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COMPANIES FORM No. 155(6)b

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares.

155(6)b

Please do not
write in this
marginPlease complete
legibly, preferably
in black type, or
bold block letteringNote
Please read the notes
on page 3 before
completing this form

Pursuant to section 155(6) of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

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1102042

Name of company

*** COAL PRODUCTS LIMITED***Insert full name
of companyx/We† Brian Arthur Williams of 4 Summercourt Drive, Ravenshead, Nottingham, NG15 9FT,Keith Broom of 8 Severn Crescent, North Wingfield, Chesterfield, Derbyshire, William FredClarke of 26 Trough Road, Watnall, Nottingham, NG16 1HQ, David Edward Foster of 3Gleneagles Close, Walton, Chesterfield, S40 3NE and Stephen Howarth of 184 Derby Road,Beeston, Nottingham, NG8 3AN†Insert name(s) and
address(es) of all
the directors§Delete as
appropriate[~~the sole director~~] [all the directors]§ of the above company (hereinafter called 'this company') do
solemnly and sincerely declare that:‡Delete whichever
is inappropriate

The business of the company is:

~~(a) that of a recognised bank licensed institution within the meaning of the Banking Act 1979†~~~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on
insurance business in the United Kingdom‡~~

(c) something other than the above‡

This company is ~~the~~ [a] holding company of* Methane Development Company Limited

("Sub Co") _____ which is

proposing to give financial assistance in connection with the acquisition of shares

in [this company] [_____]

_____ ~~the holding company of this company.†~~Presenter's name, address and
reference (if any):Dibb Lupton Alsop
Fountain Precinct
Balm Green
Sheffield S1 1RZ

For official use

General Section

Post room

A12 *A10VNRMN* 484
COMPANIES HOUSE 19/12/96

JMW/CLM

~~2~~ The assistance is for the purpose of ~~(the acquisition)~~ [reducing or discharging a liability incurred for the purpose of that acquisition].† (note 1)

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

The number and class of the shares acquired or to be acquired is: 75,000,000 ordinary shares of £1.
each

The assistance is to be given to: (note 2) Coal Products Holdings Limited ("Newco") whose
registered office is at Mill Lane, Wingerworth, Chesterfield

The assistance will take the form of:

See Annex 1

~~2~~ The person who [has acquired] ~~(will acquire)~~ the shares is:
Newco

†Delete as appropriate

The principal terms on which the assistance will be given are:

See Annex 2

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is nil

The amount of cash to be transferred to the person assisted is £ nil

The value of any asset to be transferred to the person assisted is £ nil

Please do not
write in this
margin

Please complete
legibly, preferably
in black type, or
bold block lettering

Delete either (a) or
(b) as appropriate

The date on which the assistance is to be given is the date hereof or within 8 weeks 19

I/We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) [~~I~~We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)

(b) [~~It is intended to commence the winding up of the company within 12 months of that date, and I/We have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up]~~* (note 3)

And I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at Mill Lane
Wingerworth
Chesterfield
the 16th day of December
One thousand nine hundred and ninety six
before me [Signature]

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

Declarants to sign below

[Signature] B A Williams
[Signature] K Broom
[Signature] W F Clarke
[Signature] D E Foster
[Signature] S Howarth

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.

This is Annex 1 to the Statutory Declaration of the directors of Coal Products Limited (company number 1102042) on Companies Act form G155(6)(b) relating to Methane Development Company Limited.

Sworn before me this 16th day of December 1996

.....
Solicitor ~~Commissioner for Oaths~~

.....STEPHAN GORDON.....
Name

COAL PRODUCTS LIMITED
Company Number 1102042

Annex 1 - Form 155(6)b

The execution and delivery by SubCo of:

