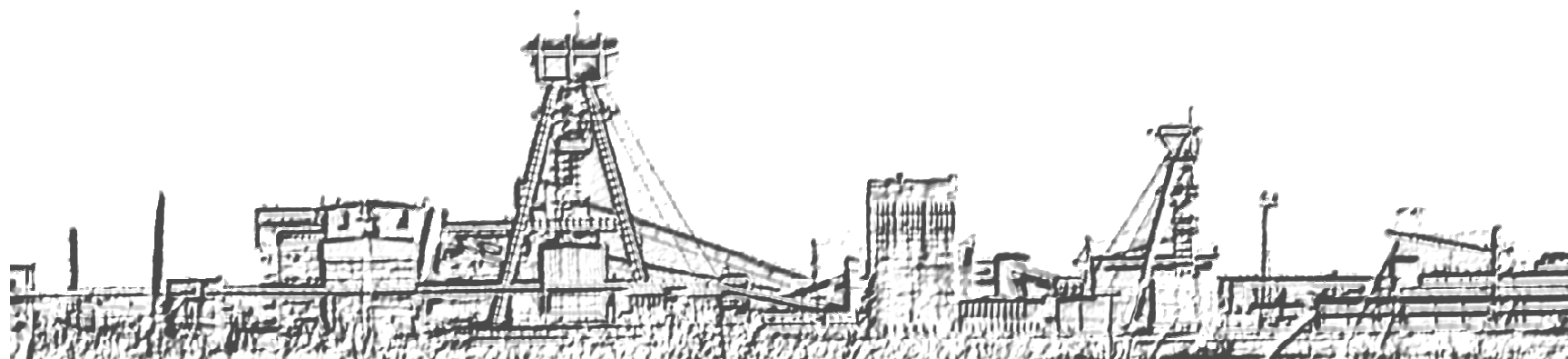




LUBELSKI WĘGIEL
„BOGDANKA”
SPÓŁKA AKCYJNA

Presentation of Q1-Q3 2009 Financial Results



Warsaw, 10 November 2009

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Presentation of financial results

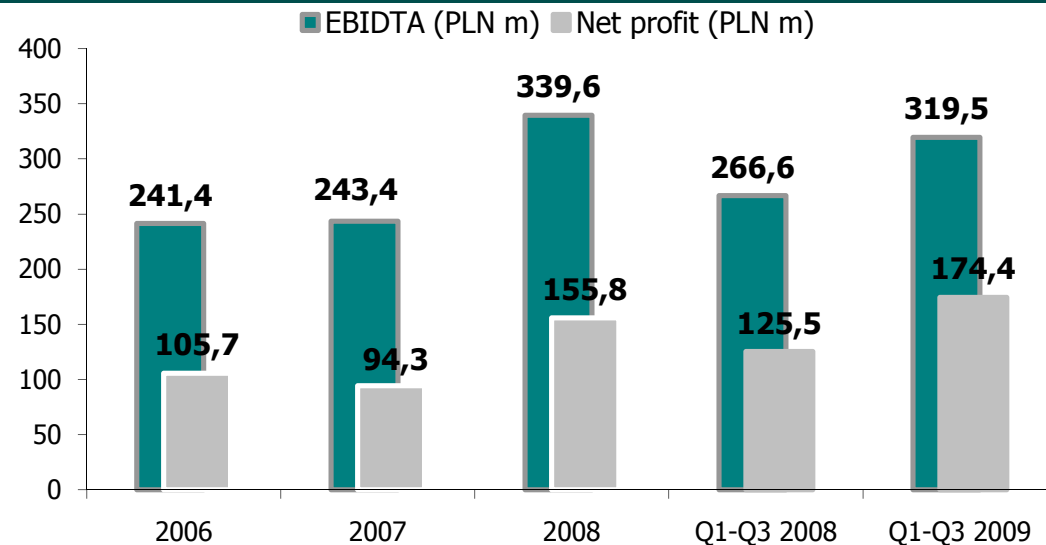
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- One of the largest and most modern hard coal mines in Poland,
- Producer of steam coal used to generate electricity,
- Coal reserves: 254.7m tonnes (the current license allows carrying mining operations until 2034),
- Convenient geographical location (Lublin Coal Basin) relative to the location of the mine’s major customers (beneficial location) and favourable natural conditions (low reclamation costs, regular geological structure, lack of danger of mine collapse, and a low methane explosion risk);
- High efficiency of coal extraction – twice as high as the average for the coal mining industry in Poland;
- Experienced Management operating in the hard coal mining industry for many years;
- Successful IPO (PLN 528m).



