



**ARBUTHNOT**  
CORPORATE FINANCE

The Board of Directors  
Energybuild Group plc  
Engine Cottage Site  
Aberpergwm Colliery  
Glynneath Road  
Glynneath  
Neath  
West Glamorgan  
AS11 5SF

For the attention of: Mr Colin Cooke

25 June 2010

Dear Sirs

**Recommended Acquisition of Energybuild Group plc by Western Coal Corp.**

We hereby confirm that we have given and not withdrawn our consent to the issue of the attached Scheme Document (initialled by us for identification purposes only) with the inclusion therein of our letters, our name and references thereto in the form and context in which they appear.

Yours faithfully,

James Steel  
Managing Director, Corporate Finance  
For and on behalf of Arbuthnot Securities Limited

**ARBUTHNOT SECURITIES LIMITED**

Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR

Telephone 020 7012 2000 Facsimile 020 7012 2007 Website [www.arbuthnotsecurities.co.uk](http://www.arbuthnotsecurities.co.uk)

Registered in England No. 762818. Registered Office: as above.

Arbuthnot Securities Limited is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**PART 2 OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. This document contains a proposal which, if implemented, will result in the cancellation of the listing of the Energybuild Shares on the AIM Market of the London Stock Exchange. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from, if you are in the United Kingdom, your stockbroker, bank, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), or if not, from another appropriately authorised independent financial adviser in a territory outside the United Kingdom.**

If you sell or have sold or otherwise transferred all of your Energybuild Shares, please forward this document and the Forms of Proxy at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee. However, such documents should not be forwarded, transmitted or distributed in or into any jurisdiction where to do so would or might contravene the laws or regulations of that jurisdiction. If you have sold or otherwise transferred only part of your Energybuild Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

Arbuthnot Securities, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Energybuild and no one else in connection with the matters described herein and will not be responsible to anyone other than Energybuild for providing the protections afforded to customers of Arbuthnot Securities nor for providing advice in relation to the matters referred to herein.

Cenkos Securities, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as financial adviser to Western and no-one else in connection with the Proposal and will not be responsible to anyone other than Western for providing the protections afforded to customers of Cenkos Securities, nor for providing advice in relation to the contents of the Proposal or any matters referred to herein.

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**Recommended proposal for the acquisition of**  
**ENERGYBUILD GROUP PLC**  
by  
**WESTERN COAL CORP.**  
by means of a  
**Scheme of Arrangement**  
**under sections 895 to 899 of the Companies Act 2006**

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Your attention is drawn to the letter from the Energybuild Independent Directors in Part 1 of this document which contains their recommendation that you vote in favour of the Scheme at the Court Meeting and of the Special Resolution to be proposed at the General Meeting.

Notices convening the Court Meeting and the General Meeting, both of which will be held at the offices of Trowers & Hamblins LLP, Sceptre Court, 40 Tower Hill, London EC3N 4DX, on 19 July 2010, are set out at the end of this document. The Court Meeting will start at 11.00 a.m. and the General Meeting will start at 11.15 a.m. (or as soon thereafter as the Court Meeting has concluded or been adjourned).

Terms defined in Part 11 of this document shall bear the meaning given when used elsewhere in this document.

**The actions to be taken by Energybuild Shareholders are further described on page 7 of this document.**

ETL

## PART 1

### LETTER OF RECOMMENDATION FROM THE ENERGYBUILD INDEPENDENT DIRECTORS

### ENERGYBUILD GROUP PLC

(Registered in England and Wales with No.5451235)

#### Directors

Colin Ivor Cooke (*Non-executive Chairman*)\*  
Morgan Rhidian Davies (*Managing Director*)\*  
Karl Picton-Jones (*Finance Director*)\*  
Robert Llewellyn Morgan (*Non-executive Director*)\*  
Abraham Hendrik Jonker (*Non-executive Director*)  
Thomas David Button (*Non-executive Director*)\*

\*Energybuild Independent Directors

#### Registered Office

Engine Cottage Site  
Aberpergwm Colliery  
Glynneath Road  
Glynneath Neath  
West Glamorgan  
SA11 5SF

25 June 2010

*To Energybuild Shareholders and, for information only, to holders of Options and Warrants*

