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NIP 713-000-57-84, REGON 430309210, KRS 0000004549 - 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, 16 May 2018

Annual General Shareholders Meeting of Lubelski Węgiel Bogdanka Spółka Akcyjna

MOTION ON THE DISTRIBUTION OF NET PROFIT FOR 2017

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby submits a motion along with a substantiation therefor adopted on 16 May 2018 by virtue of Resolution No. 546/IX/2018 regarding the proposed distribution of net profit generated by the Company in 2017.

Acting under Article 396.4 of the Commercial Companies Code, the Management Board requests the Annual General Shareholders Meeting of Lubelski Węgiel BOGDANKA S.A. in Bogdanka to allocate the net profit for 2017 in the amount of **PLN 673,281,183.53** (six hundred seventy-three million two hundred eighty-one thousand one hundred and eighty-three zlotys 53/100) in full to the Company's reserve capital.

Substantiation

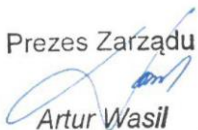
In accordance with the development strategy of LW Bogdanka S.A. - Mining Area of the Enea Group until 2025 (perspective until 2030), the intention of LW Bogdanka S.A. is to remain a dividend company in the medium- and long-term perspective. In the future, the Management Board intends to request the General Shareholders Meeting to pay a dividend of up to 50% of the net profit shown in the Company's separate financial statements, prepared in accordance with the International Financial Reporting Standards, as endorsed by the EU ("EU IFRS").

Given the current situation of the Company, the projected level of the Company's investment tasks for 2018 (of close to PLN 500 million) and the necessity to repay debt related to the closing (scheduled for the current year) of the bond issue programme, the Management Board recommends that 100% of the net profit generated by LW Bogdanka S.A. in 2017 be allocated to the reserve capital.

Due to a specific nature and fluctuations of trends on the coal market, the Management Board's priority is to ensure safety as far as finance and liquidity are concerned, in the context of the long-term plans set forth in the Strategy, and related to gaining access to newly acquired coal deposits and retaining the production level as stated in the already implemented "flexible development scenario", and the resulting necessity to make a large number of excavations and maintain and modernise the Company's machinery.

The adopted recommendation is also a consequence of the necessity to redeem, in the current year, bonds worth PLN 300 million, issued under the bond issue programme on 23 September 2013 (as at the date of drafting this motion the amount to be repaid is PLN 225 million) and the observed, during the past years, "negative sentiment" among financial institutions towards financing investments in the hard coal market. Considering the above, the Company must be aware of a necessity to secure, on its own, a significant amount of cash for the development of the mining facility to add the "Ludwin" mining centre ("Ostrów" deposit).

In the light of the described financial obligations and the necessity to secure a safe level of cash, due to the risk of mining operations, the Management Board submits a motion as presented above.

Prezes Zarządu

Artur Wasil

Z-ca Prezesa Zarządu
ds. Ekonomiczno-Finansowych

Stanisław Misterek