Modern and efficiently managed company achieving impressive financial performance, listed on the Warsaw Stock Exchange

Competitive Advantages



NATURAL CONDITIONS

- **beneficial location** – convenient geographical location relative to main customers (cost of transport is a significant coal price component);
- **low reclamation costs** – coal extraction from deposits located in poorly urbanised areas (rural areas);
- **efficiency and continuity of the extraction process** – regular geologic structure;
- **extraction safety** – no danger of mine collapse, gas outbursts or rockbursts, and a low methane explosion risk;

TECHNOLOGY

- **use of latest technologies** and state-of-the-art. Equipment in hard coal extraction process - **low malfunction rate**, no unexpected work stoppages and **extraction efficiency**;
- **environmental safety of the mine** – environmental certificate ISO 14001;

ORGANISATION

- **Management Board** comprising persons with extensive long-term experience in the hard coal mining industry;
- **motivating work organising system**;
- **innovation** – numerous rationalising solutions to improve extraction efficiency;
- six times ranked the best coal mine in Poland;

- **Much higher coal extraction efficiency** compared with the average for the coal mining industry in Poland
 - general efficiency for 3 quarters 2009 : 241% of the industry average;
 - miners' efficiency for 3 quarters 2009 : 297% of the industry average.



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Hard Coal Market in Poland between January and September 2009*



Improvement of macroeconomic conditions and increase in demand for coal in H2. 2009

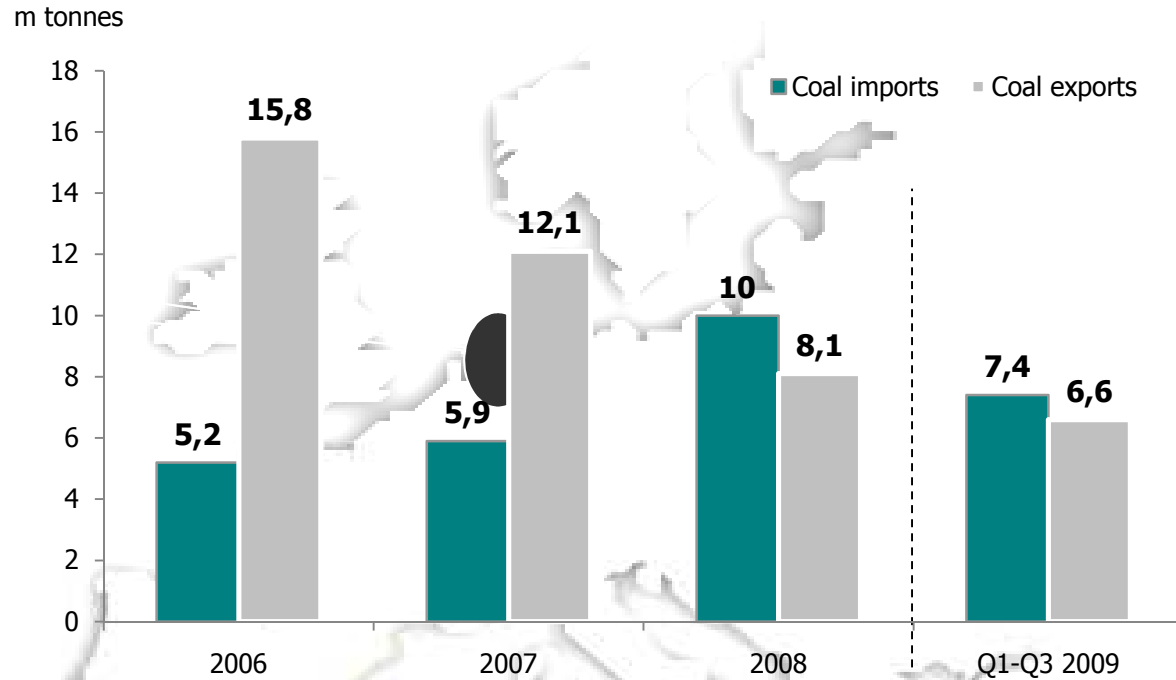
- Following substantial deterioration in the coal mining industry in H1. 2009, H2. 2009 has seen improvement of macroeconomic conditions and the Company has observed increase in coal demand
- Decline in the average sale price in H2. 2009 has been lower than originally assumed
- Situation of Silesian companies:
 - Hard coal extraction in Silesian companies between January and September 2009 amounted to 53.8m tonnes and was lower than in the corresponding period in 2008 by 7.8%. Steam coal extraction dropped by 1.97%, and coking coal by 38.8%.
 - Hard coal inventories in coal mines amounted to 5.58m tonnes as at September 30, 2009 (which reflected a decline against August 31, 2009 by 0.59m tonnes and increase of 4.4m tonnes when compared with September 30, 2008), including increase of coking coal inventories of 4.2m tonnes.
 - Average cost of coal production from January to September 2009 went up by 15.8% compared with the corresponding period in 2008.
 - After three quarters of 2009 the coal mining industry recorded a net loss of -PLN 287.9m. At the same time the industry disclosed a positive figure on coal sales after 9 months of 2009 : PLN 566.2m (down by PLN 1.09b when compared with the similar period in 2008).

