appointed on 11 September 2007. Since 1998, he has served as chairman of Barclays Capital. Prior to that, he was chairman of MC-BBL Eastern Europe between 1995 and 1998. Mr. Rudloff was chairman and CEO of Credit Suisse First Boston Ltd from 1989 to 1995, having previously served as vice-president since 1983 and managing director from 1980 to 1983. He was also a member of the executive board for Credit Suisse, Zurich from 1986 and both Credit Suisse Holding & Credit Suisse First Boston Group Inc. from 1990 to 1995. Between 1968 and 1980, Mr. Rudloff served at Kidder Peabody International, where he became chairman in 1978, having previously served as managing

director. In 1980, he was also nominated to the board of Kidder Peabody Inc. New York. Mr. Rudloff is currently chairman of the audit committee for Rosneft, a position he has held since 2006. Mr. Rudloff has also served as chairman of ICMA since 2005 and Bluebay Asset Management plc since 2001. He was vice-chairman, member of the audit committee and head of the compensation committee of Novartis from 1996 until 2011 and chairman of Bluebay Asset Management Ltd from 2001 to 2011. Mr. Rudloff also serves as chairman to ICMA since 2005. He has also been a board member of Thyssen Bornemisza Group since 1995, Ros Business Consulting since 2002, ABD Capital SA since 2003, Energie Baden-Württemberg since 2000 and Landes Kreditbank Baden-Württemberg since 1993. Mr. Rudloff is a chairman of the Marcuard Group, a privately held asset management group of companies. Mr. Rudloff graduated from the University of Berne in 1965 with a degree in Economics. (German, 11 October 1940)

14. Ján Fabián Chief Operating Officer

Ján Fabián was appointed Chief Operating Officer of NWR in November 2008. As part of his position, he has overall responsibility for the operations of OKK Koksovny and the Polish business operations of NWR KARBONIA S.A. ('NWR KARBONIA'). Mr. Fabián also serves as vice-chairman of the board of directors of OKD where he oversees the strategic planning and organisational development of OKD.

Prior to joining NWR, Mr. Fabián was advising companies from the energy sector, resources, steel, machinery and automotive industries. Major areas of focus included turn-around, privatisation, restructuring and process optimisation strategies. He graduated from the Technical University in Košice, Slovakia in 1988 with a degree in mining and gained a PhD in production optimisation for the underground mining from the Technical University in Berlin in 1998. (Slovak, 2 May 1966)

Corporate Governance

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, Mike Salamon. As at 31 December 2010, the Board had 13 members in total. Of these, three were Executive Directors and five were Independent Non-Executive Directors. Non-Executive Directors assist in developing NWR's strategy and also monitor the performance of Executive Directors and Group management. Non-Executive Directors are also responsible for proposing appropriate levels of remuneration of Executive Directors and 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 Chairman facilitates the work of the Board and ensures its effectiveness in all aspects of its role. Assisted by the Company Secretary, the Chairman is responsible for setting the Board agendas, ensuring 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 senior management of the Group. The Chairman also decides on certain executive matters once the Board has granted him authority.

The Chief Financial Officer of NWR, Marek Jelínek, has been delegated authority to achieve the corporate objectives of NWR Group. He is responsible for the Group finance and administration, and reports to the NWR Board and its Executive Chairman. He oversees the planning, financial control, accounting, restructuring, mergers and acquisitions, 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.

Klaus-Dieter Beck, Chief Executive Officer of OKD, a.s. ('OKD') and Chairman of OKD's Board of Directors is responsible for the operation of OKD. Ján Fabián, NWR's Chief Operating Officer has the overall responsibility for OKK Koksovny and NWR KARBONIA. They both report to NWR's Board.

Role of the Board

The Board sets the Group's strategy and reviews management and financial performance. Its 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 include:

- > approval of the overall strategy and annual budgets of the business;
- > appointment of the Board's Chairman;
- > approval of internal policies (such as the Corporate Governance Policy, Code of Ethics and Business Conduct, Divisional Policy Statements, Share Dealing Code, the terms of reference of the Board's committees, etc.);
- > determination of the annual remuneration of Executive and Non-Executive Directors within the scope of the Remuneration Policy and adoption of the Group's compensation plan;
- > review of the financial and Annual Reports; and
- > approval of major transactions, including acquisitions, by NWR and its subsidiaries.

Decisions of the Board regarding a major change in the identity or character of the Company or the enterprise shall be subject to the approval of the General Meeting of Shareholders. In particular, shareholders would need to approve:

- > transfer of the business or the majority business of NWR to a third party;
- > conclusion or cancellation of any long-lasting cooperation by NWR or a subsidiary with any other legal person if such cooperation is of essential importance to NWR; and
- > acquisition or disposal of a participating interest in the capital of NWR with a value of at least one-third of the sum of the assets according to the consolidated balance sheet of the last adopted annual accounts of NWR, by NWR or a subsidiary.

In addition, pursuant to the Listing Rules, shareholders need to approve certain other significant transactions.

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 on page 58).

Main activities of the Board in 2010

The Board holds scheduled meetings regularly during the year and meets on an ad hoc basis as required. In 2010, the Board met seven times and also held a special two-day strategic meeting, which included a site visit to our Czech operations.

At its strategy meeting, the Board discussed the strategy, business development and critical issues of NWR Group. Topics for discussion included a long-term outlook for the global and regional coal markets as well as a long-term vision for the coking industry. The Board also considered the strategic opportunities open to the Group to pursue future growth. Directors visited the Company's operations, namely the Lazy site of the Karviná Mine IOU and the Svoboda coking battery at OKK Koksovny. It was agreed that the two-day event had been extremely useful and that it will now take place on an annual basis.

In line with its strategic investment plans to expand the Group's activities and its reserve base, the Board considered and approved a tender offer to acquire all of the issued and outstanding shares of a Polish mining company Lubelski Węgiel 'BOGDANKA' S.A. ('Bogdanka'). As announced closer to the year-end, the offer lapsed due to the acceptance threshold of 75 per cent of Bogdanka's issued share capital not being met and NWR refusing to increase its offer. NWR's decision not to proceed with the transaction demonstrates the Company's determination to maintain strict financial discipline.

NWR remains thoroughly committed to its development projects and investments in Poland. The Board therefore adopted a project execution strategy and established a Project Executive Committee to complete a definitive feasibility study for Dębieńsko.

Further, in line with NWR's strategy of focusing on its core activities of coal mining and coke production, the Board approved the final terms of the sale of the Group's energy assets to a third party.

The Board also reviewed the annual remuneration of the Executive and Non-Executive Directors. Further to the Directors' request raised during the 2009 evaluation process to align executive remuneration with industry best practice, the Board approved, upon a proposal of the Remuneration Committee, the rules of a new share-based incentive plan for the Executive Directors and senior and key

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employees of the Group (the 'Deferred Bonus Plan'), which applies from January 2011. Subsequently, the Board proposed an amendment to the Remuneration Policy of the Board, which was adopted by the Annual General Meeting of Shareholders in April 2010, and approved a Compensation Manual describing the Group-wide remuneration principles. Due to the implementation of the Deferred Bonus Plan, the Board decided to discontinue the Company's Stock Option Plan as per 31 December 2010. A full description of the changes in remuneration and other relevant information can be found in the 'Remuneration Report' on page 72.

In the area of corporate governance, the Board adopted a Group Risk Management Policy, which sets out objectives of risk management within NWR Group, risk evaluation, documentation and reporting processes. The Board also proposed an amendment to the Articles of Association to reflect the changes in the organisation since the Initial Public Offering in May 2008 and clarify certain provisions. The amendment was adopted by the Annual General Meeting of Shareholders in April 2010.

The Board also approved an amendment to the charter of the Health, Safety and Environment Committee, reflecting the committee's new role in terms of reviewing sustainability reports and taking responsibility for the HSE components of the reports.

Attendance at Board and committee meetings

There are five committees of the Board: the Audit and Risk Management Committee; the Remuneration Committee; the Finance and Investment Committee; the Health, Safety and Environment Committee; and the Real Estate Committee. The members of the committees are members of the Board. Attendance at Board meetings including the strategy meeting and committee meetings during the year is outlined below. A description of the activities of the committees during 2010 is included in separate reports of the committees.

| | Board meetings (7 plus strategy meeting) | Audit and Risk Management Committee (5) | Remuneration Committee (5) | Finance and Investment Committee (7) | Health, Safety and Environment Committee (3) | Real Estate Committee (6) |
|--------------------|--|---|-------------------------------|---|--|------------------------------|
| Mike Salamon | 8 | – | – | Member (7/7) | Member (3/3) | – |
| Marek Jelínek | 8 | – | – | Member (7/7) | – | – |
| Klaus-Dieter Beck | 8 | – | – | – | Member (3/3) | – |
| Zdeněk Bakala | 8 | – | Chairman (5/5) | Member (7/7) | – | – |
| Peter Kadas | 8 | – | – | Chairman (7/7) | – | – |
| Hans Mende | 6 | – | – | – | – | – |
| Pavel Telička | 7 | – | – | – | – | – |
| Kostyantín Zhevago | 7 | – | – | – | – | – |
| Bessel Kok | 8 | Chairman (5/5) | Member (5/5) | – | – | – |
| Hans-Jörg Rudloff | 6 | Member (5/4) | Member (5/4) | – | – | – |
| Steven Schuit | 7 | Member (5/5) | – | – | Member (3/3) | Member (6/6) |
| Paul Everard | 8 | – | – | – | Chairman (3/3) | Member (6/6) |
| Barry Rourke | 8 | Member (5/5) | – | – | – | Chairman (6/6) |

Terms of reference of each committee can be found on NWR's website at www.newworldresources.eu.

The Board has also established the Sponsorship and Donations Committee to consolidate the donor and sponsorship activities of NWR Group. The committee comprises of the Senior Independent Director and employees of the Group responsible for this area. In 2010, the committee met once and the meeting was attended by all its members but one.

Non-Executive Directors

Dutch law currently only provides for a two-tier governance structure, i.e. a management board and a separate supervisory board. It is, however, established practice in the Netherlands to have a board structure similar to a one-tier structure. Although in such cases all members of the Board of Directors are formally directors, the articles of association of the relevant company may provide that certain directors have tasks and obligations, which are similar to those of executive directors and that other directors have tasks and obligations which are similar to those of non-executive directors.

In addition to their attendance at Board and, as appropriate, committee meetings, the Non-Executive Directors also met once during 2010 – without Executive Directors being present – to discuss the performance of the Board's Chairman and other Executive Directors. The session was chaired by the Senior Independent Director.

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 year prior to the appointment; 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 the A shares or B shares; or 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 the A shares or B shares.

Corporate Governance continued

Director appointment and reappointment

In compliance with the Articles of Association of NWR, the Annual General Meeting of Shareholders (the 'AGM') appoints Directors based on the binding proposal of the Board. While no Director has been appointed by holders of B shares, the B shareholders have the right to nominate one Director pursuant to the Articles of Association. Such proposals must include the names of at least two candidates as well as an indication of whether the Director proposed is to be an Executive or a Non-Executive Director. In the event the Board or the holders of B shares, as the case may be, have not made or have not made in time a binding nomination, the AGM may appoint a Director at its discretion.

The AGM may at all times overrule the binding nature of a proposal by resolution adopted with an absolute majority of the votes cast representing at least one-third of the issued share capital. If an absolute majority of the votes cast is in favour of the resolution to overrule the binding nature of a proposal, but such majority does not represent at least one-third of the issued share capital, a second meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, regardless of the portion of the issued share capital that this majority represents. If a binding proposal has been overruled by the AGM, the AGM may appoint a Director at its discretion.

The Directors may be suspended or dismissed at any time by the AGM. Directors are appointed for a term of four years and retiring Directors are eligible for reappointment. The AGM held in April 2010 approved the Board's proposal to reappoint Mr. Bakala, Mr. Kadas and Mr. Mende for a second term since they had served as Directors since 2006. The Board will propose reappointment of Mr. Beck, Mr. Telička, Mr. Rudloff and Mr. Kok for a second term at the AGM in 2011 since they have served as Directors since 2007. A Director may be appointed for a maximum of three four-year terms. NWR has adopted a retirement scheme for Directors in order to prevent the simultaneous departure of more than one-third of its Directors; details of this scheme may be found on NWR's website. Reappointment is not automatic and the Board will not endorse a Director for reappointment if his performance is not considered satisfactory. Retiring Directors who are seeking reappointment by shareholders are subject to a performance appraisal.

Board expertise

The Board has the appropriate skills and experience necessary to discharge its functions. 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 environmental issues. The Board believes that this complies with best practice provisions III.3.2 of the Dutch Corporate Governance Code. Full biographical details for each Director are given on pages 48 to 51.

Information and professional development

Directors receive a tailored induction upon joining the Board. They have full access to a regular supply of financial, operational, strategic and regulatory information to help them discharge their responsibilities. Much of this information is provided in presentations by senior management and the normal management reporting process. They also have access to training and seminars in respect of their duties as Board members.

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 retained legal, compensation, mining, internal audit and general advisors in 2010.

Company Secretary

The Board has appointed Ivona Ročárková to act as Company Secretary. The Company Secretary is responsible for advising the Board on all governance matters and ensuring that Board procedures and functions comply with relevant laws and regulations, and as such, the Company Secretary, inter alia, administers, attends and drafts minutes of Board meetings, its committees and the General Meetings of Shareholders, and discharges such other responsibilities the Board has assigned to her.

Board effectiveness and evaluation

The Board conducted the first external evaluation of its effectiveness in 2009. The internal evaluation process conducted by the Company Secretary in 2010 and confirmed by the Board concluded that the vast majority of the Directors' concerns raised in 2009 had been addressed. The request to extend strategic discussions and Board's induction was partly addressed at the special two-day strategy meeting. The call for a systemisation of executive remuneration was fully satisfied by implementing the Deferred Bonus Plan, the rules of which are well defined, understood and adopted by all Group entities. The budget setting process and succession planning for key executives were recognised as areas that will acquire special attention in 2011.

Audit and Risk Management Committee ('ARMC') report ARMC members

The ARMC is staffed solely by independent Directors to reflect the independent nature of the work that the committee undertakes:

- > Bessel Kok (Chairman and Senior Independent Director)
- > Hans-Jörg Rudloff
- > Barry Rourke
- > Steven Schuit

The Board has determined that ARMC members have the skills and experience necessary to contribute meaningfully to the ARMC's deliberations. In addition, all members have requisite experience in accounting and financial management.

