VERIFICATION REPORT CARBON MARKETING AND TRADING LTD.

VERIFICATION OF THE "WASTE HEAP DISMANTLING IN LUHANSK REGION OF UKRAINE WITH THE AIM OF REDUCTION GREENHOUSE GASES EMISSIONS TO ATMOSPHERE"

1ST PERIODIC

FOR PERIOD 01/06/2008-31/12/2011

REPORT NO. UKRAINE-VER/0434/2012

REVISION NO. 02

BUREAU VERITAS CERTIFICATION

VERIFICATION REPORT

Date of first issue:	Organizational unit:
09/04/2012	Bureau Veritas Certification Holding SAS
Client:	**Client ref.:**
Carbon Marketing and Trading Ltd	Tahir Musayev

Summary:

Bureau Veritas Certification has made the initial verification of the "Waste heap dismantling in Luhansk region of Ukraine with the aim of reduction greenhouse gases emissions to atmosphere", project of Small Private Enterprise «BIK» located near the Kodruche village, Sverdlovsk district, Luhansk Region, Ukraine, and applying the JI specific approach, on the basis of UNFCCC criteria for the JI, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to Article 6 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria.

The verification scope is defined as a periodic independent review and ex post determination by the Accredited Entity of the monitored reductions in GHG emissions during defined verification period, and consisted of the following three phases: i) desk review of the monitoring report against project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final verification report and opinion. The overall verification, from Contract Review to Verification Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

The first output of the verification process is a list of Clarification, Corrective Actions Requests, Forward Actions Requests (CR, CAR and FAR), presented in Appendix A.

In summary, Bureau Veritas Certification confirms that the project is implemented as planned and described in approved project design documents. Installed equipment being essential for generating emission reduction runs reliably and is calibrated appropriately. The monitoring system is in place and the project is generating GHG emission reductions. The GHG emission reduction is calculated accurately and without material errors, omissions, or misstatements, and the ERUs issued totalize 744585 tonnes of CO_2 equivalent for the monitoring period from 01/06/2008 to 31/12/2011.

Our opinion relates to the project's GHG emissions and resulting GHG emission reductions reported and related to the approved project baseline and monitoring, and its associated documents.

Report No.:	Subject Group:
Ukraine-ver/0434/2012	JI

Project title:
"Waste heap dismantling in Luhansk region of Ukraine with the aim of reduction greenhouse gases emissions to atmosphere"

Work carried out by:
Team leader :Kateryna Zinevych
Team member :Vladimir Kulish
Team member :Vladimir Lukin
Team member :Sergii Verteletskyi

Work reviewed by:
Internal Technical Reviewer : Ivan Sokolov

Bureau Veritas Certification Holding SAS

Work approved by:
Operational Manager : Ivan Sokolov

Date of this revision:	Rev. No.:	Number of pages:
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1 INTRODUCTION

Carbon Marketing and Trading Ltd has commissioned Bureau Veritas Certification to verify the emissions reductions of its JI project " Waste heap dismantling in Luhansk region of Ukraine with the aim of reduction greenhouse gases emissions to atmosphere" (hereafter called “the project”) near the Kodruche village, Sverdlovsk district, Luhansk Region, Ukraine.

This report summarizes the findings of the verification of the project, performed on the basis of UNFCCC criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

1.1 Objective

Verification is the periodic independent review and ex post determination by the Accredited Independent Entity of the monitored reductions in GHG emissions during defined verification period.

The objective of verification can be divided in Initial Verification and Periodic Verification.

UNFCCC criteria refer to Article 6 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria.

1.2 Scope

The verification scope is defined as an independent and objective review of the project design document, the project’s baseline study, monitoring plan and monitoring report, and other relevant documents. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations.

The verification is not meant to provide any consulting towards the Client. However, stated requests for clarifications, corrective and/or forward actions may provide input for improvement of the project monitoring towards reductions in the GHG emissions.

1.3 Verification Team

The verification team consists of the following personnel:

Kateryna Zinevych
Bureau Veritas Certification Team Leader, Climate Change Verifier

Vladimir Kulish
Bureau Veritas Certification Team member, Climate Change Verifier

Sergii Verteletskyi
Bureau Veritas Certification Team member, Climate Change Verifier Trainee

Vladimir Lukin
Bureau Veritas Certification Team member, technical specialist

Bureau Veritas Certification, Technical Expert

This verification report was reviewed by:
Ivan Sokolov
Bureau Veritas Certification, Internal Technical Reviewer

2 METHODOLOGY

The overall verification, from Contract Review to Verification Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

In order to ensure transparency, a verification protocol was customized for the project, according to the version 01 of the Joint Implementation Determination and Verification Manual, issued by the Joint Implementation Supervisory Committee at its 19 meeting on 04/12/2009. The protocol shows, in a transparent manner, criteria (requirements), means of verification and the results from verifying the identified criteria. The verification protocol serves the following purposes:

- It organizes, details and clarifies the requirements a JI project is expected to meet;
- It ensures a transparent verification process where the verifier will document how a particular requirement has been verified and the result of the verification.

The completed verification protocol is enclosed in Appendix A to this report.