** Source: Ministry of Economy (excluding ZG „SILTECH” and LW „BOGDANKA” S.A.)*

Coal Imports vs. Exports



**ARA Ports
(Amsterdam-
Rotterdam-
Antwerp)**



Russia

Source: Ministry of Economy, Main Statistical Office (GUS)

Figures on imports in Q1-Q3 2009: Company's estimates on the basis of data from 1 January 2009 – 31 August 2009



Total costs of one tonne of coal imported form ARA ports
ARA Price + Uploading (port) + Freight + Downloading (port) + Transport (railway)



Costs of imports form the Russian market depend on politics and transport infrastructure of the Russian Federation

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Summary of Q1-Q3 2009 Financial Results



Item (PLN '000)	Q3 2008	Q3 2009	Change (%)	Q1-Q3 2008	Q1-Q3 2009	Change %
Revenue	279,329	329,877	+18.10%	773,255	850,672	+10.01%
Gross profit	98,809	143,234	+44.96%	216,577	302,854	+39.84%
EBITDA	129,507	145,759	+12.55%	266,652	319,454	+19.80%
EBIT	93,800	108,756	+15.94%	163,897	213,302	+30.14%
Net profit	73,514	90,849	+23.58%	125,495	174,387	+38.96%

Item	Q1-Q3 2008	Q1-Q3 2009
EPS (PLN)*	5.45	5.13

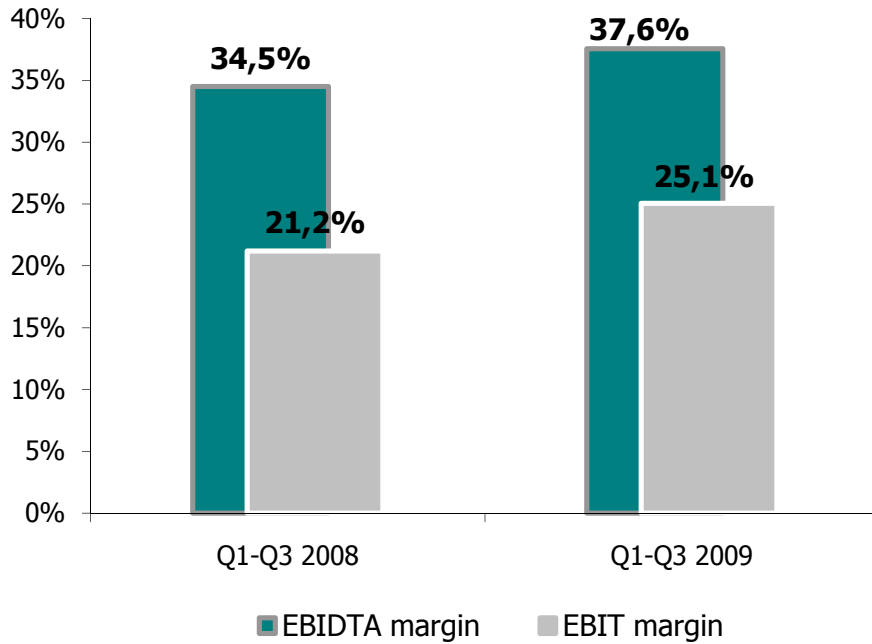
* EPS calculated as at the end of the period and assuming the number of shares after a 1:10 split conducted in November 2008