1. a deed of accession (the "Facility Deed") to a term loan and revolving credit facility agreement entered into on 3 February 1995 (as supplemented or amended by an agreement dated 24 August 1995 or otherwise) (the "Facility Agreement") between (1) Newco and the Company as Borrowers and Guarantors (2) the Company's subsidiaries as Guarantors (3) National Westminster Bank Plc as Arranger (4) National Westminster Bank Plc, the Governor and Company of the Bank of Scotland and The Royal Bank of Scotland Plc as Original Banks (together with any bank from time to time participating in the Facility Agreement, (the "Banks")) (5) National Westminster Bank Plc as Facility Agent and (6) National Westminster Bank Plc as Security Agent (the "Security Agent") whereby the Banks, inter alia, have made or will make available:
 - 1.1 a senior term loan facility in the maximum aggregate principal amount of £37,250,000 to Newco and the Company for use partly by Newco in financing, directly or indirectly, part of the purchase price payable for the purposes of the acquisition by Newco of the whole of the issued share capital of the Company (the "Acquisition") and partly by the Company to settle, in whole or in part and either directly or indirectly, certain debts owed by it to the British Coal Corporation (the vendor of the shares in the Company) (the "Vendor") and the European Coal and Steel Community ("ECSC");
 - 1.2 a further term loan in the maximum aggregate principal amount of £11,500,000;

- 1.3 a revolving credit facility (by way of advance, letters of credit and/or guarantees and various ancillary (including overdraft, banking, FX, documentary credit and other) facilities (the "Ancillary Facilities")) in the maximum aggregate principal amount of £24,000,000 for use by, inter alia, Newco and/or the Company first in refinancing earlier borrowings of Newco or the Company and thereafter towards financing the general working capital requirements of Newco and its subsidiaries following the Acquisition (the Ancillary Facilities being made available to, inter alia, Newco and the Company by National Westminster Bank Plc pursuant to a side letter from such bank to the Company and Newco relating to the Ancillary Facilities);

pursuant to which SubCo would guarantee the performance by each relevant obligor of all obligations under the Senior Finance Documents (as defined therein) and the payment of all sums payable at any time by each relevant obligor under or in connection therewith and accede to the Priority Agreement (as defined below);

2. a deed of accession (the "Mezzanine & Priority Deed") to:

2.1 a mezzanine facility agreement entered into on 3 February 1995 (as supplemented or amended by an agreement dated 24 August 1995 or otherwise) (the "Mezzanine Facility Agreement") between (1) Newco as Borrower and Guarantor (2) the Company and certain of its subsidiaries as Guarantors (3) Legal & General Ventures Limited as Mezzanine Agent (4) Legal & General Assurance Society Limited and Mithras Investment Trust Plc as Original Mezzanine Banks (together with any other person from time to time participating in the Mezzanine Facility Agreement (the "Mezzanine Banks")) and (5) National Westminster Bank Plc as Security Agent whereby the Mezzanine Banks made available to Newco and/or the Company a mezzanine term loan facility in the maximum aggregate principal amount of £10,700,000 for use by Newco in financing partly, directly or indirectly, the balance of the purchase price payable for the purposes of the Acquisition and/or partly in lending on to the Company to discharge, in whole or in part, certain debts owed by it to the Vendor and ECSC and a further mezzanine loan of £3,500,000;

2.2 a priority agreement entered into on 3 February 1995 (as supplemented or amended) (the "Priority Agreement") between, inter alia, Newco, Legal & General Ventures Limited as agent for the investors, the Security Agent, the Senior Agent, the Mezzanine Agent and the other obligors relating to priority arrangements between the Senior Creditors and the Mezzanine Creditors (as defined therein) and regulating priority between those creditors

pursuant to which SubCo would:

- (i) guarantee the performance of each relevant obligor of all obligations under the Mezzanine Finance Documents (as defined therein) and the payment of all sums payable at any time by each relevant obligor under or in connection therewith; and
- (ii) inter alia, covenant to pay all present and future liabilities payable or owing by any of the relevant obligors to the relevant creditors under or in connection with the Senior Finance Documents or the Mezzanine Finance Documents or the Loan Notes

(the facilities made available under the Facility Agreement and the Mezzanine Facility Agreement together being the "Facilities" and the Banks and the Mezzanine Banks together being the "Lenders"); and

3. a deed of accession (the "Debenture Deed") to a debenture dated 3 February 1995 (as supplemented or amended) (the "Debenture") in favour of the National Westminster Bank Plc as Security Agent for the Lenders and the Vendor (the "Security Agent") pursuant to which SubCo, inter alia, would covenant to pay or discharge all present and future obligations and liabilities of each relevant obligor under the Senior Finance Documents and the Mezzanine Finance Documents (as appropriate) on the due date (which include the Facility Agreement, the Mezzanine Facility Agreement and the Debenture Deed) and, for the purposes of the floating charge referred to below only, all present and future liabilities of Newco and the Company under two loan notes (the "Loan Notes") entered into by Newco and the Company on 3 February 1995 in favour of the Vendor in relation to part of the purchase price payable by Newco in relation to the Acquisition (being £3,500,000 payable in two instalments), and a guarantee given by the Company of the obligations of Newco to pay such amounts, and create fixed and floating charges over substantially all its assets and assign certain rights by way of security for the same.