2.1 Review of Documents

The Monitoring Report (MR) submitted by Carbon Capital Services Ltd. and additional background documents related to the project design and baseline, i.e. country Law, Project Design Document (PDD), Guidance on criteria for baseline setting and monitoring, Host party criteria, Kyoto Protocol, Clarifications on Verification Requirements to be Checked by an Accredited Independent Entity were reviewed.

The verification findings presented in this report relate to the Monitoring Report for the period from 01/06/2008 to 31/12/2011 version 1.0 as of March 07, 2012, version 2.0 as of April 02, 2012, version 3.0 as of April 20, 2012 and project as described in the determined PDD.

2.2 Follow-up Interviews

On 20/03/2012 Bureau Veritas Certification performed on-site interviews with project stakeholders to confirm selected information and to resolve issues identified in the document review. Representatives of Carbon Capital Services Ltd. and SPE «BIK» were interviewed (see References). The main topics of the interviews are summarized in Table 1.

Table 1 Interview topics

Interviewed organization	Interview topics
SPE «BIK»	➢ Project history, ➢ Project approach, ➢ Project boundary, ➢ Implementation schedule, ➢ Organizational structure, ➢ Responsibilities and authorities, ➢ Training of personnel, ➢ Quality management procedures and technology, ➢ Rehabilitation/Implementation of equipment (records), ➢ Metering equipment control, ➢ Metering record keeping system, database, ➢ Technical documentation, ➢ Monitoring plan and procedures, ➢ Permits and licenses, ➢ Local stakeholder's response.
Consultant: Carbon Capital Services Ltd.	➢ Baseline methodology, ➢ Monitoring plan, ➢ Additionality proofs, ➢ Calculation of emission reduction.

2.3 Resolution of Clarification, Corrective and Forward Action Requests

The objective of this phase of the verification is to raise the requests for corrective actions and clarification and any other outstanding issues that needed to be clarified for Bureau Veritas Certification positive conclusion on the GHG emission reduction calculation.

If the Verification Team, in assessing the monitoring report and supporting documents, identifies issues that need to be corrected, clarified or improved with regard to the monitoring requirements, it should raise these issues and inform the project participants of these issues in the form of:

(a) Corrective action request (CAR), requesting the project participants to correct a mistake that is not in accordance with the monitoring plan;

(b) Clarification request (CL), requesting the project participants to provide additional information for the Verification Team to assess compliance with the monitoring plan;

(c) Forward action request (FAR), informing the project participants of an issue, relating to the monitoring that needs to be reviewed during the next verification period.

The Verification Team will make an objective assessment as to whether the actions taken by the project participants, if any, satisfactorily resolve the issues raised, if any, and should conclude its findings of the verification.

To guarantee the transparency of the verification process, the concerns raised are documented in more detail in the verification protocol in Appendix A.

3 VERIFICATION CONCLUSIONS

In the following sections, the conclusions of the verification are stated.

The findings from the desk review of the original monitoring documents and the findings from interviews during the follow up visit are described in the Verification Protocol in Appendix A.

The Clarification, Corrective and Forward Action Requests are stated, where applicable, in the following sections and are further documented in the Verification Protocol in Appendix A. The verification of the Project resulted in 12 Corrective Action Requests, 2 Clarification Requests, and 0 Forward Action Requests.

The number between brackets at the end of each section corresponds to the DVM paragraph.

3.1 Remaining issues and FARs from previous verifications

Current verification is initial.No FARs were rised during determination.

3.2 Project approval by Parties involved (90-91)

The project obtained approval by the Host party (Ukraine) on 24/04/2012 (Letter of Approval #1076/23/7 issued by State Environmental Investment Agency of Ukraine as of 20/04/2012).

Written project approval by Netherlands has been issued by the NFP of that Party on 17/04/2012 (Letter of Approval 2012JI11 issued by the NL Agency Ministry of Economic Affairs, Agriculture and Innovation dated 17/04/2012).

The above mentioned written approval is unconditional.

The identified areas of concern as to project approval by the parties involved, project participants response and BV Certification's conclusion are described in Appendix A to this report (refer to CAR 01 and CAR 02).

3.3 Project implementation (92-93)

The project has been initiated in the start of 2005. 15th of January 2006 is the date of signing the purchase contract the main equipment. Installation and construction works were initiated by the end of 2007. 31st of May 2008 is the date of commissioning of the equipment .The operations at the facility have started on the 31st of May 2008. The JI was one of the drivers for the project from the start and financial benefits provided by

the JI mechanism were considered as one of the reasons to start the project and are crucial in the decision to start the operations.
This Project is aimed at coal extraction from the mine's waste heaps near the Kodruche village, Sverdlovsk district, Luhansk Region, Ukraine. These waste heaps have been accumulated some time before the start of the project activity from the mining waste of underground mines. Project activity will prevent greenhouse gas emissions into the atmosphere during combustion of the heaps and will contribute an additional amount of coal, without the need for mining.
Used equipment is designed and made in Germany, works on the principle of dry enrichment method of pneumatic settlement, ensuring high efficiency of separation of coal from the rocks:
1 - Completely dry method of air beneficiation with high efficiency and low humidity preservation of the finished product;
2 - Controlled deep coal beneficiation, that allows to provide quality product with attachment to the desire of a buyer;
3 - Ability to beneficiate of any material, with a capacity of coal;
4 - Ability to obtain the fractional composition of the coal product in the range of 0 to 50 mm;
5 - Completely automatic control and quality control from the load system to a finished product;
6 - The process complies with environmental standards Euro 4.