 **Dynamic growth of financial results**

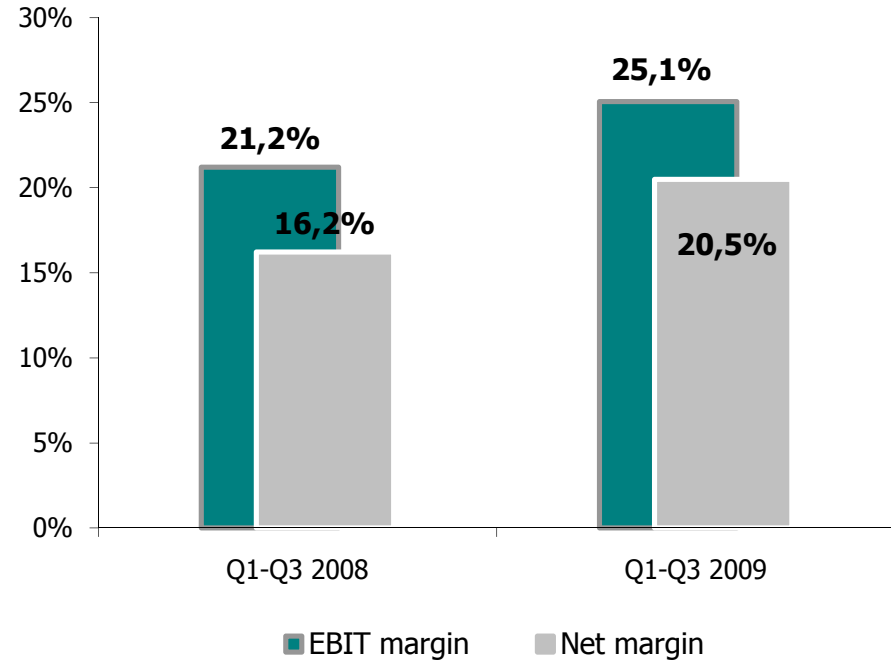
Profitability Ratios



EBITDA and EBIT margin (%)



EBIT/net margin (%)



➔ **Above average profitability in the hard coal industry**

Sales Structure

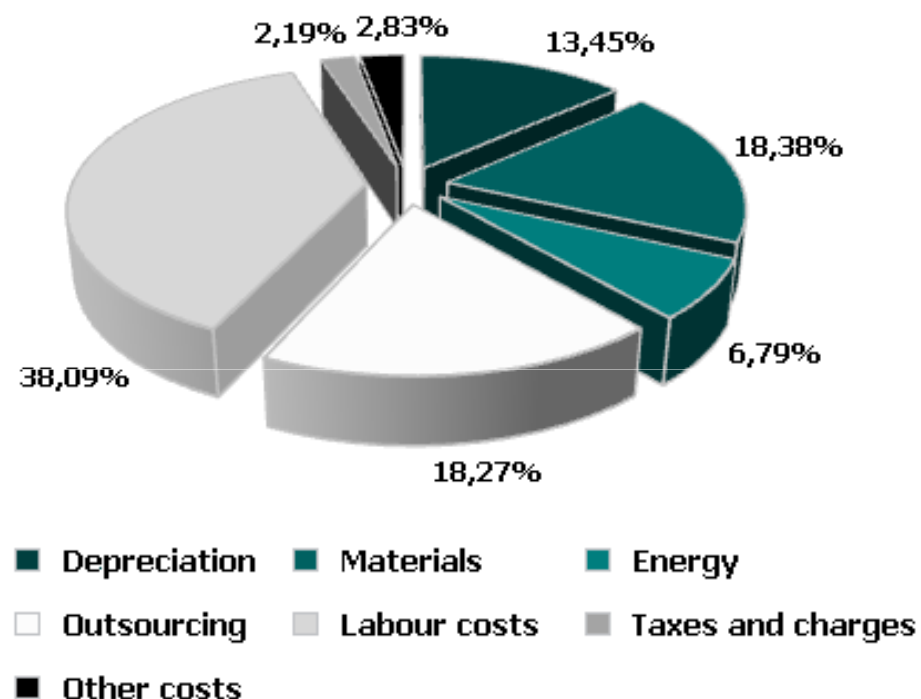
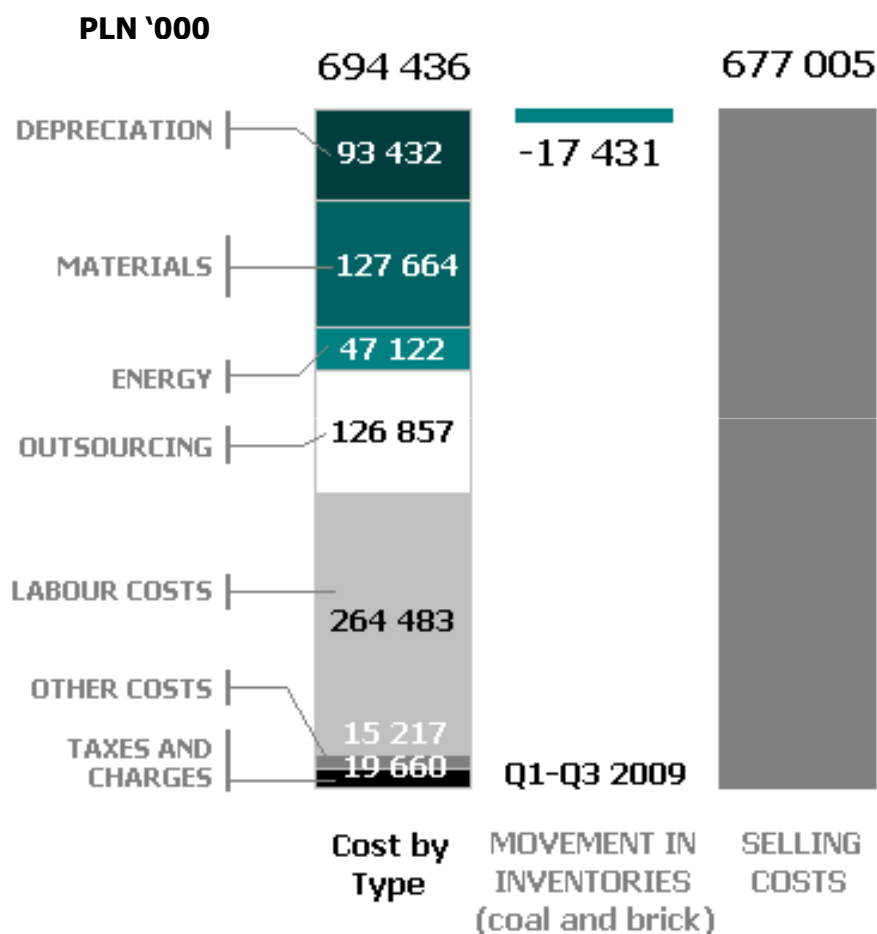