Dear Energybuild Shareholder,

#### **Recommended Proposal for the acquisition of Energybuild by Western**

#### **1. INTRODUCTION**

On 9 June 2010, we, the Energybuild Independent Directors, and the Western Directors announced that we had reached agreement on the terms of a recommended proposal for the acquisition by Western of all of the outstanding issued ordinary share capital of Energybuild not already held by the Western Group. The Proposal is to be effected by way of a scheme of arrangement of Energybuild, which requires approval by the Energybuild Shareholders (other than Western and other members of the Western Group) and the sanction of the Court. Upon the Scheme becoming effective, Scheme Shareholders will receive 0.0833 New Western Shares for every 1 Scheme Share held. No fractions of New Western Shares will be issued or allotted.

As the Energybuild Independent Directors, we have considered the approach from Western and the terms of the Proposal. In view of his position as an officer of Western, Abraham Jonker is deemed to be a non-independent director of Energybuild and consequently has not voted and will not vote on any resolutions of the Energybuild Independent Directors concerning the Proposal.

The purpose of this letter is to explain the basis of and background to the Proposal and the reasons why we, who have been so advised by Arbuthnot Securities, consider the Proposal to be fair and reasonable and why we accordingly recommend that the Energybuild Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting.

In order to approve the Proposal, Energybuild Shareholders will need to vote in favour of the resolutions to be proposed at two shareholders' meetings (the Court Meeting and the General Meeting) to be held on 19 July 2010. The actions you should take and our recommendation are set out in paragraphs 10 and 12 respectively of this letter. Part 2 of this document contains a letter from Arbuthnot Securities which provides further details of the Proposal.

#### **2. SUMMARY OF THE TERMS OF THE PROPOSAL**

The Proposal is to be effected by way of a Court sanctioned scheme of arrangement of Energybuild under sections 895 to 899 of the Companies Act involving a reduction of capital under section 641 of the Companies Act. The purpose of the Scheme is to enable Western to acquire all of the outstanding issued

## **11. FURTHER INFORMATION**

Please note that the information contained in this letter is not a substitute for reading the remainder of this document.

Your attention is drawn to the explanatory statement from Arbuthnot Securities, Energybuild's financial adviser, set out in Part 2 of this document (being the Explanatory Statement pursuant to section 897 of the Companies Act) which gives further details of the Proposal. The terms of the Scheme are set out in full in Part 8 of this document.

Your attention is also drawn to the financial information relating to Western in Part 4 of this document and the financial information relating to Energybuild in Part 5 of this document.

## **12. RECOMMENDATION**

We, having been so advised by Arbuthnot Securities, consider the terms of the Proposal to be fair and reasonable. In providing its advice to us, Arbuthnot Securities have taken into account our commercial assessments.

Accordingly, we unanimously recommend that Energybuild Shareholders (excluding Western and other members of the Western Group) vote in favour of the resolution to approve the Scheme to be proposed at the Court Meeting and that Energybuild Shareholders vote in favour of the Special Resolution to be proposed at the General Meeting, in each case as we have undertaken to do in respect of our own beneficial holdings amounting to 6,645,834 Energybuild Shares representing approximately 2.9 per cent. of Energybuild's issued share capital.

Yours faithfully

**Colin Cooke, Rhidian Davies, Karl Picton Jones, Robert Morgan, Thomas Button**  
*Energybuild Independent Directors*

BTG

## PART 2

### EXPLANATORY STATEMENT FROM ENERGYBUILD'S FINANCIAL ADVISER

*(in compliance with section 897 of the Companies Act)*



ARBUTHNOT  
CORPORATE FINANCE

Arbuthnot Securities Limited  
20 Ropemaker Street  
London  
EC2Y 9AR

25 June 2010

*To Energybuild Shareholders and, for information only, to holders of Options and Warrants*

Dear Energybuild Shareholder

#### **Recommended Proposal for the acquisition of Energybuild by Western**

#### **1. INTRODUCTION**

On 9 June 2010, the Energybuild Independent Directors and the Western Directors announced that they had reached agreement on the terms of a recommended proposal for the acquisition by Western of all of the outstanding issued ordinary share capital of Energybuild not already held by the Western Group. The Proposal is to be effected by way of a scheme of arrangement of Energybuild.