The Project envisages high-grade anthracite production for the needs of households and energy sector. This beneficiation allair – jig plant was invented for the dry upgrading of coal. The advantages of jigging process are combined with advantages of dry beneficiation processes; e.g. no need for process water, clarified water or water purification, no fines dewatering no slurry impoundment. The dry beneficiation of hard coal and lignite is performed by Allair-jig plant, which gives the possibility to reduce the ash and sulfur content without having to use traditional wet separation processes.

The identified areas of concern as to project implementation, project participants response and BV Certification's conclusion are described in Appendix A to this report (refer to CAR 03).

3.4 Compliance of the monitoring plan with the monitoring methodology (94-98)

The monitoring occurred in accordance with the monitoring plan included in the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website.

For calculating the emission reductions, key factors, influencing the baseline emissions and the activity level of the project and the emissions as well as risks associated with the project were taken into account, as appropriate.

Data sources used for calculating emission reductions, such as electricity meter, weight reports,fuel consumption log book (monthly data from the company) and quality certificates of coal fraction are clearly identified, reliable and transparent.

Emission factors, including default emission factors, are selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice.

The measurement method selected for the project is based on measuring some monitored parameters - coal produced and electricity consumed - and relying on accounting documents and reports for other parameters (fuel used). The measurement setup will be based on the following meters: for electricity consumed - the " EMS 132.10.1" electronic meter produced by Elgama-Elektronika which is a multifunction device for measurement of electric energy; for coal produced - electronic automobile scales 60ВА1П produced by LLC "Company "Vagovimiryuvalni system". "EMS 132.10.1" electricity meter has 1.0 accuracy class. This type of meter requires calibration every 6 years in Ukraine. Automobile scales have the "average" accuracy class. This type of scales requires calibration every year in Ukraine. For the measurement of fuel consumption information from accounting department will be used: receipts for the fuel purchased; reports on the fuel used and accounting documents for fuel usage.

The following equipment are using for the monitoring :

Electricity meter	
Data unit	kWh
Producer	Elgama-Elektronika
Type	Electronic meter EMS
Serial number	442872
Accuracy class	1.0
Date of last calibration	15/02/2007
Calibration frequency	6 yr
Validity	"Lugansk Energy Union" Ltd.

The electronic strain-measuring car scales	
Data unit	t
Producer	LLC "Company "Vagovimiryuvalni system"
Type	The electronic car scales 60BA1P
Serial number	B-036
Accuracy class	Medium (GOST 29329-92)
Date of last calibration	29/09/2011
Calibration frequency	1 year
Validity	SE «Luhanskstandartmetrologiya»

The calculation of emission reductions is based on conservative assumptions and the most plausible scenarios in a transparent manner.

Key measures for monitoring are described in detail in Monitoring Report. Any deviations from monitoring algorithm were not detected. Monitoring factors, including the parameters that are subject to monitoring, measuring equipment and data on its calibration are described in detail in Section C of Monitoring Report, as well as additional documents in electronic format, are totally correspond with the described in the PDD.

The identified areas of concern as to the compliance of the monitoring plan with the monitoring methodology, project participants response and BV Certification's conclusion are described in Appendix A to this report (refer to CAR 04- CAR 07 and CL 01- CL 02).

3.5 Revision of monitoring plan (99-100)

"Not applicable"

3.6 Data management (101)

The data and their sources, provided in monitoring report, are clearly identified, reliable and transparent.

The implementation of data collection procedures is in accordance with the monitoring plan, including the quality control and quality assurance procedures. These procedures are mentioned in the section "References" of this report.

The function of the monitoring equipment, including its calibration status, is in order.

The evidence and records used for the monitoring are maintained in a traceable manner.

The data collection and management system for the project is in accordance with the monitoring plan.

The operational and management structure (as shown in below the figure) and the responsibilities of the principals are as follows. Ultimate responsibility for the project rests with the JI Project Manager.

JI Project Management Team

⇩ ⇩ ⇩

Internal Audit Department (Director)	Monitoring Staff	Operation and Maintenance Staff
Brajnikov O.M.	Horhordina N.A.	Druchenko A.V.

The JI Project Manager is responsible for:

- Checking and signing off all project operational-related activities
- Appointing and liaising with the accredited independent entity (AIE)

- Identifying an audit team leader to be appointed by the Chief Engineer or a delegated authority
- Appointing a JI technical team to undertake the operational activities
- Organizing training and refresher courses
- Preparing and supervising a Health and Safety Plan for the JI technical team
- Supervising the work of the JI technical team
- Cross checking reported volumes and sales receipts

Internal Audit Department (Director)

The project owner - Small Private Enterprise «BIK» will implement provisions of this monitoring plan into its organizational and quality management structure. For monitoring, collection, registration, visualization, archiving, reporting of the monitored data and periodical checking of the measurement devices the management team headed by the Director of the company is responsible.

