Coal Energy S.A. – semi-annual financial results for 1H FY2013

February 28th, 2013. Coal Energy published financial results for the first half of financial year 2013, ended December 31st, 2012

The financial year of Coal Energy S.A. commences on the 01st July and ends in on the 30th June (2013 financial year commenced on the 1st July 2012 and will end on the 30th June 2013).

Semi-annual financial results for 1H FY2013 (01.07-31.12.2012) vs 1H FY2012 (01.07-31.12.2011):

USD '000 000	**1H FY2013 (01.07-31.12.2012)**	1H FY2012 (01.07-31.12.2011)	*% change*
Revenue	**86.7**	82.4	*+5,2%*
Gross profit	**26.9**	36.8	*-26,9%*
EBITDA	**24.1**	33.1	*-27,2%*
EBIT	**18.5**	28.6	*-35,3%*
Net profit	**11.9**	20.7	*-42,5%*

Quarterly financial results for 2Q FY2013 (01.10-31.12.2012) vs previous quarter (01.07-30.09.2012):

USD '000 000	**2Q FY2013 (01.10-31.12.2012)**	1Q FY2013 (01.07-30.09.2012)	*% change*
Revenue	**47.3**	39.4	*+20,1%*
Gross profit	**11.9**	15.0	*-20,7%*
EBITDA	**10.7**	13.5	*-20,7%*
EBIT	**7.6**	10.9	*-30,3%*
Net profit	**4.4**	7.5	*-41,3%*

"Our first half FY2013 performance is a relevant illustration of Coal Energy Group's priorities and undertakings. We are positive in the mid-to-long term about the global and local coal markets and for this reason we are follow our investment program declarations intended on future output increase."– says Viktor Vyshnevetskyy, Coal Energy's CEO.

In the 1H FY2013 revenue from coal sales decreased by 1.1% y-o-y to US$79.1 million. Major flatteners of the revenue figures in the face of increased tonnage sales were lower price of export sales as well as shifting within the coking coal segment from coking coal to dual-purpose coal sales.

Export revenue from coal sales decreased to US$6.7 million y-o-y (from US$32.0 million in the 1H FY2012). Share of export in total revenue decreased to 7.7% y-o-y (compared to 38.8% in the 1H

FY2012). In the 2Q FY2013 revenue from coal sales increased by 9.8% q-o-q to US$41.5 million. Export revenue increased by 57.7% q-o-q to US$4.1 million and reached 8.7% in total revenue (compared to 6.6% in the 1Q FY2013).

Coal prices are primarily affecting the profitability ratios of the Company. In the 1H FY2013 gross profit margin decreased to 31.0% y-o-y from 44.7% in the comparable period of FY2012. EBITDA margin composed 27.8% (decreased y-o-y from 40.2%).

"With the sales prices and coal demand recovery we expect to restore profitability levels given all the cost control and mining cost efficiency programs underway" – stresses Viktor Vyshnevetskyy.

Production volumes for the period of 01.07-31.12.2012 (1H FY2013):

In '000 tonnes	**1H FY2013 (01.07-31.12.2012)**	1H FY2012 (01.07-31.12.2011)	***% change***	***change ('000 tonnes)***
Mining output, incl.:	**920,8**	784,3	***+17,4%***	***+136,5***
Thermal Coal	786,6	632,3	*+24,4%*	*+154,3*
Coking and dual purpose coal	134,2	152,0	*-11,7%*	*-17,8*
Concentrate from coal waste dumps processing*	**88.5**	104,6	***-15,4%***	***-16,1***
TOTAL	**1 009,3**	888,9	***+13,5%***	***+120,4***

*- amounts are given excluding middlings.

In the 1H FY2013 mining of thermal coal increased by 24.4% y-o-y to 786.6 thousand tonnes, mining of coking coal decreased by 11.7% y-o-y to 134.2 thousand tonnes.

"The management's aspiration is to match the existing coal demand with mining volumes in order to maintain Company's liquidity as well as to keep comfortable inventory levels" - says Viktor Vyshnevetskyy.

Sales volumes for the period of 01.07-31.12.2012 (1H FY2013):

In '000 tonnes	**1H FY2013 (01.07-31.12.2012)**	1H FY2012 (01.07-31.12.2011)	***% change***	***change ('000 tonnes)***
Thermal coal	**803**	668	***+20,2%***	***+135***
Coking coal	**142**	130	***+9,2%***	***+12***
TOTAL	**945**	798	***+18,4%***	***+147***

"*Increase in sales of coking coal resulted solely from sales growth of dual-purpose coal within the coking coal segment"* – explains Viktor Vyshnevetskyy

EBRD loan, perspectives for 2013 calendar year

In December FY2013 the Company entered into the loan agreement with the European Bank for Reconstruction and Development aiming for a 7-year committed US$-denominated loan facility in amount up to US$70.0 million.

"The projects to be financed will be aimed at financing of the development of Coal Energy's waste coal recycling and beneficiation businesses, as well as mechanization, energy efficiency and environmental,

health and safety upgrades at its priority mines. The 1st tranche of the loan was received in full in February FY2013." – says Viktor Vyshnevetskyy.

"Our core concentration in 2013 calendar year will be on realization of the Company's investment and capital expenditure targets as well as on proper timing of these investments. Proper timing of investments accomplishment is necessary to produce additional coal volumes by the time the markets and coal demand revive – which in our opinion will occur in the calendar period of 2H 2013an 2014" - he adds.

"Additionally I would like to mention, that Coal Energy wants to constantly improve its good relations with Polish capital market. Therefore at the end of March we will be attending a large investors conference in Warsaw, where we will have opportunity to meet broad investors base" – concludes Viktor Vyshnevetskyy.

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***Coal Energy** Group is third largest private coal producer in Ukraine measured by reserves and fourth in terms of production output. All of its production sites comprising 10 mines, coal beneficiation plant and waste dump processing plant are located in the heart of Donbas, the largest Ukrainian coal basin of high quality coal. Favorable coal mix of thermal and coking coal allows the Group to secure sustainable demand and generate high margins. Coal Energy is listed on Warsaw Stock Exchange since August 2011.*

For more information, please contact:
Piotr Piotrowski
CC Group sp. z o.o., tel. (22) 440 1 440, 697 613 010
Email: p.piotrowski@ccgroup.com.pl