Main responsibilities

The role of the ARMC is to ensure the integrity of financial reporting and the audit process and to ensure the effectiveness of the internal audit and risk management systems. To this end, the ARMC of NWR supports and advises the Board in its work by:

- > ensuring the integrity of consolidated financial statements and consolidated accounts;
- > advising the Board on audit, accounting and financial disclosure matters regarding the Real Estate Division of NWR;
- > reviewing with the Board and auditors the integrity of the financial statements and other formal announcements relating to NWR's financial performance;
- > overseeing the process for selecting the external auditor and making recommendations to the Board on the appointment, dismissal, terms of engagement and fees of the external auditor;
- > assessing the external auditor's effectiveness, independence and objectivity, and the provision of non-audit services;
- > reviewing the annual audit plan and reports by the external auditor on internal control systems and procedures;
- > making recommendations to the Board on the appointment and dismissal of the internal auditor of NWR, reviewing the remit of the Group internal audit and the annual audit plan, and ensuring that the internal audit function is adequately resourced;
- > reviewing the effectiveness of the systems for internal control, compliance, budgeting, forecasting and financial reporting of the

NWR Group and procedures for identifying strategic and business risks;

- > reviewing compliance issues and advising the Board on conflicts of interests, related party transactions and loans to Directors; and
- > monitoring the effectiveness of the Whistleblower Procedures within the NWR Group.

Activities undertaken during the year

In 2010, the ARMC met five times. NWR's Chief Financial Officer, the Group's internal auditor and the external audit partners observed all meetings of the ARMC. On one occasion, the Chairman of the Audit Committee of OKD and OKD's internal auditor were invited to attend a meeting of the ARMC. In accordance with its rules, the ARMC also met with the external audit partner as well as with the Group's internal auditor without management present.

Integrity of financial reporting

The ARMC assists the Board in ensuring the integrity of financial reports to shareholders and banks by reviewing, together with the external auditor, the quarterly and half-yearly statutory and consolidated financial statements, preliminary announcements and press releases related thereto.

The ARMC receives regular reports from the Real Estate Committee and the Health, Safety and Environment Committee on their activities to ensure adequate oversight by the ARMC of all key Group risks. The ARMC also regularly receives performance updates, treasury reports and information on the Company's legal affairs, M&A transactions, Group tax position and insurance policies.

The ARMC reports to the Board on its discussions and submits its recommendations to the Board for approval.

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 Czech 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

NWR is based in the Netherlands, whilst its largest operations are located in the Czech Republic, therefore both the Dutch and Czech offices of the external auditor must be highly involved in the audit process. The representatives of the external auditor attend all meetings of the ARMC.

The external auditor provides the ARMC with regular status reports on its audit work based on the audit plan for the year that focuses on the evaluation of financial reporting risks and their impact, accounting issues and other areas specific to the Group, including Group financing structure, inventories, mining damages provisions, hedge accounting, employee benefits, share-based payments and impairment charges. In addition, every year the external auditor conducts a preliminary assessment of risks impacting the financial statements, including fraud risks, for the purposes of planning and scoping audit procedures and financial reporting.

The ARMC is also responsible for reviewing related party transactions against internal policies and procedures. Related party transactions are audited by the external auditor. These typically include transactions between the Real Estate Division and the Mining Division, transactions between the Group entities and related party

transactions of the Board members of the individual Group entities. The external auditor did not identify any significant issues.

The ARMC assesses the effectiveness, objectivity and independence of the external auditor and has primary responsibility for making recommendations to the Board on the appointment, reappointment and removal of the external auditor. In addition, the external auditor is required to adhere to a rotation policy based on best practice and professional standards. The ARMC is responsible for ensuring that the rotation of the audit engagement partner is carried out in compliance with best practice and applicable regulation.

The ARMC's assessment of the external auditor includes:

- > reviewing and approving the terms of engagement of the external auditor;
- > reviewing the scope of the external auditor's work;
- > assessing the process for the interim review;
- > monitoring the fee levels;
- > reviewing and approving the annual audit plan.

The ARMC also monitors the provision of non-audit services by the external auditor to NWR and its subsidiaries and the related fees, in order to preserve the independence of the external auditor. In 2010, the external auditor only provided tax compliance work and comfort letter procedures in relation to a prospectus.

Management responses to issues raised are discussed with the Chief Financial Officer. The reviews of the ARMC confirmed that all significant matters had been satisfactorily resolved in 2010.

Following this process, the ARMC recommended that the Board propose to shareholders the reappointment of KPMG Accountants N.V. at the AGM on 28 April 2011 in Amsterdam in the Netherlands.

Internal audit

The Group internal audit function has been outsourced since November 2008. The Group's 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, preparing internal audit charters and reporting on Group risk management and internal control. The Group's internal auditor functionally reports to the ARMC and its Chairman in particular and administratively to NWR's Chief Financial Officer. The Group's internal auditor reports the main findings of the completed audits and the status of their implementation to the ARMC.

The ARMC assesses the performance of the Group's internal auditor on an annual basis.

At OKD, the internal audit function is performed by an internal audit team, which assesses whether the internal control, risk management, and governance processes are adequate and effective. The head internal auditor reports internal audit findings and recommendations to the senior management team and the audit committee of OKD. He submits annual reports on the activities of the internal audit team to the audit committee, the Board of Directors and the supervisory board of OKD. He has all necessary access to organisation units and their management and the right to request information and explanations, and has unfettered access to the audit committee and supervisory board of OKD. The internal audit team works closely with the Group's internal auditor. Internal audit in the Polish operations is carried out by the Group internal audit function.

Corporate Governance continued

The internal audit functions at NWR and OKD have aligned audit processes on both levels and supervised implementation of their audit recommendations. The communication link between the ARMC and the audit committee of OKD has been further strengthened by engaging the ARMC's Chairman as a member of the OKD's audit committee, which also enables the ARMC to adequately monitor the performance of the audit committee of OKD.

Risk management, internal control and compliance

The ARMC is responsible for overseeing Group risk management and reviewing the internal control and risk management system. This supports the Board in discharging its responsibility for ensuring that the wide range of risks associated with the Group's operations is effectively managed to safeguard shareholders' investment 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 policy was widely discussed by the ARMC and approved by the Board upon the ARMC's recommendation. The document has implemented, inter alia, a risk map and the risk registers, whilst leaving room for each entity to take their own approach.

The risk management policy can be found on the NWR website at <http://www.newworldresources.eu/nwr/pages/governance/policies>.

In 2010, the ARMC continued its review of the Group key risks identified by PricewaterhouseCoopers Advisory N.V. in 2008. The following risks were reviewed:

- > internal audit;
- > competency;
- > dispute;
- > external communication;
- > change management;
- > machinery availability; and
- > budgeting and controlling.

The risk on objective setting was excluded from the review due to unconfirmed criteria.

The risk assessment and reporting criteria are designed to provide a consistent, Group-wide perspective of the key risks.

The ARMC has a crucial role in opining and making proposals to the Board in all matters where a potential conflict of interest exists between NWR, its Directors, its controlling shareholder and other shareholders. In 2010, the ARMC examined a limited number of potential cases of conflict of interest.

Whistleblower Procedure

The Whistleblower Procedure is appended to NWR's Code of Ethics and Business Conduct and enables employees to express, on a confidential basis, concerns over the conduct of Directors, officers, management and other employees. These include suspicions of criminal offences, violation of law, (intentionally) wrongful behaviour, manipulation of information, misconduct, etc. The Company Secretary acts as confidential adviser for NWR and its subsidiaries and is responsible for investigating reports of suspected irregularity. 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 2010, 19 reports were received and reported to the ARMC. Reports received were kept strictly confidential and were referred to appropriate line managers for resolution. Where appropriate, action was taken to address the issues raised.

The whistleblowing rules can be found on the NWR website at <http://www.newworldresources.eu/nwr/pages/governance/policies>.

The ARMC believes that it carried out all the responsibilities set out in the ARMC's charter and finds the charter adequate.

Remuneration Committee ('RC') report

RC members

The RC consists of Non-Executive Directors appointed by the Board. Two of them are Independent Directors:

- > Zdeněk Bakala (Chairman)
- > Bessel Kok
- > Hans-Jörg Rudloff

The RC is chaired by Zdeněk Bakala. As a major shareholder representative Mr. Bakala is not considered to be independent. However the Board regards Mr. Bakala's membership of the RC as critical to the further alignment of executive remuneration with shareholder interests.

The Executive Directors of the Board attend meetings of the RC by invitation only and assist the RC in its discussions, except in matters associated with their own respective remuneration.

Main responsibilities

The RC is responsible for advising the Board in relation to the Board's responsibilities with respect to:

- > Remuneration Policy for Directors of the Board;
- > salary levels, bonuses and other benefits for Executive Directors of the Board;
- > contractual terms for Executive and Non-Executive Directors of the Board;
- > share-based incentive plans for Executive Directors of the Board, selected senior managers and key employees of NWR Group;
- > succession plans for selected senior executives across NWR Group; and the
- > Remuneration Report of the Board.

The RC does not have decision-making power for setting remuneration for Executive Directors, thus is not compliant with the UK Corporate Governance Code (provision D.2.2). Instead, the RC makes specific proposals to the Board with respect to the salary, bonuses and other benefits for Executive Directors and the Board remains responsible for its decisions with respect to salary, bonuses and other benefits for both Executive and Non-Executive Directors of the Board. This is common practice among companies in continental Europe.

Activities undertaken during the year

The RC met five times during 2010. Further to its engagement as the Company's compensation adviser in early 2009, Mercer Limited reviewed the RC processes and existing arrangements with Directors and senior executives in line with Dutch and UK Corporate Governance Codes and provided clarification of the role of the RC. Subsequently, Mercer reviewed the Group compensation principles and proposed a modified remuneration scheme for Executive Directors, senior managers and key employees of NWR Group. The new scheme is based on a deferred bonus plan using predetermined performance conditions and includes clawback provisions. The new scheme establishes a universal and transparent Group-wide remuneration policy in line with industry best practice and its principles follow current trends in the remuneration plans of financial institutions. The RC resolved to accept the proposed deferred bonus plan and amended the Remuneration Policy of NWR, which was

subsequently approved by the Board. On 27 April 2010 this Policy was also approved at the Annual General Meeting. The deferred bonus plan was implemented throughout NWR Group and began in January 2011. Please see a detailed description of the new remuneration principles in the Remuneration Report on page 72.

To ensure uniform application of the remuneration principles across NWR Group, the RC prepared a Compensation Manual, which outlines compensation principles of the Board and the senior and key positions within NWR Group, providing a framework for the Board and the RC. The Board adopted the manual in November 2010. By adopting the Compensation Manual, the Board has delegated its powers and responsibilities to certain authorised officers of NWR and its subsidiaries, who shall decide on the salary, bonuses and other benefits for senior managers and key employees in line with internal rules and practices of the respective entity, which shall however reflect the Compensation Manual and other relevant policies.

The RC further reviewed the remuneration of the Executive Directors and the fee levels for the Non-Executive Directors for 2010. Further details may be found in the Remuneration Report on page 72.

Finally, the RC determined whether the performance conditions set up for options granted on 24 June 2009 were met, proposed a grant of new options to several eligible employees under the Company's Stock Option Plan and proposed the performance conditions for this new grant. The Board terminated the Stock Option Plan as per 31 December 2010 and no further options will be granted under that plan.

The RC believes that it has carried out all the responsibilities set out in the RC's charter.

Finance and Investment Committee ('FIC') report

FIC members

The members are appointed by the Board and include Executive and Non-Executive Directors and NWR's Chief Financial Officer:

- > Peter Kadas (Chairman)
- > Zdeněk Bakala
- > Mike Salamon
- > Marek Jelínek

Main responsibilities

The main functions of the FIC are:

- > reviewing and presenting NWR Group's annual budget to the Board;
- > reviewing, approving and recommending to the Board all major strategic or financial investments and divestments and other major capital decisions;
- > reviewing the adequacy of NWR Group's capital structure;
- > advising on relationships with banks, rating agencies and financial institutions;
- > providing oversight and guidance on funding and treasury management; and
- > making decisions on all matters related to NWR subsidiaries.

Activities undertaken during the year

In 2010, the FIC met seven times. Among the main items discussed by the FIC and recommended for the Board's approval were:

- > the Group's budget for 2010;
- > the issuance of 7.875 per cent Senior Secured Notes due 2018;
- > the proposal of an all-cash tender offer to acquire all of the issued

and outstanding shares of Bogdanka including financing of the acquisition;

- > the intention to re-incorporate in the United Kingdom; and
- > the execution strategy for the Dębiesko development project.

The FIC further advised the Board in connection with share issuance. It also regularly reviewed financial and operational results and the financing and cash position of the Group including cash investments, cash pooling and hedging arrangements. The FIC continued to monitor the Group's debt position and compliance with bank covenants and also took a number of decisions regarding financial and operating matters of NWR's subsidiaries. The FIC reviews, on a regular basis, market analysis, analyst and investor feedback and the performance of NWR's shares as well as the shareholder register. The FIC reports to the Board.

The FIC 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.

Health, Safety and Environment Committee ('HSEC') report

HSEC members

- > Paul Everard (Chairman)
- > Mike Salamon
- > Klaus-Dieter Beck
- > Steven Schuit

The meetings were also regularly attended by Ján Fabián, Chief Operating Officer of NWR who is responsible for the operations of NWR KARBONIA and OKK Koksovny, and by two external experts, Stan Suboleski and Karl Friedrich Jakob, also members of OKD's Board of Directors. Stan Suboleski is an independent mining consultant who was previously a Commissioner with the US Federal Mine Safety and Health Review Commission. Dr. Suboleski previously retired as interim COO of Massey Energy Company and continues to serve on the Massey board. Karl Friedrich Jakob held numerous prominent managerial positions in German as well as international mining companies and also worked for the German State Mining Authority.

Main responsibilities

The HSEC assists the Board in its oversight of health, safety and environmental risks within NWR and its subsidiaries as well as the Group's compliance with applicable legal and regulatory requirements associated with health, safety and environmental matters.

The HSEC's main duties are to:

- > oversee the Group's performance on health, safety and environmental matters;
- > review the policies and systems within the Group to ensure compliance with applicable health, safety and environmental legal and regulatory requirements;
- > review reports and meet with senior management of the subsidiaries to discuss the effectiveness of the Group's policies and systems for identifying and managing material HSE risks;
- > liaise with the ARMC to ensure appropriate oversight of the Group's systems for managing risks;
- > monitor the impact of operations on Group reputation;
- > prepare the HSE section of NWR's Annual Report;
- > review sustainability reports prepared by management and assist the Sponsorship and Donation Committee in the area of Corporate Social Responsibility; and
- > report to the Board on key global HSE issues and trends.

Corporate Governance continued

The HSEC reports the results of its meetings to the Board and to the ARMC.

