

## **Current report No. 44/2013**

Date of preparation: 25 November 2013

### **Subject: Transactions with Korporacja Gwarecka S.A. — value of a significant agreement**

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

#### *Content:*

The Management Board of LW Bogdanka S.A. with registered office in Bogdanka (the “Company”, the “Client”) hereby announces that the maximum value of the agreements concluded between the Company and Korporacja Gwarecka S.A. with registered office in Bogdanka (“Korporacja”, the “Contractor”) in the period of the last 12 months (including the agreement described below) may amount to PLN 345.2 million net, and thus exceed 10% of the Company’s equity.

The agreement of the highest value was concluded on 25 November 2013 (the “Agreement”) between LW Bogdanka S.A. and Korporacja, concerning the performance of works at the Company connected with production, extraction, mechanical processing, quality control and shipping of hard coal, conducting preparatory works, maintenance and renovation works and other works, specified in the description of the subject matter of the order, necessary for the performance of the above-mentioned works at LW Bogdanka S.A. (including in the Stefanów Field) on Saturdays, Sundays and holidays which are official holidays within the period of 12 months from 1 February 2014 to 31 January 2015.

The maximum value of the agreement may amount to approx. PLN 218.3 million net. It will depend on the scope of services contracted and performed.

The agreement provides for the following liquidated damages:

1. In the case the Contractor fails to achieve a minimum monthly wall mining progress specified in the Agreement in any monthly settlement period for reasons attributable to the Contractor, then the fee payable to the Contractor shall be reduced by PLN 20,000 for every running meter below the minimum monthly wall mining progress. Monthly wall mining progress shall be specified in a monthly report on the settlement of wall mining progress.
2. In the event that Contractor fails to achieve a minimum monthly progress of preparatory works in any monthly settlement period for reasons attributable to the Contractor, then the fee payable to the Contractor shall be reduced by an amount being a product of PLN 5,000 and the number of running meters below the minimum monthly progress of preparatory works.
3. In the event of non-performance or undue performance by the Contractor of services other than those specified in sections 1 and 2, for reasons attributable to the Contractor, then the fee payable to the Contractor shall be reduced by an amount equivalent to 200% of the net value of such a number of man-shifts as may prove necessary to duly perform uncompleted part of the task in question, calculated according to the rates set out in the Agreement. The number of man-shifts

shall be estimated by the representatives of both Parties. The value of the non-performed or unduly performed part of the works, as well as the reduction of the Contractor's fee resulting therefrom, shall be specified by the representatives of both Parties in the report on the settlement of uncompleted parts of the tasks and settled together with the fee payable to the Contractor for the man-shifts worked on the basis of reports for a day on which the tasks assigned by the Client to the Contractor were not performed in full.

4. In the event the Client withdraws from the Agreement for reasons attributable to the Contractor, the Client shall be entitled to charge the Contractor with liquidated damages in the amount of 10% of the total maximum value of the Agreement.
5. Payment of liquidated damages does not exclude the possibility of the Client claiming damages from the Contractor on general terms if the incurred damage exceeds the value of liquidated damages.

The Agreement does not provide for a condition, or a time-limit.

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

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