

Current Report No. 4/2012

Date of preparation: 2 February 2012

Subject: Partial release of the provisions for property tax on the value of underground workings

Legal basis: Article 56.1.1 of the Act on Public Offering - confidential information

Content:

The Management Board of LW Bogdanka S.A. (the "Company") hereby informs you that on 2 February 2012, in connection with a judgement of the Constitutional Tribunal with regard to imposing property tax on the value of underground workings announced on 13 September 2011, it adopted a resolution on partial release of the provisions for property tax on the value of underground workings (the "Property Tax") and established the following balance of provisions and amounts due from municipalities on account of property tax as at 31 December 2011:

- the provisions released amount to PLN 53.6 million (the principal amount together with interest). in connection with overall risk associated with pending disputes with municipalities, the balance of provisions and liabilities on account of the property tax in dispute has been retained in the amount of PLN 16.6 million (the principal amount together with interest).
- Amounts due from municipalities on account of the disputed property tax already paid in the amount of PLN 16.3 million will be disclosed in the financial statements for 2011.

The effect of the said transaction on the financial result will amount to the following:

- before taxation: PLN 69.9 million;
- reduced by the deferred income tax: PLN 58.8 million.

The abovementioned amounts are subject to an audit by a chartered auditor.

Legal basis for submitting the report: Article 56.1.1 of the Act on Public Offering – confidential information