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NIP 713-000-57-84, REGON 430309210, KRS 0000004549 - Sąd Rejonowy Lublin-Wschód w Lublinie z siedzibą w Świdniku, VI Wydział Gospodarczy Krajowego Rejestru Sądowego
Wysokość kapitału zakładowego i kapitału wpłaconego Spółki 170.067.950,00 PLN
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Bogdanka, 18 March 2011

Annual General Shareholders Meeting Lubelski Węgiel Bogdanka S.A.

Motion regarding the distribution of net profit for 2010

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby files a motion, along with the substantiation, regarding the proposed distribution of net profit generated by the Company in 2010 in the amount of PLN 227,362,313.44.

The Management Board moves for allocation of the **net profit for 2010 in the amount of PLN 227,362,313.44** (*in words: two hundred twenty-seven million three hundred sixty-two thousand three hundred and thirteen zlotys 44/100*) in full to the Company's reserve capital.

Substantiation

As at the end of 2010, the Company's supplementary capital amounted to PLN 548,654,950.29. Under Article 396 of the Commercial Companies Code, this amount exceeds the statutory value of 1/3 of the share capital, which exempts the Company from making 8% profit write-off for the financial year to that capital.

Within the scope of profit distribution, the Company's Management Board proposes to allocate the whole profit generated in 2010, i.e. the amount of PLN 227,362,313.44 to the Company's reserve capital.

Investments, provided for in the Company's Technical and Economic Plan for 2011, result from the "Development Strategy of Lubelski Węgiel Bogdanka S.A. in 2011-2015 based upon extension of the Stefanów Field" currently implemented by the Company. According to the assumptions specified in the Strategy, in 2011-2015, the Company intends to make investment outlays exceeding the amount of the shareholders' equity – most of which will be incurred in 2011.

The pursued Development Strategy of LW Bogdanka S.A. assumes the development of the Company's value by means of:

- ✓ increasing the mining plant's production capacity,
- ✓ making coal deposits type 34 available,
- ✓ increasing the efficiency of mining activities by cutting excavation unit costs,
- ✓ limiting the risk connected with running mining activities by starting up the second excavation shaft.

The basic goal of this strategy is to double production from the current approx. 5.8 million tonnes of commercial coal a year to approx. 11.5 million tonnes in 2014. Achievement of the assumed goal is connected with the implementation of the investment strategy by means of:

1. Starting up the crew and material carrying down shaft 2.2 (which took place in 2008).
2. Starting up excavating and skipping shaft 2.1.
3. Building a belt conveyor trestle bridge for the excavated material transport system from shaft 2.1 to the Mechanical Coal Processing Plant (ZPMW) in Bogdanka.
4. Extending the Mechanical Coal Processing Plant to its processing capacity of 2400 Mg/h and to modernise its railway infrastructure.

Commissioning and starting up shaft 2.2 (crew and material carrying down) as well as other facilities belonging to the infrastructure of the Stefanów Field surface connected with its functioning, i.e. the lamp room, the pithead building and the bath, made it possible to

intensify works connected with building level 990 by making the material transport paths shorter and making the crew's working hours longer.

The basic goal of the investment activities in 2011 is to complete the tasks concerning starting up excavation works using shaft 2.1 in the Stefanów Field.

The plan for 2011 includes:

- ✓ further building the excavation and ventilation shaft 2.1 in the Stefanów Field along with the ancillary facilities,
- ✓ extending the Mechanical Coal Processing Plant and building a belt conveyor trestle bridge for the excavated material transport system from shaft 2.1 in the Stefanów Field to the Mechanical Coal Processing Plant in the Bogdanka Field,
- ✓ building horizontal workings,
- ✓ environmental protection investments,
- ✓ building new building facilities and modernising the existing ones,
- ✓ purchasing finished products.

Implementation of the investments, referred to above, will have a direct impact on doubling the production and sale of coal by the Company, thus increasing its share in the Polish hard coal market from the existing 7.6% to 15.0%. Implementation of the investments in question will have a direct impact on an increase in the value of generated revenue and financial results, thus increasing the Company's value for shareholders. Application of state-of-the-art and highly efficient machines and devices as well as modern ploughing technologies combined with costs discipline and the economies of scale stemming from the planned increase in production will, according to the forecasts, result in reducing excavation unit costs, thus increasing accumulation (profit on the coal sales) and profitability of the conducted business activity. The above statement indicates that the Company's production will be characterised by low coal excavation costs, which will enable the Company to further strengthen the present competitive advantage in relation to other producers and make it possible to successfully compete with both the coal of Russia and that available in ARA Ports, not to mention Polish mining plants located in Silesia. It is also of importance, that the implementation of the selected investments (including the building of the central air-conditioning system in underground workings) will result in increased safety and improvement of working conditions, thus improving the Company's efficiency through extending working hours of staff engaged directly in production, working in underground workings.

Bearing in mind the investments planned for implementation in 2011 and the following years, the Management Board moves for leaving the whole profit at the Company.

1. President of the Management Board Mirosław Taras
 ...*[signature]*....

2. Vice-President of the Management Board Krystyna Borkowska
 ...*[signature]*....

3. Vice-President of the Management Board Zbigniew Stopa
 ...*[signature]*....

4. Vice-President of the Management Board Waldemar Bernaciak
 ...*[signature]*....

5. Member of the Management Board Lech Tor
 ...*[signature]*....