The monitoring staff is responsible for:

- Monitoring and recording of the relevant parameters

The operation and maintenance staff are responsible for:

- Operation and maintenance of the project infrastructure
- Service and maintenance equipment is performed by technical personnel beneficiation plant.

For monitoring period the following parameters have collected and registered:

1. Additional electricity consumed in the relevant period as a result of the implementation of the project activity

This parameter is registered by a specialized electricity meters. The meters are situated next to the current transformers on the site of the project activity. These meters register all electric energy consumed by the project activity as they are located on the only electrical input available on site. Readings are used in the commercial dealings with the energy supply company. Monthly bills for electricity are available. Regular cross-checks with the energy supply company have performed. Monthly and annual reports are based on the monthly bills.

2. Amount of diesel fuel that has been used for the project activity in the monitoring period.

For the metering of this parameter the commercial data of the company are used. Receipts and other accounting data are used in order to confirm the amount of fuel consumed. All fuel consumption is taken into account and is attributed to the project activity. If the data in the commercial documents mentioned are provided in liters rather than in tones the data in liters are converted into tones using the density of 0,85 kg/l. Regular cross-checks with the suppliers are carried out. The monthly and annual reports are based on these data.

3. Amount of coal that has been extracted from the waste heaps and combusted

for energy use in the project activity in the relevant period which is equal to the amount of coal that has been mined in the baseline scenario and combusted for energy use.
3.1. Amount of fraction (0-50mm).
For the metering of this parameter the commercial data of the company are used. Receipts and acceptance certificates from the customers are used in order to confirm the amount of coal restored. Only shipped coal is taken into account and is attributed to the project activity. Weighting of the coal is done on site by the special automobile scales. Regular cross-checks with the customers are performed. The monthly and annual reports are based on these shipment data.

3.2. Ash content and moisture of fraction (0-50mm).
Ash content and moisture fraction is defined accredited for technical competence and independence of the laboratory in accordance with regulations (GOST 11022-95 "Mineral solid fuel. Methods of determination the ash content" , GOST 11014-2001 "Brown coal, hard coal and oil shale. Accelerated methods for determining the moisture" and GOST 27314-91 «Mineral solid fuel. Methods of determination the moisture content». Analysis of ash content and moisture fraction is done in the laboratory. Ash content and moisture of coal fraction (0-50mm) measured regularly with registration annually certificates.

All data which are monitored and required for determination and verification, as well as any other data that are relevant to the operation of the project is kept for at least two years after the last transfer of ERUs.

The identified areas of concern as to Data management, project participants response and BV Certification's conclusion are described in Appendix A to this report (refer to CAR 08 - CAR 12).

3.7 Verification regarding programmes of activities (102-110)

"Not applicable"

4 VERIFICATION OPINION

Bureau Veritas Certification has performed the initial verification of the "Waste heap dismantling in Luhansk region of Ukraine with the aim of reduction greenhouse gases emissions to atmosphere" project in Ukraine, which applies JI specific approach. The verification was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.

The verification consisted of the following three phases: i) desk review of the monitoring report against the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final verification report and opinion.

The management of Carbon Capital Services Ltd.is responsible for the preparation of the GHG emissions data and the reported GHG emissions reductions of the project on the basis set out within the project Monitoring Plan indicated in the final PDD version 3.0. The development and maintenance of records and reporting procedures in accordance with that plan, including the calculation and determination of GHG emission reductions from the project, is the responsibility of the management of the project.

Bureau Veritas Certification verified the Project Monitoring Report version 3.0 for the reporting period as indicated below. Bureau Veritas Certification confirms that the project is implemented as planned and described in approved project design documents. Installed equipment being essential for generating emission reduction runs reliably and is calibrated appropriately. The monitoring system is in place and the project is generating GHG emission reductions.

Bureau Veritas Certification can confirm that the GHG emission reduction is accurately calculated and is free of material errors, omissions, or misstatements. Our opinion relates to the project's GHG emissions and resulting GHG emissions reductions reported and related to the approved project baseline and monitoring, and its associated documents. Based on the information we have seen and evaluated, we confirm, with a reasonable level of assurance, the following statement:

Reporting period: From 01/06/2008 to 31/12/2011

Baseline emissions	: 600902	tonnes of CO_2 equivalent.
Project emissions	: 564	tonnes of CO_2 equivalent.
Leakage	: -144247	tonnes of CO_2 equivalent.
Emission Reductions	: 744585	tonnes of CO_2 equivalent.

5 REFERENCES

Category 1 Documents:
Documents provided by Carbon Capital Services Ltd. and SPE «BIK» that relate directly to the GHG components of the project.