Activities undertaken during the year

In 2010, the HSEC met three times and conducted one site visit to the OKD mines in the Czech Republic. At its meetings, the HSEC reviews the health, safety and environmental reports of NWR's core operations and also receives detailed reports on extraordinary events that occur at the operations. These events include fatalities, incidences of spontaneous combustion, coal and gas outbursts, and seismic events (rock bounces). The HSEC also receives regular reports on site visits by the local mining authorities, citations and other HSE-related regulatory matters.

In 2009, the HSEC endorsed key metrics for both health and environment issues in order to improve the reporting system; these metrics also serve to measure performance and generate further improvement in the HSE area.

In 2010, the HSEC was kept informed about the status of a safety project at OKD to replace personal protection devices with the aim of providing each miner with new and better equipment before the year-end.

The HSEC closely followed the investigation into the Massey Energy's tragic coal mine accident in April 2010, when a massive explosion killed 29 miners. The members also took note of a Fatality Avoidance Protocol produced by the International Aluminium Institute, which suggests general safety principles and prevention guidelines for heavy industry.

In performing its new role in the area of Corporate Social Responsibility for NWR Group, the HSEC assists the Sponsorship and Donation Committee and reviews, amongst others, sustainability reports prepared by management. These new responsibilities were formalised in an amended charter of the HSEC, adopted in early 2010.

A detailed description of the trends in the area of health, safety and environment at NWR's operations may be found on page 40 of this Annual Report.

The HSEC believes that it has successfully fulfilled its duties and responsibilities as set out in its charter.

The charter of the HSEC is available on NWR's website at www.newworldresources.eu.

Real Estate Committee ('REC') report

REC members

The REC is wholly composed of Independent Non-Executive Directors appointed by the Board:

- > Barry Rourke (Chairman)
- > Steven Schuit
- > Paul Everard

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.

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 transactions between the Mining Division and the Real Estate Division and advising the Board on any such transactions, which require the prior approval of the Board;
- > developing and interpreting the Divisional Policy Statements, proposing amendments, providing guidance on provisions and overseeing implementation; and
- > overseeing the compliance of NWR's subsidiaries with the Divisional Policy Statements.

Activities undertaken during the year

During 2010, the REC met six times. NWR's Chief Financial Officer attended all meetings.

In line with its responsibility for supervising transactions between the Mining Division and the Real Estate Division, the REC continued to monitor real estate transactions of NWR's core operations, including transactions with third parties (mainly swaps of the real estate assets with the local municipalities). To assist the REC, the core operations submit monthly reports, which provide details on any such transactions. The REC is notified of all transactions (internal or with third parties) in which qualified valuers are involved, in order to facilitate oversight by the REC of such transactions.

In 2010, the REC considered, amongst other things, the financial implications of the sale of the Group's energy assets on the Mining Division and Real Estate Division. The REC also reviewed in more detail the sale of the Mining Museum and the transfer of the museum between the Divisions in particular. The REC advises the Board, which is the ultimate body to approve such transfers, whether they will occur on an arm's length basis, as required by the Divisional Policy Statements. In 2010, all proposed transfers were approved by the Board as well as by the holder of the B shares. The REC further reviewed, on a regular basis, P&L accounts of the Real Estate Division.

The REC regularly reports to the Board and the ARMC on its activities and findings.

Divisional Policy Statements

The Divisional Policy Statements refer to the Mining Division and the Real Estate Division that were created within the NWR Group on 31 December 2007. The Divisional Policy Statements have been prepared and adopted on the basis that the Mining Division has the right to maintain: (i) the undisturbed continuation of its mining, coking and related operations that are conducted on certain of the 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, OKD's subsidiaries and the other subsidiaries of NWR carry 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 have been implemented by NWR's core operations. Compliance is monitored by the REC through monthly reports received from the Company Secretary who has been designated to act as an intermediary between the REC, NWR and its subsidiaries. In 2009, the Group's internal auditor conducted an internal audit on the implementation of the Divisional Policy Statements and the accuracy of information provided to the Committee. The audit suggested, amongst other things, formalisation of certain procedures to prevent the Divisional Policy Statements from misinterpretation. Thus a Book of Procedures dealing with the accounting aspects of the Divisional Policy Statements has been prepared and endorsed by the REC.

The REC believes that it has carried out all the responsibilities set out in the REC's charter.

The Divisional Policy Statements are available on NWR's website at www.newworldresources.eu.

Accountability **Conflict of interest**

In addition to the regulations of the Articles of Association, 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 shall 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.

The Board believes that it has complied with the best practice provisions II.3.2 to II.3.4 and III.6.1 to III.6.3 of the Dutch Corporate Governance Code (which relate to conflict of interest of Directors).

Code of Ethics and Business Conduct

In addition to its Corporate Governance Policy, NWR has adopted a Code of Ethics and Business Conduct, which governs the behaviour of all officers and employees of NWR and its subsidiaries. Appended to it is the Whistleblower Procedure, which 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 core operations of NWR have implemented a corresponding procedure. To increase the effectiveness of the system, OKD has modified the Whistleblower Procedure so that complaints are now dealt with by an independent internal committee. The ARMC monitors, through reports received from the Company Secretary, the effectiveness of the procedure. Further details can be found in the report of the ARMC on page 54.

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

Risk management

The Board recognises the need to continue improving the Group's internal control processes and structures. Internal control and risk management procedures are described in more detail in the

'Principal Risks and Uncertainties' section on pages 38 and 39. NWR Group uses the COSO-framework for the evaluation of the internal control system to mitigate risks. To the best knowledge of the Board, the internal risk management and control systems of the Group are adequate and effective with respect to its current operations.

Oversight of risk management and internal control within NWR Group is the responsibility of the ARMC, which closely monitors the measures implemented to mitigate identified risks and also regularly meets with NWR's Risk Manager and the Group's Internal Auditor. Details of activities in this area are described in the report of the ARMC on page 54.

Internal audit

The Group's Internal Auditor oversees the work of internal audit functions in NWR's subsidiaries. He is responsible for developing and overseeing the implementation of consistent internal auditing policies within the Group, delivering the audit plans and audit assignments, preparing internal audit charters and reporting on Group risk management and internal control. The Group's internal auditor reports to the ARMC and the Chief Financial Officer of NWR.

Going concern

The Directors consider that NWR Group has adequate financial resources to continue operating for the foreseeable future and that it is, therefore, appropriate to adopt the going concern basis in preparing the financial statements. The Directors have satisfied themselves that NWR Group is in a sound financial position and that it has access to sufficient borrowing facilities and can reasonably expect those facilities to be available to meet NWR Group's foreseeable cash requirements, particularly those relating to major investments, including capital projects and acquisitions.

Insider trading

In compliance with relevant laws, rules and regulations of the UK, the Netherlands, the Czech Republic and Poland, the Company has a Share Dealing Code that covers dealings in NWR's shares and other securities, disposal 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. A copy of the document can be found on NWR's website at www.newworldresources.eu.

Articles of Association

The Articles of Association may be amended by the General Meeting of Shareholders in which at least three-quarters of the issued share capital is represented and with a majority of at least two-thirds of the votes cast. A resolution to amend the Articles of Association on the proposal of the Board shall be passed by an absolute majority of the votes cast, irrespective of the capital present or represented at the meeting. Certain proposals would require a prior or simultaneous approval of the meeting of holders of B shares. NWR's Articles of Association are available on NWR's website at www.newworldresources.eu. As described earlier, the document was amended by the Annual General Meeting of Shareholders held on 27 April 2010.

Relations with shareholders

Market disclosure and relations with shareholders

The Board regards effective communication with shareholders as a priority.

Corporate Governance continued

Agnes Blanco Querido, Head of Investor Relations, is responsible for the external financial communications of NWR. Together with her team, she manages the ongoing dialogue with equity and credit analysts and NWR's shareholders, bondholders and potential new investors. As part of this process, the Board's Chairman, Chief Financial Officer, Chief Operating Officer and Investor Relations team meet with shareholders and other market participants in the UK, US, the Czech Republic, Poland and other European countries on a regular basis to discuss the Group's performance, strategy and governance. Additionally, presentations to investors and analysts take place at the time of quarterly, interim and final results as well as sector and broker conferences that the Company participates in throughout the year.

The Board receives regular reports from the Investor Relations department on changes to the shareholding structure, analyst coverage of the stock, feedback from investors including market perception studies, share trading statistics and other information about the views of the capital markets.

Petra Mašínová, Head of Corporate Communications, is responsible for both external and internal corporate communications as well as the corporate social responsibility policy of NWR.

The 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.

Senior Independent Director

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. No such meetings or discussions were held or requested during 2010.

Share capital, controlling shareholder

In April 2010, BXR Mining B.V. ('BXR'), the majority shareholder of NWR, informed NWR that BXR Group Limited ('BXR') replaced RPG Partners Limited as the ultimate parent company of BXR. The shares held by BXR in NWR were reduced from 63.66 per cent to 63.64 per cent after NWR issued new A shares in May 2010, and further reduced to 63.57 per cent after the share issuance in December 2010.

Full details on the changes in the shareholding structure of NWR occurring in 2010 may be found in the 'Shareholder Information' section on page 160.

100 per cent of the B shares are owned by RPG Property B.V., which is the indirect subsidiary of BXR.

The Board is satisfied that NWR is capable of carrying on its business independently of BXR/BXR and that all transactions and relationships between them are transparent and are 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 and BXR (and the wider BXR group) are on arm's length terms, the Company is party to a Relationship Agreement with BXR. If a conflict arises between BXR and the Company, the Directors with a conflict of interest will take no part in the Board's decisions on

that matter. For further information see the 'Related Party Transactions' section on page 63.

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 28 April 2011, at 10:00 CET in Amsterdam, the Netherlands.

Compliance with corporate governance standards

NWR is required to state in its Annual Report whether it complies or will comply with the principles and best practice provisions of the Dutch Corporate Governance Code (dated 1 January 2009) and, if it does not comply, to explain the reasons for non-compliance. NWR is also required by the Listing Rules of the UK Listing Authority to disclose the significant ways in which its actual governance practices differ from those set in the UK Combined Code. NWR notes that the UK Corporate Governance Code was introduced by the UK Financial Reporting Council in June 2010 to replace the UK Combined Code, and that this will apply for accounting periods beginning on after 29 June 2010. For the financial year ending 31 December 2011 and following financial years, the Company will instead be required to include a similar statement in relation to the UK Corporate Governance Code.

The following section is a report on compliance with the corporate governance regulations and best practice codes applicable in the Netherlands and the UK.

Dutch Corporate Governance Code

NWR has drawn up internal corporate governance regulations that comply to the extent possible with the Dutch Corporate Governance Code effective from 1 January 2009. As reported in this section, NWR complies with the principles and best practice provisions of the Dutch Code, except for a limited number of best practice provisions described below. Information on the Dutch Corporate Governance Code Monitoring Committee can be found at: www.commissiecorporategovernance.nl. More specific information for the Dutch Corporate Governance Code can be found at: www.commissiecorporategovernance.nl/Corporate_Governance_Code.

Board and committee structure

NWR has a one-tier Board structure consisting of Executive and Non-Executive Directors. The Company complies with the Dutch Code by applying the provisions relating to members of the Management Board to Executive Directors, and the provisions relating to members of the Supervisory Board to Non-Executive Directors. The composition and functioning of the Board allows proper and independent supervision of Executive Directors by Non-Executive Directors.

The Board consists of 13 Directors, which includes five Independent Non-Executive Directors within the meaning of best practice provision III.2.2. The number of Independent Non-Executive Directors is less than the prescribed majority pursuant to best practice provision III.8.4 of the Dutch Code. However, the Board believes that the current proportion of the Independent Non-Executive Directors is adequate given the ownership structure of the Group. Moreover, the quality and deployment of these Directors ensure Board effectiveness. The Independent Non-Executive Directors are entrusted with the key tasks that require independence: staffing of the Audit and Risk Management Committee, which ensures the integrity of financial reporting and monitors the audit functions as well as potential conflicts of interest, and staffing of the Real Estate Committee, which protects the interest of holders of A shares and B shares.

NWR has appointed an Executive Chairman, which does not comply with best practice provision III.8.1 of the Dutch Code. NWR believes that the presence of an Executive Chairman is needed to provide leadership at Group level in a holding structure in which the leadership of operations is exercised at 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.

NWR has not established a selection and appointment committee (i.e. nominating committee), which does not comply with principle III.5 and best practice provision III.5.14 of the Dutch Code. The Board believes that NWR's current ownership structure makes the establishment of such a committee unnecessary. The Board as a whole fulfils the tasks and responsibilities set out by the Dutch Code for such a committee.

Remuneration, share options and awards

The Company does not carry out scenario analysis to determine the level and structure of the remuneration of the Executive Directors as required by best practice provision II.2.2, since their employment terms were determined before the IPO and have not changed since then.

In order for a Director to exercise options, rather than the granting of options to a Director, as set out in best practice provision II.2.4, challenging targets which have been specified before-hand (pursuant to the Company's Stock Option Plan) must be achieved.

The Independent Non-Executive Directors were granted A shares at the completion of the IPO and on the 12-month anniversary thereof in 2009 and 2010, which does not comply with best practice provision III.7.1, which states that no shares shall be granted to Independent Non-Executive Directors. NWR considers its practice complies with international business practice. The Company also considers the granting of A shares as an important incentive to attract individuals with the required skills and expertise to serve as Independent Non-Executive Directors in an international mining company of moderate size.

Under existing employment arrangements of Mike Salamon with NWR and of Klaus-Dieter Beck with OKD, stock options and share awards are granted under terms, which do not comply with best practice requirements set out in chapter II.2 of the Dutch Code. Details of these awards are fully described in the Remuneration Report.

Dealing in securities

The Company has a Share Dealing Code, which governs dealing in Company's shares by, inter alia, the Directors, and as such does not comply with best practice provision III.6.5 of the Dutch Code as the Share Dealing Code does not cover ownership of and transactions in other securities. The Company will review the Share Dealing Code in connection with its intended re-incorporation in the UK in 2011.

Contacts with shareholders

The Company has not formulated an outline policy on bilateral contacts with shareholders, as provided for by best practice provision IV.3.13 of the Dutch Code, as it intends to re-incorporate in the UK in 2011.

