Report on Coal Resources Assessment at Lubelska Coal Mine Project, Western Ukraine prepared by Wardell Armstrong

The coal is medium volatile bituminous coal of coking grade K – the highest coking grade in the Russian/Ukrainian grading system. The modelling has been carried out using Datamine software based on historic data from 431 boreholes drilled at the site between 1955 and 2005.

The coal resource estimation and classification has applied the internationally accepted JORC Code (2004) and the JORC Guidelines for Coal (2003).

Coal Resources rely on there being information on both thickness and grade/quality, and on there being "reasonable prospects for eventual extraction" of the coal.

Coal Resources

Measured	38-42 million tonnes
Indicated	90-99 million tonnes
Measured&Indicated	**128-141 million tonnes**
Inferred	40-44 million tonnes
Total	**168-185 million tonnes**

Inferred Coal Resources are not normally considered by a Feasibility Study as being available for mining, without further proving or verification. However, it is known from estimates of the Inventory Coal that the coal seams are continuous across these gaps, and for the purposes of taking the project through to Feasibility Study, it is reasonable to assume that all of the coal in the Measured, Indicated and Inferred categories is available for mining, with the exclusion of the coal currently placed within the 10m cautionary zone to the base of the Jurassic. For this reason, it is considered that the Coal Resources potentially available to the mining feasibility study should be taken to be in the range 168-185 million tonnes, 76% being within the Measured and Indicated categories.