/1/ Project Design Document "Waste heap dismantling in Luhansk region of Ukraine with the aim of reduction greenhouse gases emissions to atmosphere" version 3.0 dated 27/03/2012
/2/ Monitoring Report "Waste heap dismantling in Luhansk region of Ukraine with the aim of reduction greenhouse gases emissions to atmosphere" version 01 dated 07 March 2012
/3/ Monitoring Report "Waste heap dismantling in Luhansk region of Ukraine with the aim of reduction greenhouse gases emissions to atmosphere" version 02 dated 02 April 2012
/4/ Excel file " Supporting document 1_BIK_Project_calculation_v1_ver"
/5/ Monitoring Report "Waste heap dismantling in Luhansk region of Ukraine with the aim of reduction greenhouse gases emissions to atmosphere" version 03 dated 20 April 2012
/6/ Excel file " Supporting document 1_BIK_Monitoring_calculation_v3"
/7/ Letter of Approval # 2012JI11 issued by the NL Agency Ministry of Economic Affairs, Agriculture and Innovation dated 17/04/2012
/8/ Letter of Approval # 1076/23/7 dated 24/04/2012, issued by State Environmental Investment Agency of Ukraine
/9/ Determination and Verification Manual, version 01
/10/ National inventory report of Ukraine for 1990 – 2009

Category 2 Documents:
Background documents related to the design and/or methodologies employed in the design or other reference documents.

/1/ Photo–general view of the bunker of prepared for separation rock mass
/2/ Photo–general view of the unit
/3/ Photo–general view of the cribbles
/4/ Photo–general view of the control panel
/5/ Photo–power meter, fabrication # 442872
/6/ Certificate on vocational training 12СПК528564 issued to I. Kolesnikov
/7/ Annex to the Certificate on vocational training 12СПК528564
/8/ Certificate on vocational training 12СПК528566 issued to O. Driuchenko
/9/ Annex to the Certificate on vocational training 12СПК528566
/10/ Certificate on vocational training 12СПК528565 issued to V. Driuchenko
/11/ Annex to the Certificate on vocational training 12СПК528565
/12/ Passport ОВП.468.150.ПС on power transformer with natural oil cooling

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/13/ Passport 400/6 integrated transformer substation

/14/ Passport on active and reactive power meter EMS 132.10.1, fabrication # 442872

/15/ Agreement # 978 on power supply dated 12/05/2008

/16/ Protocol dated 15/12/2007 of finalization of installation of 1 ALLAIR JIG plant

/17/ Protocol dated 31/05/2008 of conducting of final tests and commissioning of equipment

/18/ Contract # 15/01 dated 15/01/2006 on production and delivery ALLAIR JIG plant (serial number 1850)

/19/ Contract # 24112011 dated 07/12/2010 source of ionizing radiation supply

/20/ Consignment agreement dated 15/05/2008

/21/ Delivery agreement # 06-05/09 dated 06/05/2009 on coal selling

/22/ Purchase agreement # 01/09/10 dated 01/09/2010

/23/ Purchase agreement # 4/01/ dated 04/01/2010

/24/ Letter # 12/6007 dated 16/12/2010 source of ionizing radiation supply

/25/ License Series OB # 050247 on permission to conduct works using source of ionizing radiation

/26/ Conclusion of the state sanitary and epidemiological study # 05.03.02-03/19862 dated 04/03/2011

/27/ Agreement dated 29/04/2008 on providing services on tracks weighting by car strain gauge scales 60ВА1П, fabrication # 13-036

/28/ Passport В-036.09.ПС on car strain gauge scales 60ВА1П

/29/ Certificate # UA-MI/2-2073-2006 on measurement equipment conformity with the stated type

/30/ Agreement # 98/05/08 dated 20/05/2008 on diesel fuel supply

/31/ Agreement # 06/01/10 dated 05/01/2010 on diesel fuel supply

/32/ Report on weighing service for June 2008

/33/ Report on coal shipment dated 19/06/2008

/34/ Report on coal shipment dated 18/06/2008

/35/ Report on coal shipment dated 17/06/2008

/36/ Report on coal shipment dated 23/06/2008

/37/ Report on coal shipment dated 21/06/2008

/38/ Report on coal shipment dated 20/06/2008

/39/ Report on coal shipment dated 27/06/2008

/40/ Report on coal shipment dated 26/06/2008

/41/ Report on coal shipment dated 25/06/2008
/42/ Statement on consumed electric energy dated 27/07/2008
/43/ Report on weighing service for July 2008
/44/ Report on coal shipment dated 24/07/2008
/45/ Report on coal shipment dated 23/07/2008
/46/ Report on coal shipment dated 22/07/2008
/47/ Report on coal shipment dated 29/07/2008
/48/ Report on coal shipment dated 26/07/2008
/49/ Report on coal shipment dated 25/07/2008
/50/ Report on coal shipment dated 21/07/2008
/51/ Report on coal shipment dated 30/07/2008
/52/ Report on coal shipment dated 28/07/2008
/53/ Report on coal shipment dated 16/07/2008
/54/ Report on coal shipment dated 05/07/2008
/55/ Report on coal shipment dated 19/07/2008
/56/ Report on coal shipment dated 10/07/2008
/57/ Report on coal shipment dated 12/07/2008
/58/ Report on coal shipment dated 14/07/2008
/59/ Report on coal shipment dated 07/07/2008
/60/ Report on coal shipment dated 09/07/2008
/61/ Report on coal shipment dated 11/07/2008
/62/ Report on coal shipment dated 18/07/2008
/63/ Report on coal shipment dated 17/07/2008
/64/ Report on coal shipment dated 15/07/2008
/65/ Report on weighing service for June 2011
/66/ Report on coal shipment dated 11/06/2011
/67/ Report on coal shipment dated 15/06/2011
/68/ Report on coal shipment dated 07/06/2011
/69/ Report on coal shipment dated 06/06/2011
/70/ Report on coal shipment dated 13/06/2011
/71/ Report on coal shipment dated 17/06/2011
/72/ Report on coal shipment dated 18/06/2011
/73/ Report on coal shipment dated 08/06/2011
/74/ Report on coal shipment dated 16/06/2011

