

## **Current Report No. 18/2011**

Date of preparation: 31 May 2011

### **Subject: Transactions with Bucyrus Europe GmbH - value of a significant agreement**

*General legal basis: Article 56.1.2 of the Act on Public Offering – current and periodic information*

#### *Contents:*

The Management Board of LW Bogdanka S.A., with registered office in Bogdanka, (the “Company”, the “Client”) hereby announces that within the last 12 months (i.e. until 31 May 2011), the value of agreements concluded by and between the Company and Bucyrus Europe GmbH, with registered office at Industriestrasse 1, 44534 Lünen, Germany, (the “Supplier”) and its subsidiaries amounted to approx. PLN 248 million.

The Agreement of the highest value was concluded on 31 May 2011 by and between the Company and Bucyrus Europe GmbH, with registered office at Industriestrasse 1, 44534 Lünen, Germany, for the supply of a longwall plough system (the “Agreement”) to the mine in Bogdanka.

The total value of the Agreement (the price of the longwall coal plough system) amounts to PLN 162,981,000.00

The time limit for the performance of the Agreement is 14 months from the date of signing thereof.

The Agreement provides for the following liquidated damages:

1. The Client may charge the Supplier with liquidated damages in the following situations:
  - a) if the Supplier is in default with the delivery of the subject matter of the Agreement along with the complete documentation and equipment, with respect to the deadline specified in the Agreement [i.e. 14 months from the signing of the Agreement] – liquidated damages accounting for 0.1% of the Price (in the amount of PLN 162,981,000.00, hereinafter referred to as the “Price”) for each commenced day of delay, however in aggregate not exceeding 5% of the Price,
  - b) if the Supplier is in default with rectification of defects identified during the final hand-over of the subject matter of the Agreement in relation to the deadline specified under the Agreement [i.e. the deadline for rectification of defects shall be indicated by the Client], the liquidated damages shall account for 0.1% of the Price for each commenced day of delay, however in aggregate not exceeding 5% of the Price,
  - c) If the Supplier is in default with the commencement of rectification of defects and/or breakdowns of the subject matter of the Agreement, as well as rectification of defects and/or breakdowns during the guarantee of quality and warranty period – liquidated damages in the amount of PLN 1,000.00 for each commenced hour of delay with respect to the time limits specified in the Agreement [commencement of rectification of defects and/or breakdowns not later than within 12 hours from the notification; rectification – not later than within 24 hours from the commencement of rectification],

- d) if the Client withdraws from the Agreement for reasons attributable to the Supplier, the liquidated damages shall account for 10% of the Price.

2. The Supplier may charge the Client with liquidated damages accounting for 10% of the Price in the event of withdrawal from the Agreement for reasons attributable to the Client.

Other terms and conditions do not differ from the market standards.

The criterion for deeming the Agreement significant is the fact that in the period of 12 months, the transactions with Bucyrus Europe GmbH, with registered office at Industriestrasse 1, 44534 Lünen, Germany, and its subsidiaries exceeded 10% of the value of the Company shareholders' equity.

Legal basis for submitting the report: Article 5.1.3 of the Regulation of the Minister of Finance on the Stock Exchange