

Current Report No. 31/2011

Date of preparation: 27 December 2011

Subject: Conclusion of a Significant Agreement with Elektrownia Kozienice S.A.

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. (the “Company”) hereby announces that on 27 December 2011 it concluded an *Annual Agreement on the Supply of Power Coal in 2012* (the “Annual Agreement”) with Elektrownia Kozienice S.A., with registered office in Świerże Górne, 26-900 Kozienice 1, attached as Schedule 3 to Long-Term Agreement No. UW/LW/01/2010, which was the subject of Current Report No. 5/2010 of 5 March 2010 and No. 44/2010 of 20 December 2010 (the “Long-Term Agreement”).

The Annual Agreement is effective from 1 January 2012 to 31 December 2012 and concerns basic coal supplies for the units of Elektrownia Kozienice S.A. under Long-Term Agreement No. UW/LW/01/2010. According to current prices, the net value of the Annual Agreement, concerning basic supplies in 2012, amounts to PLN 764.20 million. As a result of the conclusion of the Agreement, the value of the whole Long-Term Agreement increases to PLN 11,524 million net, i.e. by 8.29% as compared to the value presented in Current Report No. 44/2010 of 20 December 2010.

The Annual Agreement attached as Schedule 3 to Long-Term Agreement No. UW/LW/01/2010 provides for the following liquidated damages: The Party to the Agreement which fails to collect or supply the contracted amount of coal in quarterly periods, shall pay the other Party liquidated damages in the amount of 20% of the value of the undelivered/uncollected coal. Other terms and conditions do not differ from the market standards applied in such agreements.

The criterion for deeming the concluded Agreement to be significant is that it exceeds 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