

Current Report No. 29/2017

Date of preparation: 12 December 2017

Subject: Information on the intention to disclose reversal of the impairment loss on non-current assets, as disclosed in the financial statements for 2015, in the financial statements for 2017

Legal basis: Article 17.1 of the MAR Regulation - Inside Information

Content:

The Management Board of Lubelski Węgiel BOGDANKA S.A. (the „Company”) hereby announces that on 12 December 2017 it became aware that the premises for an impairment loss of assets, notified by the Company in Current Report No. 9/2016 of 4 March 2016, have ceased to exist; it also received information on the estimated value of the amount subject to the reversal.

The Management Board have carried out an assessment of further existence of premises indicating any possible impairment, which were the reason for disclosing in the Company's books at the end of 2015, of an impairment loss totalling PLN 624.8 million gross. As a result, the Management Board have found that currently such premises no longer exist, and the previously created impairment loss should be reduced or fully reversed. Some factors indicating that the abovementioned premises have stopped to exist are as follows: increase in the hard coal prices observed on the market, decrease in supply of coal from domestic producers and the flexible development scenario adopted by the Company assuming coal production at a level of approx. 9.2 million tonnes. In the light of the above, the Company, as required by IAS 36 “Impairment of Assets”, should recalculate the recoverable value of assets that have previously been subject to the impairment loss.

The initial findings of estimating the new recoverable value of the analysed assets indicate the necessity to reverse the whole amount of the impairment loss after adjustment of depreciation/amortisation which would be calculated between the day on which the impairment loss was made and the day on which the reversal will be made.

This value will not affect EBITDA, however it is expected, according to initial estimates, to have positive effect on EBIT at a level of approx. PLN 500-530 million and a positive net result of PLN 400-430 million.

The above actions are of accounting nature and have no impact on the Company's liquidity. The Company reserves that the values presented above represent

estimations and may be subject to a change after an audit carried out by a chartered auditor.