Item (PLN `000)	Q1-Q3 2008	Share %	Q1-Q3 2009	Share %
Coal sales	749,195	96.89%	820,764	96.48%
Sales of ceramics	2,021	0.26%	7,148	0.84%
Other activities	15,631	2.02%	16,071	1.89%
Sales of goods and materials	6,408	0.83%	6,689	0.79%
Total sales revenue	773,255	100.00%	850,672	100.00%

Item	Q1-Q3 2008	Q1-Q3 2009	Change %
Production of commercial coal (`000 tonnes)	4,234.07	3,945.23	-6.82%
Inventories (`000 tonnes)	9.69	114 .92	+1,085.7%

- The majority of revenue (approx. 90%) is achieved under long-term commercial contracts with key customers, primarily with Elektrownia "Kozienice" S.A., Elektrownia Połaniec S.A. –Electrabel Polska Group, ZA Puławy S.A., ENERGA Elektrownie Ostrołęka S.A.
- Lower level of commercial coal extraction after three quarters 2009 when compared to Q1-Q3 2008 resulted from a larger scope of required preparatory and accessibility works, among others in the Stefanów Field, which led to higher share of waste in gross material extracted and lower ratio of commercial coal yield achieved with the same, optimum extraction capabilities

Structure of Costs by Type in LW BOGDANKA S.A.



Forecast of Financial Results



Forecast Item	Original Forecast (PLN '000)	Current Forecast (PLN '000)	Change	Execution after Q1-Q3 2009 (PLN '000)	Forecast Execution (PLN '000)
Revenue	1,091,713	1,143,649	+4,8%	850,672	74.4%
EBIT (operating profit)	178,319	222,445	+24,8%	213,302	95.9%
Net profit	140,603	178,070	+26,6%	174,387	97.9%



Improvement of the macroeconomic conditions and increase in coal demand have contributed to upgrade in the forecasts, as well as a decline in the average coal sale price lower than originally assumed for H2 2009



The operating profit and the net profit after 3 quarters 2009 accounts for 95.9% and 97.9%, respectively, of the presented forecast. Costs of the Company's operations in Q4 are charged with provisions for staff benefits in the form of coal allowance, seniority rewards, pension and disability payments. Pursuant to the adopted accounting policy the actuarial valuation of such provisions shall be performed once a year as at 31 December of each year. Additionally, further to a lower number of working days in December the Company's revenue will be lower than on average in other months of the year.

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Creating and increasing the shareholder value of LW BOGDANKA Group through:

- ➔ **Gaining access to new reserves and increasing coal extraction capacity based on expansion of the Stefanów Field**
- ➔ **Maintaining a stable position of the main coal supplier, in particular for electricity producers in Eastern Poland**
- ➔ **Strengthening the competitive position as a result of lowering unit and production costs**

Strategic Goals

- Doubling the production level (until 2014),
- Improving efficiency of coal extraction and production,
- Ensuring self-sufficiency of LW "BOGDANKA" S.A. with regard to electricity supplies,
- Environmental actions

Capital Expenditure Programme

Execution of IPO Objectives



Capital Expenditure Planned for Years 2009-2010 (PLN '000)

	2009	2010	Total
Growth capex (expansion of Stefanów Field)	330,974	446,274	777,248
Purchases of fixed assets	145,162	20,000	165,162
Replacement capex	50,578	38,070	88,648
Environmental protection	3,198	2,600	5,798
Total	529,912	506,944	1,036,856

Source: Company's IPO Prospectus

Execution of IPO Goals relating to Series C Share Issue



Bidding procedures for next capex activities:

