

COAL ENERGY S.A.

**Consolidated Report on Payments to Governments
in respect of Extractive Activities
for the financial year ended 30 June 2018**

COAL ENERGY S.A.

Société anonyme

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Consolidated Report on Payments to Governments in respect of Extractive Activities for the financial year ended 30 June 2018

Introduction

This consolidated report (the "Report") provides an overview of payments made to governments by Coal Energy S.A. (the "Company") and its subsidiaries for the financial year ended 30 June 2018 in respect of extractive activities.

The Report has been prepared in accordance with Directive 2013/34/EU, as transposed into Luxembourg law, including the Luxembourg law of 10 August 1915 on commercial companies, as amended by the Luxembourg law of 18 December 2015. For the relevant period, the applicable provisions were articles 340ter through 340octies; following subsequent renumbering, the corresponding provisions are currently reflected in articles 1760-1 through 1760-6.

The Company is a Luxembourg public-interest entity and the parent company of a group that prepared consolidated financial statements for the financial year ended 30 June 2018. The Group conducted extractive activities in Ukraine through subsidiaries included in the consolidated financial statements of the Company.

Basis of preparation

The Report includes only payments made to governments that arise from activities in the extractive industry and that fall within the categories of payments required to be reported under Luxembourg law.

Payments are reported on a cash basis, meaning that they are reported in the financial year in which the payment occurred, rather than in the period in which the payment became due.

Payments made in currencies other than U.S. dollars have been converted into U.S. dollars using the average exchange rate for the relevant reporting period. The reporting currency of the Report is U.S. dollars, consistent with the presentation currency of the Company's consolidated financial statements.

Extractive activities

For the purposes of this Report, extractive activities comprise exploration, prospection, discovery, development and extraction of minerals, oil, natural gas deposits or other materials.

During the financial year ended 30 June 2018, the Group's relevant activities consisted of coal mining, coal beneficiation and coal waste dump processing in Ukraine, to the extent that such activities fall within the scope of the Luxembourg reporting requirements for extractive industries.

Payments relating to distribution activities, commercial development, ordinary administrative services, supplies or activities outside the scope of extractive industries are not included in this Report.

Government

For the purposes of this Report, a government means any national, regional or local authority of an EU Member State or a third country, including any department, agency or undertaking controlled by that authority.

Project definition

A project means operational activities governed by a single contract, licence, lease, concession or similar legal agreement forming the basis for payment obligations to a government. Where several such arrangements are substantially interconnected, they are treated as a single project.

For the financial year ended 30 June 2018, the Group's coal mining and related extractive operations in Ukraine were carried out through Ukrainian subsidiaries operating coal mines managed within a common operational framework. These operations were geographically connected and, where applicable, used common auxiliary infrastructure, including transport, coal beneficiation, supply and product sales arrangements.

For the purposes of this Report, the Group treats its Ukrainian coal mining operations as substantially interconnected extractive operations and presents them as a single project. Accordingly, any reportable payments, if any had exceeded the statutory disclosure threshold, would have been disclosed at the level of this single project.

Payment types

Under Luxembourg law, reportable payments are amounts paid, whether in money or in kind, in respect of extractive activities and falling within one of the following categories: production entitlements; taxes levied on income, production or profits; royalties; dividends, other than dividends paid to a government as an ordinary shareholder unless paid in lieu of production entitlements or royalties; signature, discovery and production bonuses; licence fees, rental fees, entry fees and other consideration for licences and/or concessions; and payments for infrastructure improvements.

Taxes levied on consumption, including value added tax, personal income taxes, sales taxes, payroll-related payments, social security or social insurance contributions and other payments that do not fall within the statutory categories above are outside the scope of this Report.

No reportable payments in kind were made by the Group during the financial year ended 30 June 2018.

Disclosure threshold

A payment, whether made as a single payment or as a series of related payments, is not required to be disclosed in this Report if its amount is below EUR 100,000 during the financial year.

The disclosure of payments reflects the substance of the payment or activity concerned, rather than its form, and payments and activities must not be artificially split or aggregated to avoid the application of the reporting requirements.

Overview of reportable payments

Based on the payment information reviewed for the financial year ended 30 June 2018, the Company has not identified any payment, or series of related payments, falling within the statutory categories of reportable payments and exceeding the EUR 100,000 disclosure threshold.

Country	Government	Project / level of disclosure	Type of payment	Amount disclosed
Ukraine	Ukrainian national, regional and local authorities	Group's substantially interconnected Ukrainian coal mining operations treated as a single project	No reportable payment above the statutory threshold	Nil

Board of Directors