

STRICTLY PRIVATE AND CONFIDENTIAL

The Board of Directors
on behalf of Energybuild Group plc
Aberpergwm Mine,
Glynneath Road,
Glynneath,
Neath,
SA11 5TY

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

Our Ref: SS/RM

21 June 2010

Dear Sirs

PROJECT COAL

1. INTRODUCTION

We are writing to set out the terms on which we offer to act for Energybuild Group plc (the “Company”, the “Target”, the “Offeree” and the “Principal”) and Arbuthnot Securities Limited (the “Financial Adviser”) as reporting accountants and perform certain transaction support services (“the Services”) and to set out the matters on which we are required to report. The Purpose of the Services is as set out in clause 2.19 in Appendix 1.

The “Transaction” comprises the proposed acquisition of the Company by Western Coal Corp. (the “Offeror”) by means of a scheme of arrangement under section 899 of the Companies Act 2006.

The Company and its subsidiaries are together referred to as “the Group”.

In connection with the Transaction, a scheme document and potentially supplementary scheme documents and other documents (each such document in respect of which we provide any of the Services being an “Investment Circular”) will be prepared in accordance with the requirements of the Companies Act 2006 and the Takeover Code.

This letter also refers in summary to certain areas of responsibility of the directors of the Company (the “Directors”) and the Financial Adviser.

If not defined in this letter, terms or expressions which are capitalised have the meaning set out in the section headed “Definitions” in Appendix 1.

The Contract between us comprises:

- This Engagement Letter.
- Appendix 1 “Terms of Business for Investment Circular Transaction Services”.
- Appendix 2 Draft public report on profit forecast.



- Appendix 3 Draft “no objection” letter under Rule 28.5 of the Takeover Code
- Appendix 4 Draft letter of consent under Rule 28.4 of the Takeover Code.
- Appendix 5 Scope of private report on profit forecast.
- The correspondence regarding fees and expenses referred to at Section 5.4 below.

2. OUR SERVICES AND RESPONSIBILITIES

2.1 The Engagement Team

We currently envisage that Sarah Sturt will be the partner responsible to you for the Services described in this Contract, that she will be assisted by Richard Marlow, a director, who will be responsible for the day to day running of the engagement.

2.2 Scope of our Services

The intended scope of our Services (the “Scope”) and our responsibilities are set out in Sections 3 and 4 below in this Engagement Letter and in Sections 2 and 4 of Appendix 1. Should you wish us to provide further reports or letters in connection with the Investment Circular or the Transaction we shall be happy to discuss appropriate engagement terms with you. However, we are under no obligation to provide such further reports or letters.

3. PUBLIC REPORTING

We will prepare the following report and letter intended for inclusion in the Investment Circular or being made available for display.

3.1 Profit forecast

We understand that the Investment Circular will contain a profit forecast for the Group for the six months ending 30 June 2010 (the “Profit Forecast”) in accordance with the requirements of Rule 28 of the Takeover Code. We will prepare a report on the Profit Forecast expressing our opinion on the Profit Forecast, in the form described below, to be included in the Investment Circular.

We will ask the Directors to make certain representations to us regarding the Profit Forecast. If the Profit Forecast is intended only to be a hypothetical illustration, or the Directors are unable to make such representations to us, we will not wish to be associated with the Profit Forecast and accordingly, will be unable to report publicly on it.

Responsibilities

The preparation and presentation of the Profit Forecast will be the responsibility solely of the Directors. This responsibility includes the identification and disclosure of the assumptions underlying the Profit Forecast. The Directors are also responsible for ensuring that the Profit Forecast is prepared and presented in accordance with the requirements of Rule 28 of the Takeover Code.

We will require the Directors to formally adopt the Profit Forecast before we report on it. We understand that, in preparing the Profit Forecast, the Directors will have regard to the guidance issued by The Institute of Chartered Accountants in England & Wales entitled “Prospective Financial Information – Guidance for UK directors”.

It is our responsibility to form an opinion as to whether the Profit Forecast has been properly compiled on the basis stated and whether such basis is consistent with the accounting policies of the Group.

If the results of our work are satisfactory, and having regard to the requirements of Rule 28.3(b) of the Takeover Code, we shall prepare a report on the Profit Forecast for inclusion in the Investment Circular. A draft of our report is set out in Appendix 2.



Scope of work

Our work will be undertaken in accordance with Standard for Investment Reporting 3000 “Investment Reporting Standards Applicable to Public Reporting Engagements on Profit Forecasts” (“SIR 3000”) issued by the Auditing Practices Board and will be subject to the limitations described therein.

We draw your attention in particular to paragraph 75 of SIR 3000 which would preclude us from expressing any opinion if the Directors have not complied with the regulatory requirements set out in Appendix 2 of that SIR.