UK Combined Code

NWR was, for reasons stated above, not in compliance during the financial year 2010 with the following best practice requirements of the UK Combined Code:

- > The Company has appointed an Executive Chairman, contrary to the recommendation of the UK Combined Code (provision A.2.1).
- > The Executive Chairman did not, upon appointment, meet the independence criteria set out in the UK Combined Code (provision A.3.1).
- > The Board does not contain a majority of Independent Non-Executive Directors, as recommended by UK Combined Code (provision A.3.2).
- > The Board carries out the tasks and responsibilities of the nominations committee whereas the UK Combined Code (provision A.4.1) recommends the appointment of a separate nomination committee.
- > The Remuneration Committee is chaired by Zdeněk Bakala, whereas the UK Combined Code (provision B.2.1) recommends that the Remuneration Committee should be comprised entirely of Independent Non-Executive Directors. In addition, the Remuneration Committee does not have delegated responsibility for setting the remuneration for the Executive Directors, as recommended by the Combined Code (provision B.2.2). Instead, the Remuneration Committee's responsibility is to, inter alia, prepare specific proposals to the Board with respect to the salary, bonuses and other benefits for the Issuer's Executive Directors.

UK Corporate Governance Code

NWR is aware of the UK Financial Reporting Council's introduction of the UK Corporate Governance Code in June 2010 to replace the UK Combined Code. The new Corporate Governance Code will apply for accounting periods beginning on or after 29 June 2010 and NWR will report against the new code in the NWR Annual Report and Accounts 2011.

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.

Although NWR does not apply the Czech Corporate Governance Code as such, the Code is generally similar to the UK Combined Code and any material deviations are similar to those described above.

Polish Corporate Governance Code

NWR observes the majority of the principles of corporate governance contained in the Code of Best Practices for Warsaw Stock Exchange Listed Companies (the 'WSE Code')¹. As the Company is incorporated and organised under Dutch law, certain principles apply to NWR only to the extent allowed by Dutch corporate law and subject to certain reservations stemming from NWR's corporate structure, especially the one-tier Board structure as opposed to the two-tier system that the WSE Code assumes. Therefore, NWR complies partially or is unable to comply fully with Rules I.6, I.7, II 6, III.1-9 of the WSE Code concerning the Supervisory Board and its members. In cases in which NWR is unable to comply with certain principles directly, NWR endeavours to comply with the spirit of such principles.

1. The WSE Code require companies listed on the Warsaw Stock Exchange to publish a detailed statement on any non-compliance or partial compliance with the WSE Code; such a statement shall also be contained within the Company's Annual Report. The companies are required to indicate ways of eliminating possible consequences of such non-compliance, or describe steps, which the Company intends to take to mitigate the risk of non-compliance. In 2010, NWR did not comply with the following rules contained in the WSE Code:

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 judgments, and in particular:

Corporate Governance continued

- > 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.

Rules I.6 and I.7 do not relate to NWR since it has a one-tier Board structure consisting of Executive and Non-Executive Directors and, therefore, the provisions relating to the Supervisory Board do not apply.

Rule II.6 – General Meetings should be attended by members of the Management Board who can answer questions submitted at the General Meeting.

Directors shall attend General Meetings to answer questions. Dutch law however does not provide for a mandatory presence of Directors. Although NWR aims to ensure the presence of its Directors at the General Meetings of Shareholders, it cannot guarantee that all Directors will be present.

Rules III.1 to III.9 cannot be directly observed by NWR since NWR has a one-tier Board structure and as such has no Supervisory Board; additional explanation to each rule is given below.

Rule III.1

In addition to its responsibilities laid down in legal provisions, the Supervisory Board should:

- > prepare and present to the Annual General Meeting of Shareholders a brief annual assessment of the Company's standing including an evaluation of the internal control system and the significant management system;
- > prepare and present to the Annual General Meeting of Shareholders an annual evaluation of its work; and
- > review and present opinions on issues subject to resolutions of the General Meeting.

The above responsibilities are performed by the committees established by the Board with the intention to assist the Board in performing its duties regarding internal control and management mechanisms, as described below.

Rule III.2 – A member of the Supervisory Board should submit to the Company's Management Board information on any relationship with shareholders who hold 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.

NWR has a one-tier Board structure. Since it does not have a Supervisory Board, it cannot directly observe the above rule.

Rule III.3 – General Meetings should be attended by members of the Supervisory Board who can answer questions submitted at the General Meeting.

In accordance with NWR's Articles of Association, members of the Board of Directors are entitled to attend the General Meetings of Shareholders and answer questions posed at the General Meeting.

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.

In order to avoid conflicts of interest in a one-tier Board structure, NWR has adopted a Corporate Governance Policy enabling the Board to perform its management as well as supervisory functions in an effective and transparent manner. Under the Policy, 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 an Executive Director has a conflict of interest with NWR, NWR may be represented by other Executive Directors, unless the General Meeting appoints another person for that purpose.

Rule III.5 – A member of the Supervisory Board should not resign from this function if this action could have a negative impact on the Supervisory Board's capacity to act, including adoption of resolutions by the Supervisory Board.

This rule is observed by the Board.

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 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 said 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.

As at the date of this statement, five out of 10 Non-Executive Directors meet the independence criteria.

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 Directors of NWR must meet independence criteria set out by NWR's Corporate Governance Policy. Those criteria are based on best practice requirements and are typically more stringent than the requirements of the Commission Recommendation of 15 February 2005 regarding the role of 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 related party transactions are monitored, through reports received from the external auditor, by the Audit and Risk Management Committee established by the Board. The committee examines and advises the Board on such transactions and agreements to ensure they are on arm's length terms in line with the aforementioned rule.

As required by the 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:

Operations and main powers of the General Meeting, shareholders' rights and the exercise thereof are described in 'Shareholder Information' section on page 160.

Composition and operations of the managing and supervising bodies of the Company and their committees are described in the Corporate Governance Report on page 52.

Detailed description of the 'Principal Risks and Uncertainties' may be found on pages 38 and 39.

Ivona Ročárková
Company Secretary

Certain Relationships and Related Party Transactions

The following are the related party transactions, being contracts entered into by New World Resources N.V. ('NWR'), and NWR's subsidiaries ('NWR Group') on the one hand and entities affiliated with them ('BXR Group') on the other hand in the last two years and/or in place at the date of this Annual Report. The Company has observed best practice provision III.6.4 of the Dutch Corporate Governance Code.

Agreements related to the restructuring Cross Guarantee

Former OKD, a.s. ('Former OKD') 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). The restructuring was concerned primarily with disposing of certain such ancillary and unrelated businesses in order to focus upon coal mining and coke production businesses. In addition, steps were taken to streamline the corporate structure of BXR Group (removing certain intermediary holding companies from the structure). In connection with the restructuring, and pursuant to Czech law, OKD, a.s. ('OKD'), Green Gas DPB, a.s. (formerly known as OKD, DPB, a.s.; 'DPB'), Advanced World Transport a.s. (formerly known as OKD, Doprava, akciová společnost; 'AWT AS'), RPG Trading, s.r.o. (defunct since January 2010), RPG RE Land, s.r.o., RPG RE Commercial, s.r.o. ('RPG RE Commercial') and RPG Byty, s.r.o. ('RPG Byty'), 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 Koksovny') into NWR Coking, a.s., a wholly-owned subsidiary of NWR, which merged with OKK Koksovny in April 2008, with OKK Koksovny remaining as the surviving entity. OKK Koksovny thus became a direct subsidiary of NWR and also became subject to the statutory cross guarantee.

Agreements with indirect shareholders and certain of their affiliates Master Advisory and Service Agreement

On 28 March 2007, NWR entered into the Master Advisory and Services Agreement, as amended on 27 July 2007 and on 19 August 2010, with BXR Partners, a.s. (formerly known as RPG Advisors, a.s. and Bakala Crossroads Partners a.s.; 'BXR'), a member of BXR Group, in respect of the provision of certain non-exclusive advisory services by BXR to NWR effective as of 1 September 2006, including services in connection with the acquisition and divestiture of assets, entry into joint venture arrangements, corporate finance matters and market research initiatives within Central Europe, including the Czech Republic. The fees to be paid to BXR are based generally on a cost plus formula, but specific arrangements may be made in respect of individual projects. NWR must reimburse BXR for all expenses incurred by BXR in connection with the provision of advisory services. The Master Advisory and Services Agreement may be terminated, with or without cause, by either party giving prior written notice to the other party; provided that, if the Master Advisory and Services Agreement is terminated for any reason other than a material breach, the notice period is one month. The Master Advisory and Services Agreement includes a one-year post-termination confidentiality clause.

On the basis of the Master Advisory and Service Agreement, NWR and BXR have agreed an ad-hoc success fee with respect to the disposal of the energy business described in section 'Material

Contracts' on page 67, in an amount equal to 1.75 per cent of the total purchase price received by NWR, in addition to external costs and expenses charged to NWR separately. In addition, from time to time, BXR may provide services to NWR Group and be remunerated for such services on terms that are separately agreed.

Technical Consulting Agreement

On 15 August 2006, NWR entered into the Technical Consulting Agreement with American Metals & Coal International, Inc. ('AMCI') in respect of the provision of certain advisory services by AMCI to NWR effective as of 1 January 2006. Under the Technical Consulting Agreement, NWR agreed to pay AMCI an annual advisory fee of USD 200,000 in semi-annual payments (commencing for the period July–December 2006) in exchange for certain non-exclusive consulting, advisory and management services relating to NWR's coal mining and coke production activities. In addition, upon execution of the Technical Consulting Agreement, NWR paid AMCI a signing fee of USD 100,000. The Technical Consulting Agreement provides that AMCI will advise NWR in connection with: (i) the identification and evaluation of coal and energy acquisition projects outside of the Czech Republic; (ii) the marketing and sale of coke and coal outside of the Czech Republic; (iii) budgeting and business planning, including coal price forecasting, cost assessment and benchmarking; and (iv) technical and production matters. On 9 July 2009, AMCI disposed its shares in RPG Industries Public Limited (formerly known as RPG Industries SE; 'RPGI'), the former majority indirect shareholder of NWR and, consequently, the Technical Consulting Agreement was terminated with effect from 30 June 2009.

AWT BV Services Agreement

On 9 November 2007, NWR entered into the Services Agreement with Advanced World Transport B.V. (formerly known as New World Resources Transportation B.V.; 'AWT BV') for the provision of certain services by NWR to AWT BV with effect from July 2007. Under the Services Agreement, NWR provided AWT BV with certain non-exclusive corporate maintenance services, including coordination of tax and audit compliance, preparation of financial statements, corporate governance and HR management. The service fees paid by AWT BV to NWR covered expenses incurred by NWR together with a monthly flat fee of EUR 7,500. The costs and expenses of NWR included remuneration for the subcontractors. The Services Agreement was terminated with effect from 30 September 2009. The Services Agreement includes a four-year post-termination confidentiality clause.

BXR RE Services Agreement

On 26 May 2008, NWR entered into the Services Agreement with BXR Real Estate Investments B.V. (formerly known as RPG Real Estate B.V.; 'BXR RE') for the provision of certain services by NWR to BXR RE with effect from October 2006. Under the Services Agreement, NWR provides BXR RE with accounting and controlling services, advice on treasury and financing, secretarial, administration and IT services and organisation of board meetings. Based on an amendment entered into in February 2010, BXR RE agreed to pay NWR a flat monthly service fee in the amount of EUR 2,400.

NWR Lease Agreements

NWR has rented an office space to AWT BV, BXR RE and Green Gas International B.V. ('GGI') with effect from 1 January 2009. The total size of the leased offices is 405.3m². AWT BV, BXR RE and GGI received a total credit for rent of EUR 303,817, which will be offset against the rent until the credit is fully utilised. The rent (including utilities) is approximately EUR 164,400 per year. The lease agreements have an indefinite term and may be terminated, with or without cause, by either party upon two months' prior written notice to the other party.

Certain Relationships and Related Party Transactions continued

Donation Agreements

In 2009, NWR donated EUR 378,000, OKD donated CZK 129,1 million, RPG RE Management, s.r.o. ('RPG REM') donated CZK 2 million, OKK Koksovny donated CZK 200,000 and DPB donated CZK 220,000 to the OKD Foundation. In 2010, NWR donated EUR 250,000 to the OKD Foundation. In the same year, OKD donated to the OKD Foundation CZK 21.41 million to alleviate the consequences of flooding. The OKD Foundation engages in the field of social responsibility, such as the support of health and social care, the public sector, environmental protection and regional development. The donations may also be used to cover the organisational and administrative costs of the foundation. NWR further donated EUR 38,000 in 2009 and EUR 20,000 in 2010 to St. Barbara Civic Association, which helps children who have lost a parent underground.

BXRP-OKD Advisory and Service Agreement

On 29 September 2006, OKD entered into the Advisory and Service Agreement with BXRP for the provision of certain advisory services by BXRP to OKD with effect from 1 October 2006. Under the Advisory and Service Agreement, BXRP (or any subcontractors engaged by BXRP with the consent of OKD) is to provide OKD with certain non-exclusive advisory services, including in connection with the realisation of strategic projects, any initial public offering, financing and refinancing, services in connection with the NWR Group's restructuring, acquisition and divestiture of OKD assets and corporate finance and business matters. The advisory fees being paid by OKD to BXRP cover costs and expenses incurred by BXRP together with a specified margin. The costs and expenses of BXRP include remuneration for third party costs (such as subcontractors) and all relevant expenses incurred by BXRP in connection with the advisory services calculated on a pro rata basis according to the time spent. The Advisory and Service Agreement may be terminated, with or without cause, by either party upon one month's prior written notice to the other party. The Advisory and Service Agreement includes a one-year post-termination confidentiality clause.

RPG REM-OKD Advisory and Service Agreement

On 20 December 2006, OKD entered into the Advisory and Service Agreement with RPG REM for the provision of certain advisory services by RPG REM to OKD with effect from 1 December 2006. Under the Advisory and Service Agreement, RPG REM (or any subcontractors engaged by RPG REM with the consent of OKD) is to provide OKD with certain non-exclusive advisory services, including services in connection with the acquisition and divestiture of fixtures, the initiation of development projects at OKD's current mining sites and the identification and preparation of possible development projects. The advisory fees paid by OKD to RPG REM should cover costs and expenditures incurred by RPG REM together with an amount equal to a 9 per cent margin. The Advisory and Service Agreement includes a one-year post-termination confidentiality clause. Currently, no services are being provided under the Agreement. The notice period for termination is set for six months.

Cooperation Agreement on Apartment Lease

On 29 May 2009, OKD entered in the Cooperation Agreement with RPG Byty, which owns and operates a large apartment portfolio in the OKD region. Under the Cooperation Agreement, RPG Byty has an obligation to initially offer its apartments for lease to the employees of OKD. The lease agreements may be concluded only with employees qualifying with certain non-discriminatory criteria, e.g. not already being a tenant of another RPG Byty apartment with state-regulated rent or not being subject to any criminal or other proceeding that could affect common tenant's obligations.

