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NIP 713-000-57-84, REGON 430309210, KRS 000004549 - Sąd Rejonowy Lublin-Wschód w Lublinie z siedzibą w Świdniku, VI Wydział Gospodarczy Krajowego Rejestru Sądowego
Wysokość kapitału zakładowego i kapitału wpłaconego Spółki 170.067.950,00 PLN
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Bogdanka, 28 May 2013

The Annual General Shareholders Meeting of Lubelski Węgiel Bogdanka S.A.

Motion regarding the distribution of net profit for 2012

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby files a motion, along with substantiation, regarding the proposed distribution of net profit generated by the Company in 2012, in the amount of PLN 287,026,808.52.

The Management Board moves that **the net profit for 2012 in the amount of PLN 287,026,808.52** (two hundred eighty-seven million twenty-six thousand eight hundred and eight zlotys 52/100) be distributed as follows:

- **PLN 172,108,765.40** (one hundred seventy-two million one hundred eight thousand seven hundred and sixty-five zlotys 40/100) – allocate for a dividend, **i.e. PLN 5.06** (five zlotys 06/100) **per share**.
- The **remainder, i.e. PLN 114,918,043.12** (one hundred fourteen million nine hundred eighteen thousand and forty-three zloty 12/100) – to the Company’s reserve capital.

Substantiation

As at the end of 2012, the Company's supplementary capital amounted to PLN 548,654,950.29. Under Article 396 of the Commercial Companies Code, this amount exceeds the statutory value of 1/3 of the share capital, which exempts the Company from making an 8% profit write-off for the financial year to that capital.

The Management Board proposes to allocate 60% of the net profit generated in 2012, i.e. PLN 172,108,765.40, to a dividend for the shareholders, which represents PLN 5.06 per share. The remaining 40% of the net profit generated in 2012, i.e. PLN 114,918,043.12 – to the Company's reserve capital.

Allocation of 60% of the net profit for a dividend is a compromise between the necessity to retain in the Company capital indispensable for continuation of investments with their current demand for realisation of profits.

Following the Technical and Economic Plan for 2013, approved by the Company's Management and Supervisory Boards, the planned value of investment outlays in the current year amounts to over PLN 707 million.

Investments, provided for in the Company's Technical and Economic Plan for 2013, result from the "Development Strategy of Lubelski Węgiel Bogdanka S.A. in 2011-2015 based upon extension of the Stefanów Field" currently implemented by the Company.

Implementation of the investments referred to above, will have a direct impact on doubling the production and sale of coal by the Company, thus increasing its share in the Polish hard coal market from the existing 12% to 18% in 2015. Implementation of the investments in question will have a direct impact on an increase in the value of generated revenue and financial results, thus increasing the Company's value for shareholders. Application of state-of-the-art and highly efficient machines and devices as well as modern ploughing technologies combined with costs discipline and the economies of scale stemming from the planned increase in production will, according to the forecasts, result in reducing excavation unit costs, thus increasing accumulation (profit on the coal sales) and profitability of the conducted business activity. The above statement indicates that the Company's production will be characterised by low coal excavation costs, which will enable the Company to further strengthen the present competitive advantage in relation to other producers and make it possible to successfully compete with both the coal of Russia and that available in ARA Ports, not to mention Polish mining plants located in Silesia. It is also of importance, that the implementation of the selected investments will result in increased safety and improvement of

working conditions, thus improving the Company's efficiency through extending effective working hours of staff engaged directly in production, working in underground workings.

Allocation of 40% of net profit to reserve capital, will allow the Company to maintain a safe structure of its financing.

Due to the necessity of gathering funds for dividend payment for 2012, the Management Board proposes to set the dividend date for 15 September 2013, and the dividend payment date for 1 October 2013.

Considering the above, the Management Board requests as first above written.