

18 February 2014

## **CEB Resources plc**

**(“CEB” or “the Company”)**

### **CEB RESOURCES ACQUIRES STAKE IN ADVANCED POLISH COAL PROJECT**

CEB Resources (“CEB” or the “Company”) (AIM: CEB) is pleased to announce that it has entered into an agreement (the “Agreement”) to acquire up to 49% of the ordinary shares of Carbon Investment Soo (“Carbon Investment”) (the “Acquisition”). Carbon Investment controls the rights to the advanced, high grade Mariola Thermal Coal Project (“Mariola” or the “Project”) located in southern Poland.

CEB’s investment in Carbon Investment will be used to fast-track the development of Mariola, which is a substantial advanced thermal coal deposit near to the city of Katowice. Carbon Investment has an experienced management team with both the corporate and technical skills required to continue to develop the Project going forwards. In the year-ending 31 December 2013, Carbon Investments generated a loss of USD \$25,000.

#### **KEY HIGHLIGHTS OF THE MARIOLA PROJECT**

- High quality thermal coal
- Extensively drilled with high in situ tonnages defined to Polish coal standard
- Shallow depth, making for easy access and lower capital cost to develop Mariola into a mining operation
- All infrastructure ‘at the gate’, including rail, roads, power and water
- Existing coal fired power station within 5kms from lease boundary, as potential offtake party, and a commercial coal wash plant within 20kms, directly linked by rail

CEB Chairman Cameron Pearce stated:

“We are delighted to add a second resource deal so shortly after securing our first investment in December 2013. The size, scale and advanced nature of the Mariola thermal coal project represents the type of deal that we believe has the potential to add considerable value to CEB Resources as the project develops”.

#### **KEY TERMS OF THE AGREEMENT**

The Acquisition is structured as three separate tranches of investment with the future tranches of investment at the election of CEB as follows:

- An initial stake of 10% of the ordinary shares of Carbon Investment for £200,000 in cash plus 20 million CEB ordinary shares payable within 30 days of signing the Agreement. At the closing price of 0.715 pence per CEB ordinary share on 17 February 2014 this equates to total consideration of £343,000 in aggregate;
- Within 6 months of signing the Agreement, at the election of CEB a further 10% stake in Carbon Investment (totalling 20%) for £400,000 in cash plus a further 20 million CEB ordinary shares;

- Within 12 months of signing the Agreement, at the election of CEB a further 5% stake in Carbon Investment (totalling 25%) for £500,000 in cash plus those CEB ordinary shares to take Carbon Investment to a 19.9% shareholder of CEB;
- Thereafter, CEB has the right to increase its shareholding in Carbon Investment to 49% on commercial terms to be agreed between the parties.

The maximum total consideration that may be payable by the Company under the Agreement, including the market value of any CEB ordinary shares which form part of the consideration, is capped at £1,425,000.

#### **FURTHER INFORMATION ON MARIOLA**

Previously Mariola was known as the Siersza Mine (“Siersza”). Extensive exploration has been conducted historically, including resource definition drilling. The stated reserves for Siersza as per the official *Polish Geological Institute Mining Report (2012 Edition)* (See Note 1) is listed as 400 million tonnes, as designated by the Polish standard of reporting resources.

CEB estimates that the Mariola concession area covers approximately half of the Siersza concession and would consider circa half of Siersza’s coal tonnage to fall within the boundary as covered by the Exploration License held by Carbon Investment, and in particular the more attractive shallow coal deposits considered most easily mineable. With several continuous coal seams averaging 2-4 meters in thickness within Mariola’s concession area, management will be targeting over 100 million tonnes to be designated as mineable which would ensure a long lifespan. CEB has conducted its own due diligence to confirm the overall value proposition as well as the significant upside potential of this Project going forward.

Initial CEB cash into Mariola will be set aside for providing a JORC (2012) standard resource statement that will confirm actual tonnages at the Project to internationally recognised standards and work will begin immediately on digitalising all data to deliver this JORC resource. To date all tonnages are quoted using the Polish classifications which are the recognised geological standard in that country. Carbon Investment currently holds a License to explore the Mariola coal concession and it can apply for a License for the Right to Mine following successful completion of the feasibility study.

The Project has four main underground coal seams, commencing relatively shallow at 100 meters below surface which means that it is likely Mariola can be mined via declines instead of more capital intensive production and ventilation shafts. As a result, the likely capital cost for starting production will be significantly lower, which both de-risks the Project as well as making it commercially more attractive. Mariola has undergone considerable technical evaluation under Carbon Investment management and detailed work has already been done on all aspects of operations including mine design and production planning.

The Project sits within the Upper Silesian Basin which is the largest recognised coal area in Poland, and it has the advantages of a low cost skilled mining workforce available plus well-developed infrastructure in place, including roads, rail, power and water. In addition the Project is located within 20kms of an existing wash plant that may be utilised to wash the coal following production to ensure sale of a higher quality product. Mariola also sits near to an operational coal fired power station which would be considered a potential party for offtake.



Mariola Project

*Figure 1: Location of Mariola Coal Project in Upper Silesian Basin, southern Poland*

The current work programme targets development of the Project through to JORC standard resource by mid-2014 with completion of a feasibility study thereafter and first production of coal anticipated during 2016. Scoping Studies indicate an optimum production target of 3mtpa of high quality hard thermal coal delivered from the Project which it will look to sell locally into the large internal Polish market for a net operating profit ranging from US\$25-35/tonne based on the current sale price of similar coal and benchmarking operating costs against existing similar mines in Poland. This would deliver a substantial earnings stream over a long mine life for all shareholders of Carbon Investment including CEB Resources.

Poland is a significant user of thermal coal for both electricity generation as well as heating and currently the country is a net importer. Many analysts predict that the Polish requirement for quality thermal coal will continue to rise over the next decade reflecting a growing internal demand, while several older, less efficient coal mines are closing down their operations.

CEB believes that Poland is a suitable location for resource project development as we consider that the country has both a low sovereign risk, due to its European Union membership and strong mining laws, as well as being a low operating cost environment by international standards. In the view of CEB Resources there are few countries that boast both of these key attributes which are critical to mining operations. Poland also has a large and experienced mining labour force, excellent infrastructure (roads, railway, power and water) and close proximity to the substantial European market and thus the country has several of the most important ingredients associated with successful mining projects.

#### **FURTHER INFORMATION ON CEB RESOURCES**

CEB Resources is an AIM-listed investment company which adopted a new investing policy in December 2013. It is now developing a strong portfolio of investments as a significant minority shareholder in various high quality resource projects, acquired at an early stage in their cycle where value enhancement is most likely, utilising CEB cash to develop the assets further. The Company announced its first resource investment in December 2013 being an earn-in for up to 49% of the advanced Peelwood Zinc-Copper Project in Australia, and the Mariola Coal Project represents the second investment to date.

## **COMPETENT PERSON**

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Kevin Alexander. Mr. Alexander is a consultant to CEB Resources. Mr. Alexander is a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists.*

*He has sufficient experience that is relevant to the style of mineralization under consideration and to the activity which he is undertaking to be qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting on Exploration Results, Mineral resources and Ore Reserves". Mr. Alexander consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## **END**

### **Note 1:**

*All resource projects in Poland have officially quoted resources and reserves (as applicable) in the Annual Edition of the Polish Geological Institute's Resource Manual. The numbers above are directly quoted from the 2012 Edition, reflecting the most up-to-date official tonnages reported locally on the Siersza concession.*

*It is noted that these figures reported reflect tonnages as per the Polish standard of resource reporting, and are not reported under an international standard such as the JORC Code (2012).*

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