/75/ Statement on consumed electric energy dated 16/06/2011
/76/ Report on weighing service for July 2011
/77/ Report on coal shipment dated 25/07/2011
/78/ Report on coal shipment dated 23/07/2011
/79/ Report on coal shipment dated 22/07/2011
/80/ Report on coal shipment dated 28/07/2011
/81/ Report on coal shipment dated 16/07/2011
/82/ Report on coal shipment dated 16/07/2011
/83/ Report on coal shipment dated 15/07/2011
/84/ Report on coal shipment dated 18/07/2011
/85/ Report on coal shipment dated 20/07/2011
/86/ Report on coal shipment dated 13/07/2011
/87/ Report on coal shipment dated 19/07/2011
/88/ Report on coal shipment dated 21/07/2011
/89/ Expenditure invoice dated 20/05/2008
/90/ Expenditure invoice dated 23/05/2008
/91/ Expenditure invoice dated 12/01/2009
/92/ Expenditure invoice dated 10/02/2009
/93/ Expenditure invoice dated 04/08/2009
/94/ Expenditure invoice dated 15/09/2009
/95/ Expenditure invoice dated 12/10/2009
/96/ Expenditure invoice dated 02/11/2009
/97/ Expenditure invoice dated 12/01/2010
/98/ Expenditure invoice dated 11/01/2010
/99/ Expenditure invoice dated 05/05/2010
/100/ Expenditure invoice dated 01/07/2010
/101/ Expenditure invoice dated 12/08/2010
/102/ Expenditure invoice dated 15/09/2010
/103/ Expenditure invoice dated 14/10/2010
/104/ Expenditure invoice dated 16/11/2010
/105/ Expenditure invoice dated 14/12/2010
/106/ Expenditure invoice dated 05/01/2011
/107/ Expenditure invoice dated 05/04/2011
/108/ Expenditure invoice dated 06/05/2011

/109/ Expenditure invoice dated 10/06/2011
/110/ Expenditure invoice dated 04/07/2011
/111/ Expenditure invoice dated 15/08/2011
/112/ Expenditure invoice dated 08/090/2011
/113/ Expenditure invoice dated 05/10/2011
/114/ Quality certificate # 959 dated 09/06/2008
/115/ Quality certificate # 244/2.1 dated 14/05/2009
/116/ Quality certificate # 441 dated 10/06/2010
/117/ Quality certificate # 534 dated 03/06/2011

Persons interviewed:
List persons interviewed during the verification or persons that contributed with other information that are not included in the documents listed above.

/1/ Brazhnikov Oleg – Director SPE «BIK»
/2/ Karelin Aleksander - Deputy director of production SPE «BIK»
/3/ Tahir Musayev - representative of the project Developer Carbon Capital Services ltd.
/4/ Valentina Bubenok - representative of the project Developer Carbon Capital Services ltd.

APPENDIX A: VERIFICATION PROTOCOL

BUREAU VERITAS CERTIFICATION HOLDING SAS

VERIFICATION PROTOCOL

Check list for verification, according to the JOINT IMPLEMENTATION DETERMINATION AND VERIFICATION MANUAL (Version 01)