The Energybuild Independent Directors have been advised by Arbuthnot Securities in connection with the Proposal. We have been authorised by the Energybuild Independent Directors to write to you to explain the terms of the Proposal and the effect of the Scheme and to provide you with other relevant information.

**Your attention is drawn in particular to the letter from the Energybuild Independent Directors set out in Part 1 of this document. That letter contains, amongst other things, the background to and reasons for the Energybuild Independent Directors' recommendation and states that the Energybuild Independent Directors, who have been so advised by Arbuthnot Securities, consider the terms of the Proposal to be fair and reasonable. In providing advice to the Energybuild Independent Directors, we have taken into account their commercial assessments. The Energybuild Independent Directors are recommending that (i) Energybuild Shareholders (excluding Western and other members of the Western Group) vote in favour of the resolution to approve the Scheme to be proposed at the Court Meeting and (ii) Energybuild Shareholders vote in favour of the Special Resolution to be proposed at the General Meeting.**

#### **2. SUMMARY OF THE TERMS OF THE PROPOSAL**

The Proposal is to be effected by way of a Court sanctioned scheme of arrangement of Energybuild under sections 895 to 899 of the Companies Act involving a reduction of capital under section 641 of the Companies Act. The purpose of the Scheme is to enable Western to acquire all of the outstanding issued ordinary share capital of Energybuild. The Scheme is subject to the Conditions and the further terms set out in Part 3 of this document. If the Scheme becomes effective, the Scheme Shares will be cancelled and Energybuild will become a wholly owned subsidiary of the Western Group.

In consideration for the cancellation of the Scheme Shares, Scheme Shareholders will receive

**0.0833 New Western Shares for every 1 Scheme Share**

If the Scheme becomes effective, Scheme Shareholders will receive their Consideration without having to take any further action.

**If you have any questions relating to this document, either of the Meetings or the completion and return of the Forms of Proxy, please telephone Share Registrars Limited between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 01252 821 390 from within the UK or +44 1252 821 390 if calling from outside the UK. Calls to the UK number cost your normal service provider's charges. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. The helpline cannot provide advice on the merits of the Proposal nor give any financial, legal, accounting or tax advice.**

#### **19. FURTHER INFORMATION**

The terms of the Scheme are set out in full in Part 8 of this document. Details of documents available for inspection are given in paragraph 13 of Part 7 of this document.

Yours faithfully

**Arbuthnot Securities Limited**

### 3. Report of Reporting Accountant

# Deloitte.

3 Rivergate,  
Temple Quay,  
Bristol,  
BS1 6GD

The Board of Directors  
on behalf of Energybuild Group plc  
Engine Cottage Site  
Aberpergwm Colliery  
Glynneath Road  
Glynneath  
Neath  
West Glamorgan  
SA11 5SF

Arbuthnot Securities Limited  
Arbuthnot House  
20 Ropemaker Street  
London  
EC2Y 9AR

25 June 2010

Dear Sirs

#### **Energybuild Group plc**

We report on the expectation of the Directors of Energybuild Group plc (“the Company”) that Energybuild and its subsidiaries (together “the Group”) will return to profitability (meaning profit on ordinary activities before taxation) in the 6 months ending 30 June 2010 (the “Profit Forecast”). The Profit Forecast, and the material assumptions upon which it is based, are set out on pages 43 to 44 of the Scheme document (“the Offer Document”) being issued by the Company dated 25 June 2010. This report is required by Rules 28.3(b) and 28.3(d) of the City Code on Takeovers and Mergers issued by The Panel on Takeovers and Mergers (“the Takeover Code”) and is given for the purpose of complying with those rules and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Profit Forecast in accordance with the requirements of the Takeover Code.

It is our responsibility to form an opinion as required by the Takeover Code as to the proper compilation of the Profit Forecast and to report that opinion to you.

Save for any responsibility under Rule 28.3(b) of the Takeover Code to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Rule 28.4 of the Takeover Code, consenting to its inclusion in the Offer Document.