This is Annex 2 to the Statutory Declaration of the directors of Coal Products Limited (company number 1159381) on Companies Act form G155(6)(b) relating to Methane Development Company Limited.

Sworn before me this 16th day of December 1996

.....
Solicitor/Commissioner for Oaths

STEPHEN GORDON
.....
Name

COAL PRODUCTS LIMITED
Company Number 1102042

Annex 2 - Form 155(6)b

1. By executing the Facility Deed SubCo will:

- 1.1 guarantee as principal obligor and not merely as surety the prompt performance by each relevant obligor of all obligations under the Senior Finance Documents (as defined therein) and the payment of all sums payable under or in connection with the Senior Finance Documents as and when the same shall become due (including sums due from Newco in connection with the Acquisition);
- 1.2 undertake that it will on demand upon a default in the payment of any sum due under or in connection with the Senior Finance Documents pay such sums as if it was expressed to be the primary obligor together with interest payable thereon;
- 1.3 give an indemnity to the Banks against any loss or liability suffered by them under the Senior Finance Documents as a result of any obligation guaranteed by it being or becoming unenforceable, invalid or illegal; and
- 1.4 accede to the Priority Agreement.

2. By executing the Mezzanine & Priority Deed SubCo will:

- 2.1 guarantee as principal obligor and not merely as surety the prompt performance by each relevant obligor of all obligations under the Mezzanine Finance Documents (as defined therein) and all finance and security documents ancillary thereto and the payment of all sums payable

under or in connection with the Mezzanine Finance Documents as and when the same shall become due (including sums due from Newco in connection with the Acquisition);

- 2.2 undertake that it will on demand upon a default in the payment of any sum due under or in connection with the Mezzanine Finance Documents pay such sum as if it was expressed to be the primary obligor together with interest payable thereon;
- 2.3 give an indemnity to the Mezzanine Lenders against any loss or liability suffered by it under the Mezzanine Finance Documents as a result of any obligation guaranteed by it or being or becoming unenforceable, invalid or illegal; and
- 2.4 accede to the Priority Agreement whereby it will covenant to pay all present and future liabilities payable or owing by any of the relevant obligors to the relevant creditors under or in connection with the Senior Finance Documents or the Mezzanine Finance Documents.

3. By executing the Debenture Deed SubCo will:

- 3.1 as primary obligor and not merely as surety, covenant with the Security Agent that it will pay or discharge all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each relevant obligor to the Lenders under the Senior Finance Documents and the Mezzanine Finance Documents in each case together with all costs, charges and expenses incurred by any Lender in connection with the protection, preservation or enforcement of its respective rights thereunder or any other document evidencing or securing any such liabilities (provided that no obligation or liability shall be included in the definition of "Secured Liabilities" to the extent that, if it were so included, it would constitute unlawful financial assistance within the meaning of Sections 151 and 152 of the Companies Act 1985) and, for the purposes of the floating charge referred to below only, all present and future liabilities of Newco and the Company under the Loan Notes (the "Secured Liabilities") on the due date;
- 3.2 as beneficial owner, as security for the payment, discharge and performance of all Secured Liabilities, charge in favour of the Security Agent substantially all its assets and undertaking by way of fixed and floating charges and assign certain rights by way of security for the same.

your reference

our reference

JSC/CLR

The Directors
Coal Products Limited
Mill Lane
Wingerworth
Chesterfield
Derbyshire
S42 6NG

16 December 1996

Dear Sirs

Auditors' report to the directors of Coal Products Limited pursuant to section 156 (4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Coal Products Limited ("the Company") dated 16 December 1996 in connection with the proposal that the Company's subsidiary undertaking, Methane Development Company Limited, should give financial assistance for the purchase of the entire issued ordinary share capital of the Company.

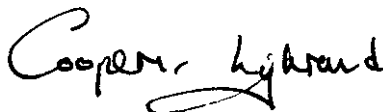
Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully



Coopers & Lybrand

Chartered Accountants