Each lease is provided for a period of one year and the rent is set at the relevant market price with a reduction of 15 per cent. Employees shall bear no administrative costs in relation to such leases. The Cooperation Agreement will expire on 31 May 2012 and may be rescinded by either party in the case of a material breach. The Cooperation Agreement replaces a similar cooperation agreement concluded on 18 April 2006.

Agreements on Use of Factory Railway and Assurance of Railway Transport on Factory Railway

OKD entered into the Factory Railway Agreements with AWT AS to provide factory railway transport at OKD mines for an indefinite period of time. The fees to be paid by OKD to AWT AS were either set out in accordance with each respective Factory Railway Agreement or in a separate pricing agreement for each calendar year, which amended the particular Factory Railway Agreement(s). The Factory Railway Agreements may be terminated, with or without cause, by either party giving 18 months' prior written notice to the other party. The Factory Railway Agreements have been replaced by a single master agreement between OKD and AWT AS with effect from 1 January 2010 for the period from 2011 to 2020 (which will automatically be extended until 31 December 2025, provided that neither contracting party terminates the agreement by giving six months' notice of termination to the other) (the 'OKD Master Agreement'). The OKD Master Agreement covers all activities to be provided by AWT AS to OKD at particular business units, including: (i) railway services and assurance of railway transport on factory railways; (ii) road transport and non-railway technological transport and transportation of raw and washed coal, sludge, etc., including related manipulations; (iii) railway technological transport including related activities; and (iv) 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. Please note that the OKD Master Agreement does not deal with transportation of coal to customers.

AWT BV Framework Agreement

On 8 December 2009, OKD entered into the Framework Agreement with AWT BV for coal transportation services to Hungary. The Framework Agreement was entered into for the fixed period of time expiring on 31 December 2010, however, the parties expect to agree on its extension. For the calendar year 2010, the price was agreed as EUR 18.5 per tonne of coal.

AWT AS Transport Agreements

OKD has entered into the Transport Agreements with AWT AS relating to the transport of coal and other materials from NWR to its largest customers. The Transport Agreements are 'umbrella' agreements covering periods of several years or an unlimited period of time. Under the Transport Agreements, AWT AS shall provide OKD with non-exclusive transport services. The transport fees to be paid by OKD to AWT AS shall be set out in accordance with each respective Transport Agreement or in a price agreement for each calendar year amending the relevant Transport Agreements based on the weight of transported goods. The Transport Agreements may be terminated in the event of a material breach or, with or without cause, by either party giving one month prior written notice to the other party. In 2010, agreements were concluded pursuant to public procurement tenders to transport coal and coke with a group of AWT AS group companies. These contracts' duration ranges from 1 January 2011 to 31 December 2014.

The agreements deal with railway transportation of coal and coke in: (i) the Czech Republic, where the coal and coke is destined for export. In these agreements, the carrier is an association of AWT SPEDI-TRANS s.r.o. and AWT AS; (ii) the Federal Republic of Germany and the French Republic, in these agreements, the carrier is an association of AWT SPEDI-TRANS s.r.o. and AWT AS; (iii) the Republic of Poland, in these agreements, the carrier is AWT AS; and (iv) the Czech Republic, in these agreements, the carrier is AWT AS.

Agreements on Manipulation of Substrates

OKD has entered into the Manipulation Agreements with AWT AS in respect of the extraction and manipulation of certain materials and substrates at its mines. The fees to be paid by OKD to AWT AS are set out in accordance with each respective Manipulation Agreement or in a special price agreement for each calendar year amending the Manipulation Agreements based on the weight of manipulated substrates. The Manipulation Agreements may be terminated, with or without cause, by either party giving three months' or one-month's prior written notice to the other party in relation to specific business units.

Agreements on Sale of Methane

On 20 December 2006, OKD entered into the Master Agreement on the Sale of Methane with DPB, as amended on 26 September 2007, which envisages the conclusion of individual purchase agreements with respect to each OKD mine. Under the Master Agreement on the Sale of Methane, the minimum total annual volume of methane to be delivered amounts to 19,000m³ while the specific annual volume delivered by the mines shall be stipulated by the 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 was set at a fixed amount for 2007 and then calculated for each calendar year thereafter using the formula 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.

On 27 November 2008, DPB and OKD entered into the Framework Agreement for Supplies 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 NWR Group's energy assets in 2008. 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 the formula 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, and may be repeatedly extended for consecutive terms of five years at OKD's option. OKD may rescind the agreement if DPB interrupts its supplies to NWR Energy.

OKD Trading Agreements

OKD has entered into several agreements with AWT AS in relation to the delivery of coal, coking coal, coke, sludge and other products. In 2000, OKD entered into purchase agreements with AWT AS upon which AWT AS 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 Česká republika, a.s. and ČEZ, a.s.

Agreements on Gaseous and Liquid Nitrogen Delivery and Tubing Operation

OKD entered into four Agreements on Gaseous and Liquid Nitrogen Delivery with DPB in relation to the delivery of gaseous and liquid nitrogen to OKD mines, namely Darkov, ČSA, ČSM and Lazy (now mines ČSA and Lazy are consolidated in the business unit Karviná Mine IOU). The price to be paid by OKD to DPB shall be set out in accordance with each respective agreement or amendments to it. In addition OKD shall pay a fixed monthly fee for the lease, maintenance and control of the gas tubing and surface equipment. The majority of the agreements terminate on 31 December 2015.

Master Services Agreement Related to Mine Safety

On 13 March 2007, OKD and DPB entered into the Master Services Agreement Related to Mine Safety, covering a number of different services related to mine security. The Master Services Agreement Related to Mine Safety was concluded for a fixed period of time ending on 31 December 2015. The fee to be paid by OKD for 2007 was set at CZK 1,67 million per month, later increased to CZK 1,734,693 per month for the years 2009 and 2010 (in each case excluding VAT). Conclusion of individual agreements with respect to each particular OKD mine are contemplated by this agreement.

Master Services Agreement for Drilling

On 12 March 2009, OKD and DPB entered into two Master Agreements for Work whereby DPB shall provide OKD with drills for degasation and geological surveying. Amendments to this agreement shall stipulate the drilling works and price list for the respective calendar year. Individual agreements envisaged by this Master Agreement for Work shall stipulate the amount of work in detail. In 2010, the total amount of footage for degasation drills was agreed at 31,050m and for geological survey the total amount of footage was agreed at 13,930m. Both master agreements expire on 31 December 2015.

Energy Trading Agreements

In connection with the reorganisation of the energy assets of NWR Group, energy assets of OKD, including its stake in CZECH-KARBON s.r.o. ('CZECH-KARBON'), were transferred to NWR Energy, which was a direct subsidiary to NWR. The spin-off became legally effective as of 1 July 2008. Consequently, a Framework Agreement on Supplies and Services and some other related agreements were entered into by OKD, NWR Energy and CZECH-KARBON. The main purpose of these agreements is to ensure supply of electricity, heat and compressed air and related services to OKD. The Framework Agreement has been amended in a complex manner in connection with the divestiture of the energy assets. See section on 'Material Contracts' for more details on page 67.

OKD Lease Agreements

OKD is a party to several real estate leases, including in relation to OKD's headquarters building in Ostrava, which is leased from RPG RE Commercial, a member of BXR Group. The total rented space is 4,656m² and the annual rent (including utilities) is approximately CZK 32.7 million. The lease may be terminated, with or without cause, by either party upon three months' prior written notice to the other party, or by agreement between the parties. The total annual rent for the remaining lease agreements concluded between RPG RE Commercial and OKD amounts to approximately CZK 6.3 million.

Certain Relationships and Related Party Transactions continued

Agreement on Conduct of Work and Services of Automatic Data Processing

On 21 January 2002, OKD entered into an Agreement on Conduct of Work and Services of Automatic Data Processing with AWT AS in respect of providing certain services relating to automatic data processing for an undefined period of time with effect as of 1 January 2002. The fees to be paid by AWT AS to OKD AS are set out monthly in accordance with the Data Processing Agreement based on hours of services provided. The Data Processing Agreement may be terminated, with or without cause, by either party giving six months' prior written notice to the other party. The Data Processing Agreement includes a confidentiality clause.

Agreements with Directors

Agreement for Coke Sales

Milan Jelínek was a Non-Executive Director of NWR until his unexpected death on 16 August 2009. Mr. Jelínek founded and was President of ICS Trading AG ('ICS'). Since 1994, ICS has been party to a contract with OKD pursuant to which OKD provides coke to ICS.

Service Agreement

On 10 April 2007, NWR and Milan Jelínek entered into the Service Agreement under which Milan Jelínek provided certain advisory services to NWR, including providing advice in respect of new projects of NWR and cost and quality improvement for NWR. From 1 January 2007 onwards, Milan Jelínek was paid a fixed monthly advisory fee of CHF 100,000. He was also reimbursed by NWR for reasonable expenses in connection with his advisory work. Mr. Jelínek died unexpectedly on 16 August 2009 and the services under the Service Agreement are no longer provided.

Consultancy Agreement

On 31 October 2006, NWR entered into the Consultancy Agreement with BXL Consulting Ltd ('BXL') in respect of certain consultancy services provided by BXL to NWR commencing on 1 October 2006. Pavel Telička, a Non-Executive Director of NWR, is the co-founder and director in charge of the Brussels office of BXL. Under the Consultancy Agreement, NWR agreed to pay BXL a monthly consultancy fee of EUR 25,000 in exchange for consultancy services in the field of policies and legislation of the European Union and European Communities. In addition, NWR shall reimburse BXL for all of its reasonable out-of-pocket expenses. The Consultancy Agreement also provides for the payment, from time to time as agreed between NWR and BXL, of a 'success fee' for the successful completion of certain tasks. The Consultancy Agreement may be terminated, with or without cause, by either party upon one month's prior written notice to the other party. The Consultancy Agreement includes a confidentiality clause that survives the termination of the Consultancy Agreement.

Other Payments and Bonuses

On 20 October 2009, RPI, the former majority shareholder of NWR, awarded Marek Jelínek, NWR's Executive Director, a one-off discretionary bonus of EUR 4 million in recognition of services provided prior to NWR's Initial Public Offering. RPI has indicated that such payment will not be repeated in future years.

Relationship Agreement

NWR, Crossroads Capital Investments Inc. ('CCII') and Zdeněk Bakala entered the Relationship Agreement with RPI, which regulates (in part) the degree of control that RPI and its affiliates may exercise over the management of NWR. Following the transfer to BXR Mining B.V. ('BXR') of NWR's shares held by RPI, BXR has assumed RPI's rights and obligations under the Relationship Agreement. The principal purposes of the Relationship Agreement are to ensure that NWR is capable at all times of carrying on its business independently

of BXR Group; and that all of NWR's transactions and relationships with BXR Group are on arm's length terms.

The Relationship Agreement will continue until the earlier of: (i) the NWR's shares ceasing to be admitted to the Official List and to trading on the London Stock Exchange; or (ii) BXR (together with any of its subsidiaries) or CCII, Zdeněk Bakala or any entities that they individually or jointly control (directly or indirectly) ceasing to control 30 per cent or more of the voting rights NWR or having the right to appoint or remove a majority of NWR's Directors.

Both BXR and NWR undertake that they shall (and shall procure that their relevant subsidiaries shall) with effect from the date of the Relationship Agreement conduct any transactions and relationships (whether contractual or otherwise, including any subsequent amendment thereof or variation thereto, including the implementation or enforcement thereof) between BXR 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 or Zdeněk Bakala may pursue the opportunity within those 30 days unless NWR decides not to pursue it.

Ivona Ročárková

Company Secretary

Material Contracts

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

Restructuring of interest rate hedging agreements

On 23 April 2010, in connection with the early repayment of the Senior Facilities Agreement dated 14 February 2006, a detailed description of which may be found in the 2009 Annual Report on page 74, interest rate hedging agreements with Calyon S.A., Czech Republic Branch (a member of the Crédit Agricole group) were terminated. The total amount paid to Calyon S.A., Czech Republic Branch was approximately EUR 9.9 million.

In addition, a restructuring process was agreed with Citibank Europe plc and Barclays Bank plc with whom the remaining interest rate hedging agreements were entered into and which are linked to the new inter-company loan between NWR and OKD, a.s. ('OKD') (tranches 2 and 3). See the description of the '2010 OKD Loan Agreement' for more details.

As part of the restructuring, new ISDA master agreements, together with credit support agreements, were signed pursuant to which OKD is required to provide collateral equal to the current market value of the interest rate hedging agreements. As of 31 December 2010, the balance of the collateral amounts to approximately EUR 11.7 million.

2015 Indenture

On 18 May 2007, NWR issued EUR 300 million in aggregate principal amount of its senior notes due 2015 (the 'Senior Notes'). Interest on the Senior Notes accrues at a rate of 7.375 per cent per annum and is payable semi-annually in arrears on 15 May and 15 November. The Senior Notes are senior obligations of NWR, and will rank equal in right of payment to all of its future senior debt. The Senior Notes are not guaranteed by any of NWR's subsidiaries. Therefore, the Senior Notes are effectively subordinated to any existing and future liabilities of NWR's subsidiaries. In connection with the issuance of the Senior Secured Notes (as defined below), the Senior Notes were secured by a second priority pledge over the shares of OKD, OKK Koksovny, a.s. ('OKK Koksovny') and NWR KARBONIA S.A. ('NWR KARBONIA'). The rights and obligations of the Senior Note holders in respect of such security are subject to the Intercreditor Agreement (as defined below).

On 30 September 2009, NWR closed an invitation for tenders of its Senior Notes (the 'Invitation'). Pursuant to the Invitation, NWR accepted for purchase EUR 32,435,000 in aggregate principal amount of its Senior Notes, which reduced the outstanding principal amount of the Senior Notes to EUR 267,565,000. The Senior Notes may be redeemed, in whole or in part, at any time prior to 15 May 2011, at the option of NWR at a redemption price equal to 100 per cent of the principal amount of the Senior Notes redeemed plus the applicable premium, as defined in the indenture establishing the Senior Notes (the '2015 Indenture'). After 15 May 2011, NWR may, at its option, redeem all or any portion of the Senior Notes at the prices set forth in the 2015 Indenture. In addition, prior to 15 May 2010, NWR was permitted to redeem up to 35 per cent of the original aggregate principal amount of the Senior Notes with the proceeds of one or more equity offers (as defined in the 2015 Indenture), at a redemption price equal to 107.375 per cent of the principal amount thereof.