ETL

#### 4. Letter from Financial Advisers



### ARBUTHNOT CORPORATE FINANCE

The Directors  
Energybuild Group plc  
Engine Cottage Site  
Aberpergwm Colliery  
Glynneath Road  
Glynneath  
Neath  
West Glamorgan  
SA11 5SF

25 June 2010

Dear Sirs

#### **REPORT ON THE PROFIT FORECAST OF ENERGYBUILD GROUP PLC (THE "COMPANY")**

We refer to the expectation of the Directors of Energybuild Group plc ("the Company") that Energybuild and its subsidiaries (together "the Group") will return to profitability in the 6 months ending 30 June 2010 (the "Profit Forecast"). The Profit Forecast, and the material assumptions upon which it is based, are set out on pages 43 to 44 of the Recommended Proposals document ("the Scheme Document") being issued by the Company dated 25 June 2010.

We have discussed the Profit Forecast and the bases and assumptions on which it was made with the directors of the Company and with Deloitte LLP, the Company's reporting accountants. We have also discussed the accounting policies and bases of calculation for the Profit Forecast with the directors of the Company and Deloitte LLP. We have also considered Deloitte LLP's letter of 25 June 2010 addressed to you and us on this matter. We have relied upon the accuracy and completeness of all the financial and other information discussed with us and have assumed such accuracy and completeness for the purposes of providing this letter.

On the basis of the foregoing, we consider that the Profit Forecast, for which you as directors of the Company are solely responsible, has been made with due care and consideration.

This letter is provided to you solely in connection with Rule 28.3(b) of the City Code on Takeovers and Mergers (the "City Code") and for no other purpose. No person other than the directors of the Company can rely on the contents of this letter and to the fullest extent permitted by law, we exclude all liability to any other person other than to you, the directors of the Company, in respect of this letter or the work undertaken in connection with this letter.

Yours faithfully,

Arbuthnot Securities Limited

#### ARBUTHNOT SECURITIES LIMITED

Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR  
Telephone 020 7012 2000 Facsimile 020 7012 2007 Website [www.arbuthnotsecurities.co.uk](http://www.arbuthnotsecurities.co.uk)  
Registered in England No. 762818. Registered Office, as above.

Arbuthnot Securities Limited is authorised and regulated by the Financial Services Authority and is a member of the London Stock Exchange.

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(a) **Capital Gains**

To the extent that a Scheme Shareholder receives New Western Shares in exchange for Scheme Shares and does not hold (either alone or together with persons connected to him) more than five per cent, of, or of any class of, shares in or debentures of Energybuild, he will not be treated as having made a disposal of his Scheme Shares. Instead, the New Western Shares will be treated as the same asset as those shares in respect of which he received the New Western Shares, acquired at the same time and for the same consideration as those shares.

Any Scheme Shareholder who holds (either alone or together with persons connected with him) more than five per cent, of, or of any class of, shares in or debentures of Energybuild is advised that an application has been made to HMRC for clearance under Section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Scheme which if granted will mean that any such shareholder would be treated in the manner described in the preceding paragraph.

In addition to the clearance under Section 138 of the Taxation of Chargeable Gains Act 1992 referred to above, the application to HMRC seeks clearance, pursuant to section 701 of the Income Tax Act 2007, that the anti-avoidance provisions section 684 of the Income Tax Act 2007, relating to certain transactions in securities, will not apply to the transactions contemplated by the Scheme.

Depending on the holder's circumstances, a subsequent disposal of New Western Shares may give rise to a liability to UK capital gains tax.

(b) **Stamp duty and stamp duty reserve tax**

No stamp duty or stamp duty reserve tax will be payable on the issue of the New Western Shares unless the issue is to a person to whom the depository receipts or clearances service charge applies. As the Scheme involves the cancellation of Energybuild Shares stamp duty or stamp duty reserve tax will not be payable on the cancellation of Energybuild Shares.

## 10. MATERIAL CONTRACTS

### 10.1 *Western Group*

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Western Group in the period beginning on 9 June 2008 and ending on the Disclosure Date and are, or may be, material:

10.1.1 Western entered into an underwriting agreement on 30 July 2009 between Cormark Securities Inc., GMP Securities L.P., Canaccord Capital Corporation, Saloman Partners Inc. and Western, pursuant to which the underwriters purchased 22.1 million common shares of Western at a price of C\$2.70 per share for gross proceeds of approximately C\$59.7 million. In consideration of the underwriters' services, Western agreed to pay to the underwriters a cash commission equal to 5.0 per cent. of the gross proceeds. The agreement contains, *inter alia*, representations, warranties and indemnities given by Western in favour of the underwriters.

