



LUBEL COALCOMPANY LIMITED
(‘Lubel Coal’ or ‘the Company’)

COMPLETION OF £29 MILLION PRIVATE PLACING

Lubel Coal, an independent coal mining company with assets in Ukraine, today announces that it has completed a £29 million (\$59 million) private placing (gross) of ordinary shares with institutional investors. Proceeds of the placing will be used to complete a feasibility study and provide pre-development expenditure for the Company’s wholly owned coking coal project in Western Ukraine. J.P Morgan Cazenove acted as Sole Placement Agent and Financial Adviser to the Company.

Highlights:

- Completion of £29m (US\$59m) private placing with institutional investors
- J.P Morgan Cazenove acted as Sole Placement Agent and Financial Adviser to the Company
- Proceeds to be used for feasibility study and pre-development expenditure
- IPO on the Alternative Investment Market of the London Stock Exchange planned for end 2008

The Lubel Coal Project (‘the Project’) contains measured and indicated in situ resources of 162 million tonnes (classified as Class B and C1 reserves under Ukraine standards) of high quality washed coking coal located in a licence over two adjacent blocks (Lubelska 1 and 2) in the Lvov-Volyn hard coal basin. The licence is situated near to the Chernovograd coal mining region in Western Ukraine approximately 30km from the Polish border and in close proximity to an existing power station and railway network.

Coal from the licence area is planned to be mined from several seams, with shafts sunk to a depth of 920-940 metres, using modern, high productivity underground longwall mining methods and equipment. Current plans envisage annual production of 5.2 million tonnes of run-of-mine coal and 4.15

million tonnes of high quality washed coking coal with a mine life in excess of 25 years.

Given the strategic location of the Project it is expected that coking coal will be sold to a number of steel mills both in Ukraine and within Europe.

The Company plans to carry out an IPO and, subject to market conditions, list on London's AIM Market by the end of 2008. Initiatives are currently underway to identify and arrange financing for the full development of the licence area. Subject to this, the Company expects to start construction during the 4th quarter of 2008 with initial coal production targeted for 2013.

Graham Mascall, Chief Executive of Lubel Coal, commented:

"The completion of the private placing is an important first milestone in establishing Lubel Coal as the leading coal producer in the region.

The Lubelska licence provides the Company with world class coking coal deposits situated in a strategic location in Western Ukraine within close proximity of the industrial heartland and steel industries of Ukraine and Europe. With long life coal resources and potential for production of over 4 million tonnes per annum of quality coking coal, the Company is expected to become a major new supplier within the next 5 years.

Given the continuing strong outlook for coking coal demand and the expected low operating and capital costs for the Project, the Company believes that it will have robust economics."

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