If there is a change of control (as defined in the 2015 Indenture), holders of the Senior Notes shall have the right to require NWR to repurchase all or any part of the Senior Notes at a purchase price equal to 101 per cent of their principal amount. The 2015 Indenture contains covenants that limit the ability of NWR and its restricted

subsidiaries (which, generally, are subsidiaries of NWR other than those primarily engaged in the business of real estate) to, among other things: incur additional indebtedness; make restricted payments (including dividends); create liens; transfer or dispose of voting stock of any restricted subsidiary; sell assets; engage in transactions with affiliates; guarantee any debt of NWR or any of its restricted subsidiaries; and consolidate, merge or sell all or substantially all of its assets.

2018 Indenture

On 27 April 2010, NWR issued EUR 475 million in aggregate principal amount of its senior secured notes due 2018 (the 'Senior Secured Notes'). Interest on the Senior Secured Notes accrues at a rate of 7.875 per cent per annum and is payable semi-annually in arrears on 1 May and 1 November. The Senior Secured Notes are senior secured obligations of NWR and will rank equal in right of payment to all of its existing and future senior secured debt to the extent of the collateral securing the Senior Secured Notes. The Senior Secured Notes are secured obligations of NWR and are guaranteed by NWR's subsidiaries, including OKD, OKK Koksovny and NWR KARBONIA. Therefore, the Senior Secured Notes rank equal in right of payment to any existing and future liabilities of such NWR's subsidiaries.

The Senior Secured Notes may be redeemed, in whole or in part, at any time prior to 1 May 2014, at the option of NWR at a redemption price equal to 100 per cent of the principal amount of the Senior Secured Notes redeemed plus the applicable premium, as defined in the indenture establishing the Senior Secured Notes (the '2018 Indenture'). After 1 May 2014, NWR may, at its option, redeem all or any portion of the Senior Secured Notes at the prices set forth in the 2018 Indenture. In addition, prior to 1 May 2014, NWR may redeem up to 35 per cent of the original aggregate principal amount of the Senior Secured Notes with the proceeds of one or more equity offers (as defined in the 2018 Indenture), at a redemption price equal to 107.875 per cent of the principal amount thereof.

If there is a change of control (as defined in the 2018 Indenture), holders of the Senior Secured Notes shall have the right to require NWR to repurchase all or any part of the Senior Secured Notes at a purchase price equal to 101 per cent of their principal amount. The 2018 Indenture contains covenants that limit the ability of NWR and its restricted subsidiaries to, among other things: incur additional indebtedness; make restricted payments (including dividends); create liens; issue or sell capital stock of any restricted subsidiary; sell assets; engage in transactions with affiliates; and consolidate, merge or sell all or substantially all of its assets; and guarantee any debt of NWR or any of its restricted subsidiaries.

On 18 May 2010, NWR issued EUR 25 million in principal amount of its Senior Secured Notes due 2018 (the 'Additional Notes'). The Additional Notes issued were entitled to the same rights and privileges, including the interest payment dates and interest rate, as the EUR 475 million in aggregate principal amount of the Senior Notes that were issued on 27 April 2010. The Additional Notes have been sold at a net purchase price of 99.5 per cent of par value (reflecting a purchase price of 100 per cent of the par value, less applicable purchase fees of 0.5 per cent) plus interest since 27 April 2010.

Revolving Credit Facility

On 7 February 2011, NWR entered into a Revolving Credit Facility with, among others, Česká spořitelna, a.s., as facility agent, Citigroup Global Markets Limited as documentation agent, and Česká spořitelna, a.s., Československá obchodní banka a.s., Citigroup Global Markets Limited, Komerční banka, a.s. and ING Bank N.V., Prague branch, as arrangers and original lenders (the 'RCF').

Material Contracts continued

The RCF provides for a bank loan facility of EUR 100 million, which will be available for three years after the date of signing. The proceeds of the RCF will be used for general corporate purposes. At any point in time a maximum of 12 loans can be outstanding in any of the eligible funding currencies, being Euro, Polish Zloty and Czech Koruna. The RCF also provides for NWR to pay certain fees including a commitment fee, arrangement fees and agency fees.

The RCF is a secured obligation of NWR and benefits from the share pledges over the shares in OKD, OKK Koksovny and NWR KARBONIA and is guaranteed by them. The RCF contains certain negative undertakings that, subject to certain customary and other agreed exceptions (and other than as specifically provided for under the RCF), limit the ability of NWR and its subsidiaries to, among other things: create or permit to subsist any encumbrance or security interest over any of its assets; make any asset disposals; make any substantial change to the general nature of its business; enter into transactions other than on an arm's length basis; amalgamate or merge; incur other additional debt. The RCF also contains certain 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) receipt, compliance and maintenance of necessary authorisations; (v) compliance with laws (including environmental laws); (vi) taxation; (vii) pari passu ranking of certain claims; (viii) maintenance of insurance and (ix) maintenance of books of NWR and its subsidiaries. The RCF contains 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.

Intercreditor Agreement

NWR is a party to the Intercreditor Agreement dated 27 April 2010 entered into between, amongst others, NWR, the original obligors (being NWR and certain of its subsidiaries), the intra-Group lenders (being NWR and certain of its subsidiaries), Citibank N.A., London Branch as the security agent, Deutsche Trustee Company Limited as the first and second priority note trustee and certain hedging counterparties. The Intercreditor Agreement establishes, amongst other things, when payments can be made in respect of the debt of NWR and certain of its affiliates. The Intercreditor Agreement sets out: (i) the relative ranking of certain debt of NWR and certain of its affiliates; (ii) the relevant ranking of security granted by NWR and certain of its affiliates; (iii) when payments can be made in respect of that debt; (iv) the effects of certain insolvency events; (v) turnover provisions; and (vi) when security and guarantees will be released to permit an enforcement sale. The RCF lenders acceded to the Intercreditor Agreement by signing the RCF.

OKK Share Pledge Agreement

On 27 April 2010, NWR entered into a share pledge agreement in order to create a Czech law pledge over the shares it owns in OKK Koksovny in favour of Citibank N.A., London Branch (the 'OKK Share Pledge Agreement'). The pledge was granted as security for the payment of all obligations of each of NWR, OKK Koksovny, OKD and/or NWR KARBONIA towards Citibank N.A., London Branch in its capacity as, amongst other things, the security agent (the 'Secured Obligations').

The OKK Share Pledge Agreement provides that the pledged shares are being kept in the deposit of Citibank Europe plc during the tenure of the pledge in accordance with Czech law and pursuant to a separate deposit agreement. NWR provides certain customary covenants that it shall not grant any other security over, or in any other way dispose of, the pledged shares. The OKK Share Pledge

Agreement also sets out: (i) restrictions on NWR'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 Citibank N.A., London Branch to enforce the pledge. The proceeds of any such enforcement must be applied in accordance with the Intercreditor Agreement.

OKD Share Pledge Agreement

On 27 April 2010, NWR entered into a share pledge agreement in order to create a Czech law pledge over the shares it owns in OKD in favour of Citibank N.A., London Branch (the 'OKD Share Pledge Agreement') as security for the Secured Obligations. The OKD Share Pledge Agreement contains similar terms to the OKK Share Pledge Agreement, but in relation to a pledge over the shares held by NWR in OKD.

NWR KARBONIA Registered Share Pledge Agreement

On 27 April 2010, NWR entered into a share pledge agreement in order to create a Polish law pledge over the shares it owns in NWR KARBONIA in favour of Citibank N.A., London Branch (the 'NWR KARBONIA Share Pledge Agreement') as security for the Secured Obligations. The NWR KARBONIA Share Pledge Agreement contains identical terms to the OKK Share Pledge Agreement and OKD Share Pledge Agreement, but in relation to a pledge over the shares held by in NWR KARBONIA.

ECA Facility

On 29 June 2009, NWR and OKD, as a co-obligor, entered into the ECA facility with, amongst others, Natixis Zweigniederlassung Deutschland as facility agent and Natixis as documentation agent, KBC Bank Deutschland AG, as ECA Agent, and Česká spořitelna, a.s., Československá obchodní banka a.s., KBC Bank Deutschland AG, and Natixis, as arrangers and original lenders, as amended on 3 August 2009 (the 'ECA Facility'). The ECA Facility provides for a term loan of approximately EUR 141.5 million, which, following an amendment, was available to be drawn until 30 November 2010 and which will be repayable in 17 semi-annual linear instalments, with a final maturity date falling 102 months after the Starting Point of Credit (as defined in the ECA Facility). 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 the Productivity Optimisation Programme 2010 ('POP 2010') capital investment programme. The interest rate on each advance under the ECA Facility for each interest period is the rate per annum, that is the aggregate of: (a) a margin of 1.65 per cent; (b) EURIBOR; and (c) any applicable mandatory cost of compliance with; (i) the requirements of the Bank of England and/or the FSA or; (ii) the requirements of the European Central Bank.

The ECA Facility also provides for NWR to pay certain fees including a commitment fee, arrangement fees and agency fees. The ECA Facility is an unsecured obligation of NWR and OKD as a co-obligor and is not guaranteed by any of NWR'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 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, OKD and certain subsidiaries of NWR to, among other things: create or permit to subsist any encumbrance or security interest over any of its assets; make any asset disposals; make any substantial change to the general nature of its business; enter into transactions other than on an arm's length basis; amalgamate or merge; incur other additional debt; and dispose of or create any security over the five longwall sets acquired.

The ECA Facility also contains certain 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 and OKD.

The ECA Facility contains financial covenants. Amounts outstanding under the ECA Facility may be prepaid at any time after 29 June 2010 (or, if earlier, the day on which the amounts available under the ECA Facility to NWR and OKD is zero) in whole or in part on 30 business days' notice subject to payment of a minimum amount of EUR 5 million. 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. The ECA Facility will also be automatically cancelled if the ECA guarantee is terminated or cancelled.

OKK Intercompany Revolving Credit Agreement

On 29 April 2009, NWR and OKK Koksovny entered into the Intercompany Revolving Credit Agreement (the 'Agreement'), as amended. Under the Agreement, NWR made available funds in the total amount of CZK 3.6 billion (CZK tranche) and EUR 8 million (EUR tranche) to OKK Koksovny for general payment purposes in connection with OKK Koksovny's operations and activities. The CZK tranche was available for drawing in one or more advances until 30 April 2011, which was also the final maturity date for the CZK tranche. The EUR tranche was made available for drawing until 31 October 2009 and was repaid in full by 31 December 2010.

On 1 January 2011, NWR and OKK Koksovny restructured the Agreement into a 10-year term loan facility. The outstanding amount of CZK 1,712 million is repaid in equal monthly instalments up to the final instalment of CZK 514 million due on 31 December 2020. OKK Koksovny is charged a fixed interest rate of 8.9 per cent per annum on the outstanding principal amount. OKK Koksovny shall pay NWR interest with respect to the outstanding principal amount at the end of each month.

New OKK Intercompany Revolving Credit Agreement

On 14 January 2011, NWR and OKK Koksovny entered into the new Intercompany Revolving Credit Agreement (the 'New Agreement'). Under the New Agreement, NWR makes available funds in the total amount of CZK 1.14 million to OKK Koksovny for general payment purposes in connection with OKK Koksovny's operations and activities. The funds are available for drawing in one or more advances until 31 December 2011, which is also the final maturity date. The New Agreement may be extended until 31 December 2012, subject to the agreement of both parties. The advanced funds shall be repaid within one to 12 months as selected by OKK Koksovny or as otherwise agreed between the parties. The advances may be rolled over at the option of OKK Koksovny. OKK Koksovny is charged a fixed interest rate of 4.75 per cent per annum on the outstanding principal of each advance. OKK Koksovny shall pay NWR interest with respect to the outstanding principal of each advance at the end of each month.

2010 OKD Loan Agreement

On 18 May 2010, NWR, 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 approximately CZK 12.8 billion. As OKD did not have sufficient funds to cover the distribution, NWR agreed to lend this amount to OKD on the basis of a loan agreement dated 12 July 2010 (the '2010 Loan Agreement'). In connection with the decision on the distribution, NWR, in its capacity as the sole shareholder of OKD, further resolved, on 18 May 2010, to approve NWR's contingent equity contribution in excess of the registered capital of OKD in the amount of up to EUR 700 million. This measure represents a requirement under the 2018 Indenture for the protection of the holders of the Senior Secured Notes. The contingent contribution will only be triggered upon an event of default under the 2018 Indenture, a continuing event of default under the 2015 Indenture or a continuing event of default under the documentation governing indebtedness that qualifies as material debt under the 2018 Indenture.

On 14 July 2010, OKD drew down the full amount of the 2010 Loan Agreement in the aggregate amount of approximately EUR 502.8 million. The 2010 Loan Agreement consists of three 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 by 15 February 2016.

Sale of Energy Business

NWR entered into the Share Sale and Purchase Agreement with Dalkia Česká republika, a.s. ('Dalkia') on 8 January 2010, which provides for the sale by NWR to Dalkia of 100 per cent of the ownership in NWR Energy, a.s. ('NWR Energy'), CZECH-KARBON s.r.o. ('CZECH-KARBON') and NWR ENERGETYKA PL Sp. z o.o. (together the 'Energy Subsidiaries'), which was successfully closed on 21 June 2010 (the 'SPA'). The purchase price paid to date is CZK 3,584 billion in cash, and is subject to further adjustments based on the trading results of CZECH-KARBON for 2010 and 2011. Dalkia is a leading energy group in the Czech Republic as a heat producer and distributor and is a member of the 'Veolia Environment Group'.

The SPA provides for put and call options, as well as a pre-emption right of NWR, in respect of the energy assets and businesses transferred to Dalkia or replacing such energy assets or businesses upon the occurrence of certain events. Before closing of the sale, the Energy Subsidiaries supplied the utilities (in particular the supply and distribution of electricity and the production, supply and distribution of heat, compressed air and bathroom water) to OKD, primarily through a framework agreement on supplies and services between OKD, NWR Energy and CZECH-KARBON, dated 27 November 2008 (the 'Framework Agreement'), although certain other supplies were also made to OKD and other affiliates. The Framework Agreement was initially entered into in connection with the reorganisation of the energy business to provide a framework for the independent operation and arm's length pricing of energy services. In addition, OKK Koksovny and Dalkia were already, prior to closing, party to an agreement pursuant to which OKK Koksovny supplied Dalkia with coking gas and Dalkia supplies OKK Koksovny with heat and OKD and NWR were parties to an agreement pursuant to which Dalkia, through NWR, supplied the ČSA mine with heat.