- Extension of the Mechanical Coal Processing Plant,
- Construction of a system for transporting extracted material from 2.1 drawing shaft in the Stefanów Field to the Mechanical Coal Processing Plant in the Bogdanka Field
- Erection of technological facilities in the Stefanów Field (station of main fans, headframe of 2.1 shaft, and headhouse of 2.1 shaft, buildings of main transformer and switching station - STR-M2.1 6/05/04 kV in the drawing device building), and general construction works in the Stefanów Field

Thank you



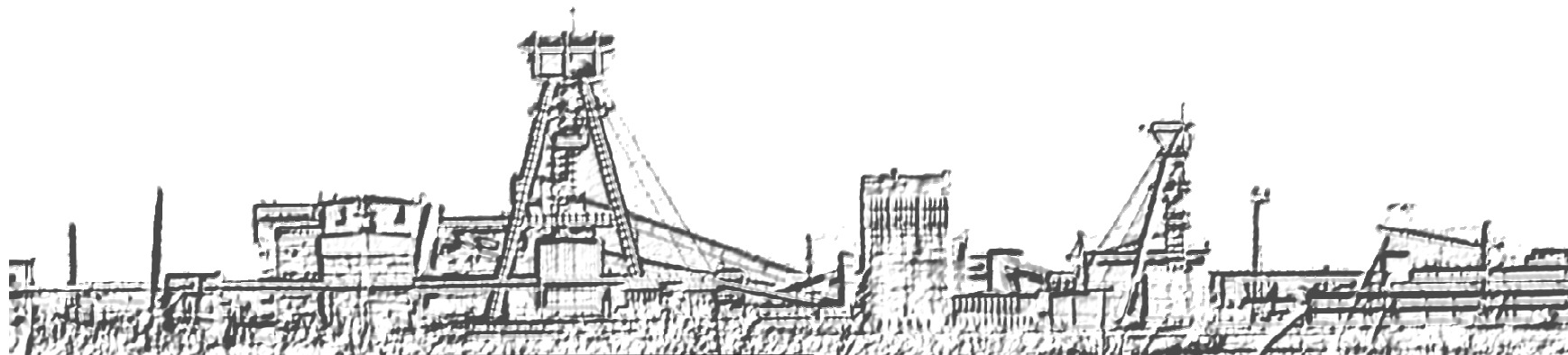
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Income Statement



[PLN '000]	Q1-Q3 2008	Q1-Q3 2009	Change %
Revenue	773,255	850,672	+10.01%
Cost of products, goods, and materials sold	620,841	639,242	+2.96%
Gross profit on sales	152,414	211,430	+38.72%
Other revenue	9,815	5,380	-45.19%
Other expenses	12,466	2,754	-77.91%
Operating profit/(loss) net	149,763	214,056	+42.93%
EBIT margin (%)	21.20%	25.07%	+18.25%
EBITDA	266,652	319,454	+19.80%
EBITDA margin (%)	34.48%	37.55%	+8.90%
Financial income	5,023	12,359	+146.05%
Financial costs	6,239	8,417	+34.91%
Profit before tax	162,570	217,440	+33.75%
Income tax	37,075	43,053	+16.12%
Net profit	125,495	174,387	+38.96%
Net profit margin (%)	16.23%	20.50%	
-Profit attributable to Company's shareholders	125,520	174,381	+38.93%

**Source: Company, consolidated data according to IFRS*

Balance Sheet



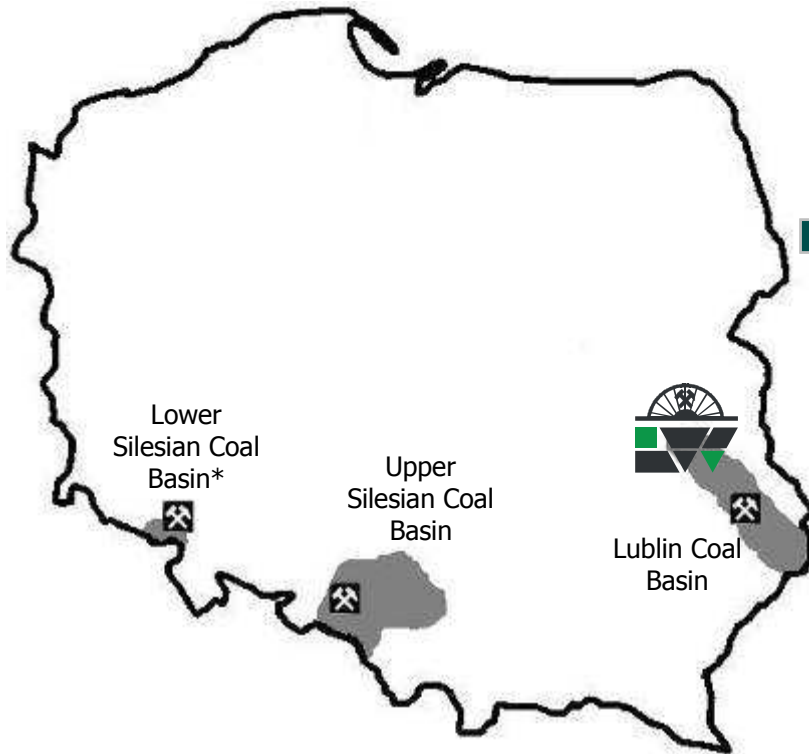
[PLN '000]	31.12.2008	30.09.2009
Fixed assets, of which:	1,386,033	1,561,883
Cash and cash equivalents	41,073	43,109
Current assets, of which:	271,397	906,354
Cash and cash equivalents	99,874	697,240
Total assets	1,657,430	2,468,237
Current liabilities	318,828	509,670
Non-current liabilities	222,854	236,213
Total liabilities	541,682	745,883
Shareholders' equity	1,115,748	1,722,354
Current loans	100,000	250,000
Non-current loans	0	0
Net debt (loans – cash and cash equivalent)	126	- 447,240