### 10.2 *Energybuild Group*

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Energybuild Group in the period beginning on 9 June 2008 and ending on the Disclosure Date and are, or may be, material:

10.2.1 On 5 March 2009, Energybuild entered into an agreement with Arbuthnot Securities pursuant to which Arbuthnot Securities agreed to act as Energybuild's nominated adviser and broker on an ongoing basis for an initial period of twelve months, and thereafter until terminated by either party giving the other three months' notice of termination. In consideration, Arbuthnot Securities is to receive a fee of £40,000 for the first year of the appointment and £50,000 per annum thereafter, such fee to be reviewed annually.

10.2.2 On 16 December 2009, Energybuild entered into a placing agreement with Arbuthnot Securities in relation to the placing and admission of shares in Energybuild to AIM that was completed in December 2009. Under this agreement, Arbuthnot Securities was appointed to provide assistance to Energybuild in connection with the placing and admission. The agreement provided for Energybuild to pay Arbuthnot Securities a fee of £70,000 conditional on Admission plus a commission of 5 per cent of funds raised in the Placing, plus expenses. The agreement contains, *inter alia*, indemnities and warranties from Energybuild in favour of Arbuthnot Securities.

## 11. OTHER INFORMATION

- 11.1 Save as set out in paragraph 5 of this Part 7 of this document, no proposal exists in connection with the Proposal for any payment or other benefit to be made or given to any Energybuild Director as compensation for loss of office or as consideration for or in connection with his retirement from office.
- 11.2 No agreement, arrangement or understanding (including any compensation arrangement) exists between Western or any person acting in concert with it for the purposes of the Proposal, and any of the directors, recent directors, shareholders or recent shareholders of Energybuild or any person interested or recently interested in shares of Energybuild having any connection with, or dependence upon, the Proposal.
- 11.3 No agreement, arrangement or understanding exists whereby the beneficial ownership of any of the shares to be acquired by Western pursuant to the Proposal will be transferred to any other person, save that Western reserves the right to transfer any such shares to any member of the Western Group.
- 11.4 Neither Western nor any person acting in concert with it for the purposes of the Proposal, nor Energybuild nor any person acting in concert with Energybuild has any indemnity or option arrangement or any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities of Energybuild or Western, as the case may be, which may be an inducement to deal or refrain from dealing.
- 11.5 Cenkos Securities plc, financial adviser and corporate broker to Western, and whose registered office is at 6.7.8 Tokenhouse Yard, London EC2R 7AS, is acting in concert with Western for the purposes of the Proposal.
- 11.6 Arbuthnot Securities Limited<sup>1</sup>, financial adviser and corporate broker to Energybuild, and whose registered office is at Arbuthnot House, 20 Ropemaker Street, London EC2Y 9AR, is acting in concert with Energybuild for the purposes of the Proposal.
- 11.7 The emoluments of the Western Directors will not be affected by the acquisition of Energybuild.
- 11.8 Save as disclosed in this document there has been no material change in the financial or trading position of Western since 31 March 2010, being the date to which Western prepared its last published audited consolidated accounts nor has there been any material change in the information previously published by or on behalf of Western during the Offer Period.
- 11.9 Save as disclosed in this document, there has been no material change in the financial or trading position of Energybuild since 31 March 2010, being the date to which Energybuild prepared its last published audited consolidated accounts nor has there been any material change in the information previously published by or on behalf of Energybuild during the Offer Period.
- 11.10 Arbuthnot Securities has given and has not withdrawn its written consent to the issue of this document with the inclusion of the explanatory statement in Part 2 of this document and its report in Part 5 of this document and the references herein to its name, statement and report in the form and context in which they are included.

<sup>1</sup> This does not include any division of Arbuthnot Securities acting as an exempt principal trader or exempt fund manager within the meaning of the Takeover Code.