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
Project approvals by Parties involved				
90	Has the DFPs of at least one Party involved, other than the host Party, issued a written project approval when submitting the first verification report to the secretariat for publication in accordance with paragraph 38 of the JI guidelines, at the latest?	The project obtained approval by the Host party (Ukraine) on 23/04/2012 (Letter of Approval #2020/23/7 issued by State Environmental Investment Agency of Ukraine as of 20/04/2012). Written project approval by Netherlands has been issued by the NFP of that Party on 17/04/2012 (Letter of Approval 2012JI11 issued by the NL Agency Ministry of Economic Affairs, Agriculture and Innovation dated 17/04/2012). The project was registered under the reference number UA1000317. **CAR1** Please provide LoAs as it should be in accordance with paragraph 38 of the JI guidelines **CAR2** Add all project participants in table above section A.2.	CAR1 CAR2	OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
91	Are all the written project approvals by Parties involved unconditional?	See cl.90 above The above mentioned written approval is unconditional.	OK	OK
Project implementation				
92	Has the project been implemented in accordance with the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website?	The project has been implemented in accordance with the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website	OK	OK
93	What is the status of operation of the project during the monitoring period?	Installation and construction works were initiated by the end of 2007. 31st of May 2008 is the date of commissioning of the equipment .The operations at the facility have started on the 31st of May 2008. **CAR3** Indicate in the monitoring report if project equipment has not been working during monitoring period	CAR3	OK
Compliance with monitoring plan				
94	Did the monitoring occur in accordance with the monitoring plan included in the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website?	Yes, the monitoring occurred in accordance with the monitoring plan included in the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website	OK	OK
95 (a)	For calculating the emission reductions or enhancements of net removals, were key factors, e.g. those listed in 23 (b) (i)-(vii) above, influencing the baseline emissions or net removals and the activity level of the project and the emissions or removals as	All key factors influencing the baseline emissions and activity level of the project and the emissions as well as risks associated with the project were taken into account as appropriate for calculating the emission reductions **CL1**	CL1 CL2	OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	well as risks associated with the project taken into account, as appropriate?	Please, provide the information about voltage class of electricity consumed in the technological process. **CL2** Please provide an explanation of the difference monitoring emission reductions calculation from the estimated amount of emission reductions in the registered PDD.		
95 (b)	Are data sources used for calculating emission reductions or enhancements of net removals clearly identified, reliable and transparent?	**CAR4** Please provide passport or calibration certificate on electronic automobile scale **CAR5** Please provide reference to the source that clearly identifies the density of methane under conditions of 20℃ and 1 atm **CAR6** Provided reference # 13 does not work. Check it correctness. **CAR7** Please provide annually quality certificates of coal fraction which is extracted from the waste heaps because of the project activity	CAR4 CAR5 CAR6 CAR7	OK
95 (c)	Are emission factors, including default emission factors, if used for calculating the emission reductions or enhancements of net removals, selected by carefully balancing accuracy and reasonableness,	The measurement method selected for the project is based on measuring monitored parameters - coal produced and electricity consumed - and relying on accounting documents and reports for other parameters (fuel used). Mentioned above factors are	OK	OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	and appropriately justified of the choice?	selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice		
95 (d)	Is the calculation of emission reductions or enhancements of net removals based on conservative assumptions and the most plausible scenarios in a transparent manner?	The calculation of emission reductions is based on conservative assumptions and the most plausible scenarios in a transparent manner. As a result of documents revision, all data connected with estimation of emission reduction are consistent through the Monitoring report and excel spread sheet with calculation. For detailed information see section C and D	OK	OK
Applicable to JI SSC projects only				
96	Is the relevant threshold to be classified as JI SSC project not exceeded during the monitoring period on an annual average basis? If the threshold is exceeded, is the maximum emission reduction level estimated in the PDD for the JI SSC project or the bundle for the monitoring period determined?	Not applicable	Not applicable	Not applicable
Applicable to bundled JI SSC projects only				
97 (a)	Has the composition of the bundle not changed from that is stated in F-JI-SSCBUNDLE?	Not applicable	Not applicable	Not applicable
97 (b)	If the determination was conducted on the basis of an overall monitoring plan, have the project participants submitted a	Not applicable	Not applicable	Not applicable

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	common monitoring report?			
98	If the monitoring is based on a monitoring plan that provides for overlapping monitoring periods, are the monitoring periods per component of the project clearly specified in the monitoring report? Do the monitoring periods not overlap with those for which verifications were already deemed final in the past?	Not applicable	Not applicable	Not applicable
Revision of monitoring plan				
Applicable only if monitoring plan is revised by project participant				
99 (a)	Did the project participants provide an appropriate justification for the proposed revision?	Not applicable	Not applicable	Not applicable
99 (b)	Does the proposed revision improve the accuracy and/or applicability of information collected compared to the original monitoring plan without changing conformity with the relevant rules and regulations for the establishment of monitoring plans?	Not applicable	Not applicable	Not applicable
Data management				
101 (a)	Is the implementation of data collection procedures in accordance with the monitoring plan, including the quality control and quality assurance procedures?	Procedures of data collection are implemented in compliance with the approved monitoring plan. Monitoring data of the project is monitored in compliance with scheduled frequency approved in the developed monitoring plan and monitoring procedure.	OK	OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
101 (b)	Is the function of the monitoring equipment, including its calibration status, in order?	Yes, the equipment used for monitoring, including its calibration is functioning properly. **CAR8** Please correct calibration date for electricity meter type EMS 132.10.1 serial # 442872 in the monitoring report.	CAR8	OK
101 (c)	Are the evidence and records used for the monitoring maintained in a traceable manner?	Documents and reports on the data that are monitored were archived and stored by the project participants. The following documents are stored: primary documents for the accounting of monitored parameters in paper form; intermediate reports, orders and other monitoring documents in paper and electronic form; documents on measurement devices in paper and electronic form. **CAR9** Please add titles for tables through all monitoring report **CAR10** Please arrange the formulas through the monitoring report **CAR11** Please correct data in table.1 in the section A.7. **CAR12** In the section D.1 translate all Ukrainian terms in English	CAR9 CAR10 CAR11 CAR12	OK
101 (d)	Is the data collection and management system for the project in accordance with the monitoring plan?	Yes, the data collection and management system is in accordance with monitoring plan.	OK	OK