In connection with the consummation of the sale of the energy business to Dalkia the Framework Agreement and certain agreements implementing it were amended to reflect agreed commercial terms. The Framework Agreement, as amended, will terminate on 31 December 2029, subject to an option in favour of OKD to extend the Framework Agreement for an additional five-year period. OKD is obliged, among other things, to supply NWR Energy with certain raw materials (coal, coke and water) used in the production of the utilities

Material Contracts continued

and to purchase energy utilities (mainly heat and compressed air) and electricity distribution services from NWR Energy and electric power from CZECH-KARBON; NWR Energy and CZECH-KARBON are obliged, among other things, to deliver the utilities to OKD in the requested volumes (subject to technical minimum and maximum amounts) at agreed prices. The pricing mechanism for supplies under the amended Framework Agreement (in respect of raw materials, utilities, services and relevant leases) will be applicable over the entire duration of the amended Framework Agreement on arm's length terms. Dalkia has acceded to the rights and obligations of NWR Energy and CZECH-KARBON arising under the amended Framework Agreement and under implementation agreements relating to the same.

2009 Factoring Agreement

OKD and HSBC Bank plc acting through its branch HSBC Bank plc pobočka Praha operating in the Czech Republic ('HSBC') entered into a non-recourse receivables sale agreement effective as of 28 December 2009 (the '2009 Factoring Agreement'). Pursuant to the 2009 Factoring Agreement, OKD agreed to sell and assign certain receivables arising from a delivery of certain goods by OKD to suppliers as specified in the schedule to the 2009 Factoring Agreement to HSBC for the price corresponding to 90 per cent of the principal amount of the assigned receivables. HSBC agreed to maintain and service such transferred receivables. OKD agreed to retain a maximum of 10 per cent of the risk associated with such transferred receivables. OKD is obliged to pay HSBC interest and service fees under the agreement. The maximum available balance under the agreement is CZK 1,725 million, which is approximately EUR 64 million. The 2009 Factoring Agreement is governed by the laws of the Czech Republic. However, certain mutual relationships between OKD and HSBC in connection with the transfer of the receivables are governed by English law. On 31 December 2009, CZK 1,650,132,170.29, which is approximately EUR 61 million, of eligible receivables were sold by OKD under the 2009 Factoring Agreement. The payments of assigned receivables by the sub-debtors are directed to a special account and are available for drawing by OKD (even to the debit) up to 90 per cent of the nominal value of the assigned receivables. The 2009 Factoring Agreement was terminated as of 2 March 2010 pursuant to the 2010 Factoring Agreement (described below).

2010 Factoring Agreement

OKD and HSBC entered into a further non-recourse receivables sale agreement effective as of 29 March 2010 (the '2010 Factoring Agreement'). The maximum available balance under the 2010 Factoring Agreement is CZK 1,725 million. The 2010 Factoring Agreement is governed by the laws of the Czech Republic. However, certain mutual relationships between OKD and HSBC in connection with the transfer of the receivables are governed by English law. On 31 March 2010, CZK 1,102,359,603.82 of eligible receivables were sold by OKD pursuant to the 2010 Factoring Agreement.

Equipment Supply Contract

NWR entered into an equipment supply contract on 16 June 2008, as amended, whereby it agreed to purchase certain equipment for longwall coal extraction for approximately EUR 145 million. All longwall equipment has been delivered, assembled and is operational.

Hedging Arrangements

NWR has entered into the following interest rate hedging arrangements (outstandings as of 31 December 2010): (i) a hedge in the aggregate amount of EUR 105 million with Česká spořitelna, a.s., Československá obchodní banka, a.s. and ING Bank N.V. in relation to the ECA Facility; (ii) a hedge in the aggregate amount of EUR 200 million with Citibank N.A. in relation to the Senior Secured Notes; and (iii) a hedge in aggregate amount of EUR 59 million with Royal Bank of Scotland. In addition, OKD has entered into an interest rate hedging arrangement with Citibank N.A. and Barclays Bank plc in the aggregate amount of EUR 182 million and CZK 1,516 million in relation to the 2010 OKD Loan Agreement.

Co-operation Agreement between RPGI and Ferrexpo

In October 2008, RPG Industries Public Limited (formerly known as RPG Industries SE; 'RPGI'), the former majority indirect shareholder of NWR, purchased a shareholding of 25 per cent minus one share in Ferrexpo, a Ukrainian iron ore company (the 'Ferrexpo Transaction'). In connection with the Ferrexpo Transaction, Ferrexpo's controlling shareholder Fevamotinic Sarl, a company incorporated with limited liability in Luxembourg ('Fevamotinic') and RPGI entered into an agreement in which the parties agreed to pursue a strategic alliance whereby RPGI and Fevamotinic would seek to find areas in which they could work together to develop their respective businesses in the CEE. As part of such strategic alliance, RPGI and Fevamotinic agreed to ask NWR and Ferrexpo, respectively, to consider working together to explore strategic opportunities to develop business together in Ukraine, the Czech Republic, Poland and other territories. A further aspect of the strategic alliance was for each of RPGI and Fevamotinic to nominate persons to be appointed to the board of directors of the other's affiliate, being NWR and Ferrexpo, respectively. Mike Salamon, the Executive Chairman of NWR, and Marek Jelínek, the Chief Financial Officer of NWR, were appointed as non-executive directors of Ferrexpo, and Kostyantyn Zhevago, the chief executive officer of Ferrexpo, was appointed as a Non-Executive Director of NWR. Mr. Jelínek retired from the board of Ferrexpo in May 2010.

Agreement on ICT Services

On 29 April 2010, OKD, HEWLETT-PACKARD s.r.o. and Siemens IT Solutions and Services, s.r.o. concluded the Agreement on ICT Services. Under this agreement, the suppliers will provide OKD with IT services for a total consideration of CZK 482 million. The agreement was entered into for a period of 60 months and may be extended for an additional 24 months. The agreement may be terminated by either party in case of a gross breach of the agreement or without cause after a six-month notice period at any time after the second year of the term of agreement.

Contract for Works

On 20 October 2010, OKD, GASCONTROL, společnost s.r.o., Q-ELEKTRIK a.s. and VOKD, a.s. concluded the Contract for Works. Under this contract, the suppliers are obliged to supply OKD's mine sites with 60 circuit-breakers in 2010. OKD has an option for supply of another 690 circuit-breakers in 2011–2013. The total consideration for the 750 circuit-breakers is CZK 927.5 million.

Ivona Ročárková

Company Secretary

Directors' Statement of Responsibility

The financial report is the responsibility of, and has been approved by, the Board of Directors of the Company. The Directors declare that, to the best of their knowledge:

- (a) The consolidated financial statements, set out on pages 81 to 139 have been prepared in accordance with IFRS, as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit or loss of NWR and the undertakings included in the consolidation taken as a whole;
- (b) The management report includes a fair review of the development and performance of the business and the position of NWR and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Board of Directors

14 March 2011

Remuneration Report

This Remuneration Report was prepared by the Remuneration Committee and sets out the Company's Remuneration Policy and practice for the Directors. The report also provides details of Directors' remuneration for the year ended 31 December 2010.

Remuneration Committee

The Remuneration Committee is chaired by Zdeněk Bakala and the other members are Hans-Jörg Rudloff, and Bessel Kok, all of whom are Non-Executive Directors. As a major shareholder representative Mr. Bakala is not considered to be independent. However the Board regards Mr. Bakala's membership of the Remuneration Committee as critical to the further alignment of executive remuneration with shareholder interests.

The Remuneration Committee is responsible for advising the Board on remuneration policy for Directors of the Board including salary levels, bonuses and other benefits for Executive Directors and contractual terms for all Directors of the Board.

During the year, Mercer Limited provided independent advice to the Remuneration Committee on executive remuneration. Mercer Limited did not provide any other services to NWR during the year.

Remuneration policy

The remuneration policy for the Board of Directors was adopted by the Annual General Meeting of Shareholders in April 2008 and amended on 27 April 2010 by the Annual General Meeting of Shareholders.

The objective of the remuneration policy is to attract, retain and motivate talented executives by providing a well-balanced remuneration package. The remuneration policy aims to ensure that a competitive remuneration package for the Executive Directors is maintained and benchmarked against other multinational companies based in Europe and operating in global markets. The Remuneration Committee believes that the remuneration policy remains appropriate for 2011.

In order to align executive performance with shareholder value, the remuneration of Executive Directors is linked not only to individual performance but also to NWR Group's performance. The salary, bonus, if any, and other terms and conditions of employment of the Executive Directors shall be determined by the Board having reviewed proposals submitted by the Remuneration Committee and giving due consideration to the remuneration policy. The remuneration policy also sets out the remuneration of Non-Executive Directors, as described further. The Board has delegated its powers and responsibilities to certain authorised officers with respect to the remuneration of senior managers and key employees of NWR Group, who shall decide on their salary, bonuses and other benefits.

Remuneration of Executive Directors

In 2010 and in previous years, the remuneration package for Executive Directors included a significant variable element in the form of a cash bonus incentive and a long-term incentive in the form of share grants and stock option grants. The Remuneration Committee ensured that an appropriate balance between the fixed and performance-related elements of executive remuneration was maintained.

Upon its engagement by the Board as the Company's independent remuneration consultants, Mercer Limited proposed to modify the remuneration policy for Executive Directors, senior managers and key employees of NWR Group. Specifically to include, inter alia, a deferred bonus plan using predetermined performance conditions, as described in more detail below (the 'Deferred Bonus Plan'). The

Deferred Bonus Plan has now been implemented throughout NWR Group commencing in January 2011.

Base salary

To ensure remuneration remains effective in supporting the Group's business objectives, the Remuneration Committee annually reviews base salary levels for Executive Directors, taking into account external benchmarks, and makes subsequent proposals to the Board. When setting salary levels, the Remuneration Committee takes into consideration individual performance, NWR Group performance and changes in responsibilities.

Bonus

Executive Directors may be awarded cash bonuses by the Board upon proposal by the Remuneration Committee. The value of the cash bonus is determined by the Remuneration Committee following evaluation of financial and non-financial benchmarks.

Stock option plan for the Chairman of the Board

On 1 September 2008, Mr. Salamon was awarded share options equal to 0.5 per cent of NWR's share capital as per the date of grant. Each share option gives Mr. Salamon the right to acquire one A share on the vesting date. The exercise price per option is EUR 0.01. The option award will enable Mr. Salamon to ultimately acquire up to 0.5 per cent of NWR's share capital by 1 September 2012, provided that: (i) he remains an executive member of the Board; and (ii) any other conditions for vesting have been met. The options vest over a period of five years so that 20 per cent of the total awarded options vest annually on each anniversary of 1 September 2008, when the initial 263,800 options vested. The number of options vesting depends on NWR's share capital on 1 September of that year. Mr. Salamon shall be compensated for any shortfall on each anniversary.

Share awards plan for the chief executive officer of OKD, a.s. ('OKD')

Mr. Beck was entitled to receive from OKD and its affiliates, at the cost of OKD, 250,045 A shares of NWR, or cash in lieu of shares, for each full year of his three-year term ending on 30 June 2010. Since Mr. Beck and OKD have agreed to extend Mr. Beck's employment term beyond the initial three years, his new employment agreement provides that he is entitled to receive 250,045 A shares of NWR for each full year of the term beyond the initial three years up to a maximum of 1,250,225 A shares of NWR.

Stock option plan for Executive Directors, senior management and key employees

NWR operates a stock option plan (the 'Stock Option Plan'), which was adopted by the Annual General Meeting of Shareholders in April 2008. The Stock Option Plan was designed with the assistance of Mercer Limited. The plan is administered by the Board and the Remuneration Committee.

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.

Eligibility

Executive Directors, senior managers and key employees of the NWR Group were eligible to participate in the Stock Option Plan. Individual eligibility was determined by the Board upon the recommendation of the Remuneration Committee.

Grant of options

The maximum number of A shares over which options might have

been granted under the Stock Option Plan could not exceed 3 per cent of the issued A share capital of NWR at the time of its IPO. Option holders were not required to pay for the grant of an option.

As per January 2010, the total number of options granted (excluding options of holders who had left NWR Group) was 3,792,436 and their total monetary value was GBP 6,101,618 (approximately EUR 6,871,344), which was calculated on the Black-Scholes model.

The total number of options granted in March 2010 was 1,742,631 and their total monetary value at the date of the grant was GBP 5,128,618 (approximately EUR 5,722,627), also calculated on the Black-Scholes model.

Exercise price

The exercise price of options granted upon completion of the IPO in May 2008 was GBP 13.25. The exercise price in respect of any other options granted under the Stock Option Plan was equal to the average opening value of an A share on the London Stock Exchange on the five business days immediately prior to the date of grant. The exercise price of options granted in 2009 was GBP 2.8285 and the exercise price of options granted in 2010 was GBP 7.128.

Exercise of options

Options vest after a three-year period, provided the option holder remains a Director or an employee of NWR Group. The exercise of options is dependent on financial and operational criteria determined by the Remuneration Committee and approved by the Board. For Executive Directors and certain members of senior management and key employees, EBITDA threshold and target performance were used for vesting purposes. For other senior management and key employees of NWR Group, production and cost control thresholds and targets were set, as relevant to the participant and his/her area of responsibility. For each year during the vesting period, one third of the granted options become eligible for vesting. 50 per cent of the stock options vest if the threshold performance is achieved, and 100 per cent of the stock options vest if the target performance is achieved. Vesting between threshold and target is on a straight-line basis. Individual threshold and target performance were proposed each year by the Remuneration Committee and approved by the Board.

Options, which have not been exercised will normally 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 (see below), scheme of arrangement or winding up. Options are not transferable and may only be exercised by the persons to whom they are granted. No options were exercised under the Stock Option Plan during 2010.

Individual limits

Options are not granted to a member of senior management if this would cause the total amount due on the exercise of any options in a single year to exceed his/her fixed annual salary in the 12 months prior to grant, or to exceed five times his/her fixed annual salary in the 60 months prior to grant. Furthermore, options are not granted to a key employee of the NWR Group if this would cause the total amount due on the exercise of any options granted in a single year to exceed 60 per cent of his/her fixed annual salary in the 12 months prior to grant, or to exceed three times his/her fixed annual salary in the 60 months prior to grant.

Termination of employment

If an option holder ceases to be a Director or employee of NWR Group for reasons involving misconduct, all his/her options will lapse. If an option holder dies, retires at normal retirement age, is made

redundant or retires through illness or injury, his/her options may be exercised on a proportionate basis dependent upon the time, which has elapsed since the date of grant and the application of any relevant performance condition.

Change in control

In the event of a change in control of NWR Group, all options will vest.

Issue of A shares and variation in share capital

A shares issued in a single year of options will rank equally with A shares in issue at that time, except in respect of rights arising by reference to a prior record date. Options may be adjusted following certain variations in the share capital of NWR Group, including a capitalisation or rights issue, subdivision or consolidation of share capital.