**Source: Company, consolidated data according to IFRS*

Mining Companies in Poland



Hard Coal Mining in Poland



** coking and anthracite coal (mines ceased operations in 2000)*

➔ 2 coal basins operated in Poland:

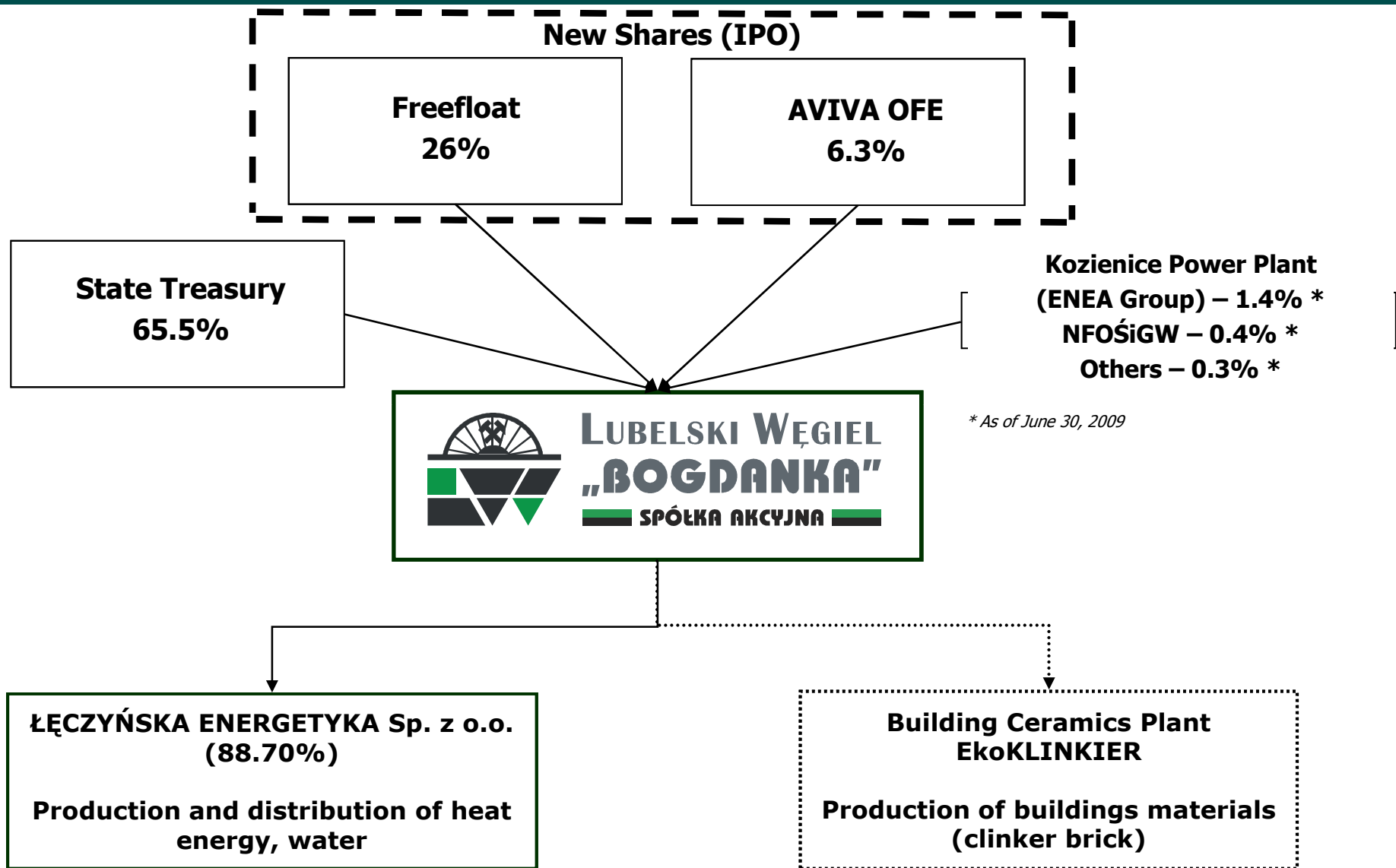
- ❑ Lublin Coal Basin – steam coal,
- ❑ Upper Silesian Coal Basin – steam and coking coal.