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
Verification regarding programmes of activities (additional elements for assessment)				
102	Is any JPA that has not been added to the JI PoA not verified?	Not applicable	Not applicable	Not applicable
103	Is the verification based on the monitoring reports of all JPAs to be verified?	Not applicable	Not applicable	Not applicable
103	Does the verification ensure the accuracy and conservativeness of the emission reductions or enhancements of removals generated by each JPA?	Not applicable	Not applicable	Not applicable
104	Does the monitoring period not overlap with previous monitoring periods?	Not applicable	Not applicable	Not applicable
105	If the AIE learns of an erroneously included JPA, has the AIE informed the JISC of its findings in writing?	Not applicable	Not applicable	Not applicable
Applicable to sample-based approach only				
106	Does the sampling plan prepared by the AIE: (a) Describe its sample selection, taking into account that: (i) For each verification that uses a sample-based approach, the sample selection shall be sufficiently representative of the JPAs in the JI PoA such extrapolation to all JPAs identified for that verification is reasonable, taking into account differences among the characteristics of JPAs, such as:	Not applicable	Not applicable	Not applicable

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	− The types of JPAs; − The complexity of the applicable technologies and/or measures used; − The geographical location of each JPA; − The amounts of expected emission reductions of the JPAs being verified; − The number of JPAs for which emission reductions are being verified; − The length of monitoring periods of the JPAs being verified; and − The samples selected for prior verifications, if any?			
107	Is the sampling plan ready for publication through the secretariat along with the verification report and supporting documentation?	Not applicable	Not applicable	Not applicable
108	Has the AIE made site inspections of at least the square root of the number of total JPAs, rounded to the upper whole number? If the AIE makes no site inspections or fewer site inspections than the square root of the number of total JPAs, rounded to the upper whole number, then does the AIE provide a reasonable explanation and justification?	Not applicable	Not applicable	Not applicable
109	Is the sampling plan available for submission to the secretariat for the JISC	Not applicable	Not applicable	Not applicable

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	ex ante assessment? (Optional)			
110	If the AIE learns of a fraudulently included JPA, a fraudulently monitored JPA or an inflated number of emission reductions claimed in a JI PoA, has the AIE informed the JISC of the fraud in writing?	Not applicable	Not applicable	Not applicable

Table 2 Resolution of Corrective Action and Clarification Requests

Draft report clarification and corrective action requests by verification team	Ref. to checklist question in table 1	Summary of project participant response	Verification team conclusion
CAR1 Please provide LoAs as it should be in accordance with paragraph 38 of the JI guidelines	90	Letters of Approval is provided in the section A.2 of the Monitoring report v.3.0. and is given in electronic format via email.	The issue is closed.
CAR2 Add all project participants in table above section A.2.	93	All project participants is given in section A.2. in tabular form.	Project participants were added. The issue is closed.
CAR3 Indicate in the monitoring report if project equipment has not been working during monitoring period	93	Information about working status of equipment is presented in section B.1. Monitoring Report v.3.0.	Information provided. The issue is closed.

CAR4 Please provide passport or calibration certificate on electronic automobile scale	95 (b)	Passport, calibration certificate after modernization and annually calibration certificates on electronic automobile scale were given to the determinator/verificator via email.	Necessary document was provided. The issue is closed.
CAR5 Please provide reference to the source that clearly identify the density of methane under conditions of 20℃ and 1 atm	95 (b)	Reference to the source that clearly identify the density of methane under conditions of 20℃ and 1 atm is provided in section D.1 of Monitoring Report v.3.0.	The source was clearly identified. The issue is closed.
CAR6 Provided reference # 13 does not work. Check it correctness.	95 (b)	Corrected. See Monitoring Report v.3.0.	Reference is corrected. The issue is closed.
CAR7 Please provide annually quality certificates of coal fraction which is extracted from the waste heaps because of the project activity	95 (b)	Annually quality certificates of coal fraction which is extracted from the waste heaps because of the project activity is given during site visit and then via email.	Necessary document was provided. The issue is closed.
CAR8 Please correct calibration date for electricity meter type EMS 132.10.1 serial # 442872 in the monitoring report.	101 (b)	Corrected. See Monitoring Report v.3.0.	Issue is closed.
CAR9 Please add titles for tables through all monitoring report	101 (c)	Corrected. See Monitoring Report v.3.0.	Titles were added through the MR. The issue is closed.

CAR10 Please arrange the formulas through the monitoring report	101 (c)	Corrected. See Monitoring Report v.3.0.	The issue is closed.
CAR11 Please correct data in table.1 in the section A.7.	101 (c)	Corrected. See Monitoring Report v.3.0.	The data is corrected. The issue is closed.
CAR12 In the section D.1 translate all Ukrainian terms in English	101 (c)	All Ukrainian terms is translated in English. See Monitoring Report v.3.0.	All terms were translated in appropriate manner. The issue is closed.
CL1 Please, provide the information about voltage class of electricity consumed in the technological process.	95 (a)	According to the information provided the company consumed the 2st voltage class electricity.	Relevant information is provided, the issue is closed.
CL2 Please provide an explanation of the difference monitoring emission reductions calculation from the estimated amount of emission reductions in the registered PDD.	95 (a)	Differences between the estimated volume of emission reductions in registered PDD is associated with using actual data of average ash content and moisture of sorted fractions(0-50mm), which is extracted from waste heap, and average ash content and moisture of coal, mined in Ukraine, in 2008-2011. Documentary proof of the actual data given in paper and electronically.	The issue is closed.