Amendments

The Remuneration Committee has discretion to manage and administer the Stock Option Plan, interpret and propose changes therein to the Board, subject to the provisions of any applicable law, including but not limited to Dutch corporate law and market abuse laws in both the Netherlands and the UK.

Deferred Bonus Plan

The Deferred Bonus Plan undertakes to establish universal and transparent Group-wide remuneration principles in line with industry best practice. The Deferred Bonus Plan may be offered to Executive Directors as well as to senior managers and key employees of NWR Group, subject to approval by the Remuneration Committee. Board approval is required for participation of Executive Directors.

The main principles of the Deferred Bonus Plan applicable to the Executive Directors are set out below:

Main principles

A bonus opportunity will be set as a percentage of base salary. In line with standard practice, Executive Directors would need to achieve of at least 80 per cent of annual EBITDA target for a bonus to be payable. This condition aims to provide a strong connection between business imperative and performance. If this condition is met the bonus may be between 100 per cent and 250 per cent of annual salary on the basis of performance evaluation of performance criteria. Performance will be measured against a balanced scorecard, providing a shared framework within which specific performance criteria shall be set relevant to the Executive Director and his area of responsibility, which may include one or more of EBITDA, CAPEX, cost control, production, safety, etc. At the end of the year, bonus eligibility will be determined using audited results. The Board, upon the proposal of the Remuneration Committee, shall decide on the actual amount of bonus payable. 50 per cent of the annual bonus award will be payable in cash and 50 per cent will be deferred into A shares for a period of three years. The number of A shares granted will be derived using the average of opening prices of an A share as reported by the London Stock Exchange on each of the five business days preceding and including the date of grant. After a period of three years from the date of deferral, the deferred bonus award will vest. The A shares will be delivered to the participant provided that the participant is still employed by NWR Group (otherwise a principal of 'good' or 'bad' leavers will apply). The maximum number of A shares offered under the Deferred Bonus Plan to an Executive Director in one bonus year may not exceed 250,000 A shares. No dividend will be paid out on the deferred shares during the deferral period. The Deferred Bonus Plan allows ad hoc grants, although the use of such grants should be minimized. The value of any ad hoc grant shall not exceed 250 per cent of annual salary in each case in each financial year.

Remuneration Report continued

Put option

Each participant will have a put option, which will give the participant a put at market price at the time the A shares are issued or delivered, as the case may be, to him/her to have him/her benefit from future price increase, but protect him/her from any potential reduction in value that he/she has already earned. The period to exercise the put option will be limited to three years and the put option will cease to exist if the participant leaves NWR Group.

Adjustment and clawback provisions

If the Remuneration Committee or the Board, as the case may be, believes that extraordinary circumstances have occurred during the period in which the predetermined performance criteria have been or should have been achieved, which lead to an unfair result with respect to the deferred bonus amounts awarded to the Executive Director, the Board, upon the proposal of the Remuneration Committee, retains the discretionary power to adjust the value of the deferred bonus amounts as appropriate.

If any variable remuneration, be it in the form of cash or A shares, has been awarded on the basis of incorrect financial or other data, the Board is entitled to recover such remuneration from the Executive Director. This right of recovery exists irrespective of whether the Executive Director has been responsible for the incorrect financial or other data or was aware or should have been aware of the inaccuracy. The right of recovery expires after a period of three years as of the adoption of the annual accounts in which the variable remuneration is accounted for.

Change in control

Upon a change in control of NWR Group, deferred shares will vest on a time pro rated basis unless the Board decides that this is inappropriate given overall performance. Vested A shares shall be issued or delivered, as the case may be, as soon as is practicable.

Other benefits

In addition to the salary, bonus and share-based incentives, additional non-cash benefits may be provided by NWR Group to Executive Directors, such as relocation allowances, accommodation allowances, school fees, medical insurance and company car arrangements. The total annual value of the non-cash benefits provided may not exceed EUR 300,000 for each individual Executive Director. These do not include pension benefits (NWR Group does not operate any pension schemes on behalf of, or for the benefit of, its Directors).

Executive Directors are not entitled to any benefit upon termination of their employment agreement other than the contractual benefits that apply during the notice period.

Service contracts of Executive Directors

| Name | Date of appointment | Termination date for appointment | Notice period ¹ |
|--------------------------------|---------------------|----------------------------------|---|
| Mike Salamon | 1 September 2007 | – | 12 months' notice by NWR; six months' notice by Director |
| Klaus-Dieter Beck ² | 1 July 2007 | 30 June 2013 | Six months' notice by either party |
| Marek Jelínek | 6 March 2007 | – | Two months' notice by NWR; one month's notice by Director |

1 Service contracts of Executive Directors provide for payment of salary alone in lieu of notice.

2 The applicable law governing Mr. Beck's employment agreement provides for a statutory severance payment of three average monthly salaries. However, he would only be entitled to such a severance payment, if the position of Chief Executive Officer has ceased to exist (and not in the event of his replacement).

Remuneration of Executive Directors in financial year 2010

The tables below provide a description of the pre-tax remuneration of Executive Directors for the fiscal year ended 31 December 2010.

Executive Directors' emoluments and cash remuneration

| Name | Gross salary (EUR) | Cash bonus (EUR) | Other benefits ³ (EUR) | Total (EUR) |
|--------------------------------|--------------------|------------------|-----------------------------------|-------------|
| Mike Salamon | 291,475 | – | – | 291,475 |
| Klaus-Dieter Beck ¹ | 694,848 | 1,977,535 | 131,950 | 2,804,333 |
| Marek Jelínek ² | 290,396 | – | 102,129 | 392,525 |

1 Mr. Beck receives his remuneration in CZK. The amounts stated in this table were converted into EUR from CZK at an exchange rate of 25,284 CZK/EUR, which was the average exchange rate in 2010. Gross salary of Mr. Beck includes remuneration received from OKD and OKK Koksovny for his Board membership in 2010. The cash bonus was awarded for the year 2009.

2 Gross salary of Mr. Jelínek includes remuneration received from OKD for his Board membership in January and February 2010.

3 Includes in-kind compensation, e.g. personal travel costs, additional health insurance, housing, etc.

2010 Stock option grants

| Name | Date of grant | Granted | Vesting date | Vested | Lapsed |
|----------------------------|------------------|-----------|------------------|---------|--------|
| Mike Salamon ¹ | 1 September 2008 | 1,319,000 | 1 September 2010 | 265,150 | – |
| Klaus-Dieter Beck | – | – | – | – | – |
| Marek Jelínek ² | 17 March 2010 | 88,310 | 17 March 2013 | – | – |

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| Name | Exercised | Expiry date | Exercise price | At 1 January 2010 | At 31 December 2010 |
|-------------------|-----------|-------------|----------------|-------------------|---------------------|
| Mike Salamon | 265,150 | – | EUR 0.01 | 790,849 | 525,699 |
| Klaus-Dieter Beck | – | – | – | – | – |
| Marek Jelínek | – | – | GBP 7.128 | 261,665 | 349,975 |

- Mr. Salamon received options under his stock option plan. 263,800 options vested on 1 September 2008, 264,351 options vested on 1 September 2009 and 265,150 options vested on 1 September 2010. An additional 20 per cent of granted options will vest on 1 September 2011 and 2012.
- Mr. Jelínek received options under the Stock Option Plan.

Share awards

| Name | Date of grant | At 1 January 2010 | Granted | At 31 December 2010 |
|-----------------------------------|---------------|-------------------|---------|---------------------|
| Mike Salamon | – | – | – | – |
| Klaus-Dieter Beck ^{1, 2} | 1 July 2010 | – | 250,045 | – |
| Marek Jelínek ³ | – | – | – | – |

- In January 2010, Mr. Beck received a cash amount of CZK 41,724,729 (which is approximately EUR 1,650,242) equal to the then market value of 250,045 A Shares of NWR that Mr. Beck was entitled to receive in July 2009 and which Mr. Beck and OKD agreed, following deferral until 2010 in response to the economic situation of OKD in 2009.
- In July 2010, Mr. Beck received a cash amount of CZK 54,858,713 (which is approximately EUR 2,169,700) equal to the then market value of 250,045 A Shares of NWR that Mr. Beck was entitled to receive in accordance with his share awards plan.
- In the absence of a transitional arrangement for equity incentives to Executive Directors who participate in the Deferred Bonus Plan, for their performance in financial year 2010, the Board resolved, on 3 March 2011, on an ad hoc grant of 30,000 deferred shares to Mr. Jelínek. The deferred shares will vest in three years, provided that Mr. Jelínek is employed with NWR Group on the vesting date. The grant is not subject to any performance criteria but is subject to the continuing provisions of the Deferred Bonus Plan.

Total remuneration of Executive Directors

| Name | Salary (EUR) | Cash bonus (EUR) | Other benefits (EUR) | Value of stock options exercised in FY 2010 (EUR) | Value of share awards in FY 2010 (EUR) | Total in FY 2010 (EUR) |
|-------------------|--------------|------------------|----------------------|---|--|------------------------|
| Mike Salamon | 291,475 | – | – | 2,342,419 | – | 2,633,894 |
| | 11% | – | – | – | 89% | 100% |
| Klaus-Dieter Beck | 694,848 | 1,977,535 | 131,950 | – | 3,819,942 | 6,624,295 |
| | 10% | 30% | 2% | – | 58% | 100% |
| Marek Jelínek | 290,396 | – | 102,129 | – | – | 392,525 |
| | 74% | – | 26% | – | – | 100% |

Remuneration of Non-Executive Directors

Each Non-Executive Director has entered into a letter of appointment with the Company, the relevant terms of which are set out below:

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. No notice period applies for the termination of each Non-Executive Director's letter of appointment. Unless the appointment as a Non-Executive Director is renewed on or prior to the termination date, the term as a Non-Executive Director shall lapse immediately after the termination date. 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 letter of appointment.

The basic annual fee payable to the Non-Executive Directors is EUR 76,065, which is reviewed annually by the Remuneration Committee. Any amendments to the remuneration of the Non-Executive Directors require a resolution of the General Meeting. The Annual General Meeting of Shareholders held in April 2010 approved a proposal of the Board, as recommended by the Remuneration Committee, to increase the annual fee for the members of the Health and Safety Committee to the levels paid to the members of the Real Estate Committee. The Remuneration Committee believes remuneration rates remain appropriate for 2011.

The 2010 Annual General Meeting of Shareholders further approved the Board's proposal to continue the share plan for the Independent Non-Executive Directors in 2010. (Details of this plan are described in the 2009 Annual Report on page 81.) Following the approval referred above, each of the Independent Non-Executive Directors were awarded additional A shares valued at EUR 200,000 in May 2010. The number of A shares awarded was equivalent to EUR 200,000 divided by the average opening price of an A share as reported by the London Stock Exchange on each of the five business days preceding and including the date of grant, and each Director received 20,693 A shares valued at a total of EUR 1 million.

Non-Executive Directors are reimbursed for all reasonable and documented expenses incurred in performing their role.

Remuneration Report continued

Remuneration of Non-Executive Directors in financial year 2010

| Name | Annual fee (EUR) | Committee chairmanship annual fee (EUR) | Committee membership annual fee (EUR) | Total actual compensation ⁵ (EUR) |
|---------------------------------|------------------|---|---------------------------------------|--|
| Zdeněk Bakala ¹ | 0 | 0 | 0 | 0 |
| Peter Kadas ¹ | 0 | 0 | – | 0 |
| Hans Mende | 76,065 | – | – | 76,065 |
| Pavel Telička ² | 76,065 | – | – | 76,065 |
| Kostyantín Zhevago ³ | 76,065 | – | – | 76,065 |
| Bessel Kok | 76,065 | 63,387 | 25,355 | 164,807 |
| Hans-Jörg Rudloff | 76,065 | – | 57,049 | 133,114 |
| Steven Schuit ⁴ | 76,065 | – | 89,038 | 165,103 |
| Barry Rourke | 76,065 | 63,387 | 31,694 | 171,146 |
| Paul Everard ⁴ | 76,065 | 59,358 | 31,694 | 167,117 |

- Mr. Bakala and Mr. Kadas waived their fees for the whole of 2010.
- NWR entered into a consultancy agreement with BXL Consulting Ltd; Mr. Telička is the co-founder and director in charge of the Brussels office of BXL. For further details regarding these contracts, see the 'Related Party Transactions' section of this 2010 Annual Report.
- Mr. Zhevago agreed to waive his annual fee for the benefit of a charity.
- Includes the increased fee for the membership in the Health, Safety and Environment Committee, which applied from 27 April 2010.
- Excludes the value A shares awarded to Independent Non-Executive Directors.
- The Health, Safety and Environment Committee includes Messrs. Stan Suboleski and Karl-Friedrich Jakob as associate members. Their annual fee corresponds with the annual fee of other members of this committee and amounts to EUR 31,694.

Directors' interest in shares

The table below sets out information pertaining to the shares held by the Directors in NWR.

| Name | At 1 January 2010 | At 31 December 2010 |
|----------------------------|------------------------------------|------------------------------------|
| Mike Salamon | 437,618 shares and 790,849 options | 570,193 shares and 525,699 options |
| Marek Jelínek | 7,075 shares and 261,665 options | 7,075 shares and 349,975 options |
| Klaus-Dieter Beck | 12,490 | 12,490 |
| Zdeněk Bakala ¹ | – | – |
| Peter Kadas ¹ | – | – |
| Hans Mende | 38,000 ² | 38,000 ² |
| Pavel Telička | – | – |
| Kostyantín Zhevago | – | – |
| Bessel Kok | 68,830 | 54,308 |
| Hans-Jörg Rudloff | 115,150 | 90,843 |
| Steven Schuit | 65,150 | 25,843 |
| Paul Everard | 85,150 ² | 67,843 |
| Barry Rourke | 65,150 | 55,843 |

- Please refer to the 'Shareholder Information' on page 160 in respect of the individual interests of entities affiliated with Messrs. Bakala and Kadas in the A shares and B shares of NWR.
- Includes shares held in the name of spouse (or other member of family if applicable), fund, trust or other nominee.

Loans to Directors

No personal loans, guarantees or other similar instruments may be provided to the Directors.

Pension scheme

NWR Group does not operate any pension schemes on behalf of, or for the benefit of, its Directors or employees. Accordingly, NWR Group does not set aside or accrue amounts to provide pension, retirement or similar benefits.

However, NWR Group does accrue certain pension liabilities under applicable Czech law for medical leave, employment length of service (which is a special benefit paid to all employees in the mining profession once a year based on length of employment) and termination payments for its employees. For additional information, see Note 28 to NWR Group's consolidated financial statements for the year ended 31 December 2010.

This Remuneration Report has been approved by the Board.

Zdeněk Bakala

Chairman of the Remuneration Committee
27 January 2011