➔ 32 operating coal mines, of which:

- ❑ Lubelski Węgiel Bogdanka S.A. - 1 mine,
- ❑ Kompania Węglowa S.A. - 16 mines,
- ❑ Jastrzębska Spółka Węglowa S.A. - 6 mines,
- ❑ Katowicka Grupa Kapitałowa - 6 mines,
- ❑ Południowy Koncern Węglowy S.A. (Tauron Group) - 2 mines,
- ❑ Siltech Sp. z o.o. – 1 mine.

LW BOGDANKA – the sole hard coal producer in Eastern Poland

Capital Group Structure

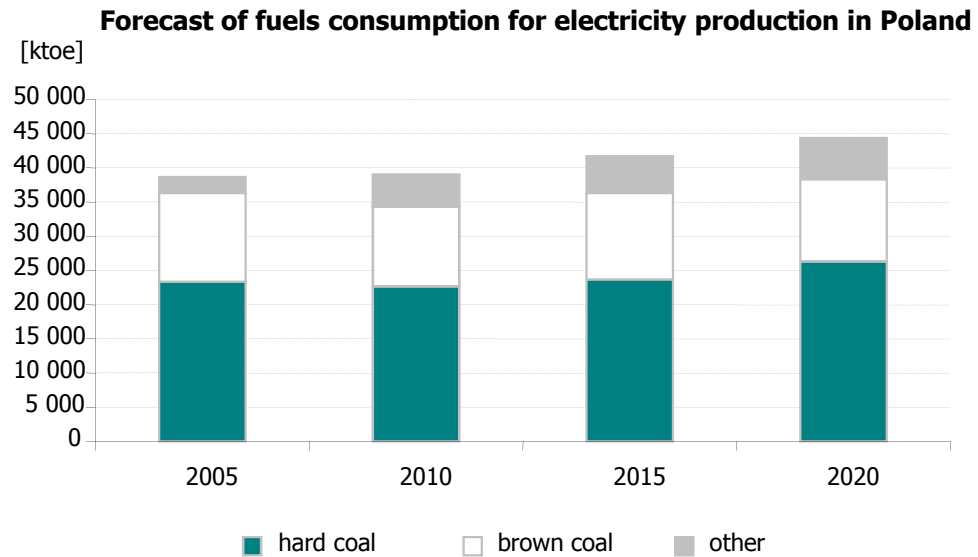


Hard Coal – Main Energy Source

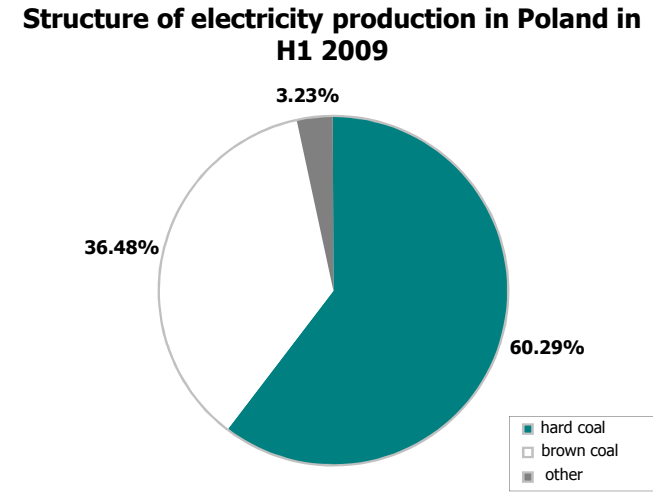


- ➔ Almost 90% of electricity in Poland is produced from coal, mainly hard coal (55.87%);
- ➔ Steady long-term demand for coal:
 - New power units planned* (16.3 GW – 33.4m tonnes of coal),
 - Lack of efficient alternative energy sources (until 2020),
 - Increase in demand for energy from primary sources, including coal by about 21% until 2030,
 - Majority of hard coal extracted in Poland is steam coal (in H1. 2009 steam coal accounted for 83.6%, coking coal for 16.4% of extraction)

**Source: International Energy Agency, Ministry of Economy, PGE, PKE, ZA Puławy, press information*



Source: Ministry of Economy – Energy Policy of Poland until 2030



Source: Polskie Sieci Elektroenergetyczne Operator S.A.