

Current Report No. 19/2013

Date of preparation: 3 June 2013

Subject: Key parts of LW BOGDANKA S.A.'s strategy for 2013-2020, including its dividend policy

General legal basis: Article 56.1.1 of the Act on Public Offering - Confidential Information.

Content:

The Management Board of Lubelski Węgiel BOGDANKA S.A. ("Company") with its registered office in Bogdanka hereby announces that on 3 June 2013, the Company's Supervisory Board approved **LW BOGDANKA S.A.'s Development & Operation Strategy for 2013-2020**, which includes the dividend policy, of the following content: the Management Board intends to recommend that the Company's General Shareholders Meeting to resolve to make profit distributions for 2013-2015 to shareholders in the Company at a level of 60% of the Company's consolidated net profit. The above level of dividend will, on one hand, allow the Company to use a portion of its profit to co-finance its development expenditure and on the other hand, it ensures a return of investment in its shares for its shareholders by making dividend payments at an above-average level (in the coal mining industry).

The above dividend payment policy will be reviewed periodically, and future dividend payments will be made in accordance with the General Shareholders Meeting's decisions.

The final Management Board's recommendation regarding dividend payments may be affected by operation perspectives, as well as financial needs related to:

- the Company's development and its plans of further expansion;
- a change into the implementation of the Company's investment plan;
- the Company's plans to maintain its liquidity at appropriate levels;

and to

- the net profit disclosed in the Company's separate financial statements;
- the planned investment and other capital expenditure;
- the current possibilities and costs of obtaining debt financing;
- other factors materially affecting the Company's financial standing.

Implementation of the above policy will be possible thanks to implementation of the Company's strategic objectives for 2013-2020, which include in particular:

- continuation as the leader in effective mining, while reducing the Company's unit mining cash cost by 15% by 2017 compared to the level in 2012, in real terms;
- continuation as the leader in innovative technical solutions by implementing a Smart Mine project;

- completion its investment process aimed at doubling the Company's commercial coal production (increasing the extraction level to 8.6 - 9 million tonnes in 2013, approx. 10.5 million tonnes in 2014, approx. 11.5 million tonnes in 2015, approx. 12 million tonnes in 2018);
- material investments in infrastructure, including extension of the Mechanical Coal Processing Plant with effectiveness up to 2,400 t/h by 2014;
- additional investments in upgrading its shaft 1.5 in Nadrybie to enable the Company to increase its net production capacity to approx. 12 million tonnes in 2018;
- approx. PLN 250 million per annum in development capex to support increased production and productivity;
- approx. PLN 350 million in repeatable opex to maintain the Company's mining levels, upgrade its existing working pits and infrastructure.
- to strengthen the Company's well-established position as the main supplier of coal, particularly to the commercial power industry by achieving a 20% share in sales of power coal to the commercial power industry in Poland in 2015;
- doubling the mine's resources and lifetime to around 2050 by obtaining a licence for and utilising new promising areas (increasing the mine's recoverable reserves from approx. 237 million to approx. 450 million tonnes).

The information contained in this current report and relating to LW BOGDANKA S.A.'s strategy does not constitute a 'forecast of financial results' as defined in the Regulation of 19 February 2009 on current and periodic reports submitted by issuers of securities and on the conditions for recognising as equivalent information required under the law of a non-member state (Dz.U. of 2009, No. 33, item 259, as later amended). No information contained in this current report is meant to be a recommendation to acquire or dispose of any 'financial instruments' as defined in the Finance Minister's Regulation of 19 October 2005 on information that constitutes recommendations regarding financial instruments and their issuers (Dz.U. of 2005, No. 206, item 1715). A detailed description of the risk factors related to investment in LW BOGDANKA S.A.'s securities is contained in LW BOGDANKA S.A.'s annual report published as a periodic report dated 21 March 2013. Subject to the fulfilment of the obligations referred to in this current report, LW BOGDANKA S.A. hereby states that it is under no obligation to update and/or correct any of the forecasts and strategy assumptions published in this report.