As the purpose of our engagement is restricted as described above and since the Profit Forecast and the assumptions on which it is based relate to the future and may be affected by unforeseen events, we will not provide any opinion as to how closely the actual result achieved will correspond to the Profit Forecast. Accordingly we neither confirm nor otherwise accept responsibility for the ultimate accuracy and achievability of the Profit Forecast.

Assumptions

We will discuss the assumptions with the persons responsible for preparing the Profit Forecast together with the evidence they have to support the assumptions, but we will not seek to independently verify or audit those assumptions. We are not responsible for identifying the assumptions.

In the event that anything comes to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Profit Forecast have not been disclosed or if any material assumption made by the Directors appears to us to be unrealistic we will inform the Directors so that steps can be taken to resolve the matter. However, we are required to comment in our report if an assumption is published which appears to us to be unrealistic or an assumption is omitted which appears to us to be important to an understanding of the Profit Forecast.

We shall also provide a private report on the Profit Forecast, further details of which are provided in Section 4.1 below.

Rule 28.5 Confirmation

If the Company issues a subsequent document the directors must make a statement in accordance with Rule 28.5 of the Takeover Code that the Profit Forecast remains valid for the purpose of the Offer. If such a subsequent document is issued, once we have satisfied ourselves about the form and context in which reference is made to us having no objection to our report on the Profit Forecast set out in the Investment Circular continuing to apply, we will, in accordance with Rule 28.5 of the Takeover Code, provide the Company with a letter providing that confirmation.

A draft of such confirmation letter is included in Appendix 3.

3.2 Letter of consent

The Company will obtain our prior written consent before issuing any document or statement which attributes to us any matter or opinion to which this Contract relates. Should the Financial Adviser intend to issue any such document or statement, it will also obtain our prior written consent.

Once we have satisfied ourselves about the form and context in which our Public Report is included in the Investment Circular, we will provide the Company with a letter consenting to its publication therein.

A draft of our consent letter is included in Appendix 4.

4. PRIVATE REPORTING

We will provide the following private report.



4.1 Detailed report on Profit Forecast

In order to assist consideration by the Addressees of the Profit Forecast referred to in Section 3.1 above, we will prepare a private report on the results of our review of the Profit Forecast, providing a description of the procedures adopted by the Directors in preparing the Profit Forecast, a commentary on any significant features or discernible trends and an explanation of the Directors' principal underlying assumptions and covering other matters as set out in Appendix 5.

5. OTHER MATTERS

5.1 Independence

The APB Ethical Standards for Reporting Accountants apply if we are reporting publicly on this engagement. If they apply, we will, in accordance with those standards, provide the Principal with an independence letter. We will draw attention to any significant facts and matters that bear upon our objectivity and independence. In such cases the Principal will inform the other Addressees of such matters, where appropriate.

5.2 Timetable

You will provide us with the proposed Transaction timetable. In accordance with clause 2.4 of our Terms of Business we will use reasonable efforts to carry out the Services in accordance with the timetable agreed with us.

We will discuss with the Company and the Financial Adviser any difficulties we encounter with completing this work as and when any such problems arise.

5.3 Access to Audit Files

The engagements we have undertaken pursuant to our statutory audit and tax appointment(s) and the audit and tax work performed pursuant thereto in relation to the nine months ended 31 March 2010 and years ended 30 June 2009 and 2008 are referred to below as the "Audit Engagements" and "Tax Engagements".

The Audit and Tax Engagements were performed by partners and staff of Deloitte LLP (the "Audit and Tax Teams") for a different purpose from the purpose relevant to those partners and staff (the "Reporting Team") who shall perform this engagement.

The audit and tax files relating to the Audit and Tax Engagements are referred to below as the "Audit and Tax Files". Our work will include access to the Audit and Tax Teams and a review of the Audit and Tax Files. This review will be on the basis set out in clause 2.7 of the Terms of Business. The Audit and Tax Files together with the explanations of those files which may be provided to the Reporting Team by the Audit and Tax Teams are referred to below collectively as the "Audit and Tax Information". In this connection the Company and the Financial Adviser acknowledges and agrees that:

- the scope and purpose of the Audit and Tax Engagements were and are different from the scope and purpose of this engagement; the audit opinions formed pursuant to the Audit Engagements were expressed on financial information outside the scope of this engagement letter and were expressed solely in the context of the statutory requirements for audit and the specific terms and conditions governing the Audit Engagements. The Tax Information was prepared and/or obtained solely for the purpose of advising on, calculating and agreeing the Group's tax liabilities; and
- we shall not, as a result of this engagement or the Reporting Team's access to the Audit and Tax Information, bear any responsibility or liability whatever for those audit reports or, the Tax Information, or, to the extent relevant to our liability on our audit reports, any of the Audit or Tax Information beyond any responsibility or liability that we would otherwise have had under the Audit and Tax Engagements.

