

Bogdanka, 14 May 2019

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

**MOTION REGARDING THE
DISTRIBUTION OF NET PROFIT FOR 2018**

The Management Board of Lubelski Węgiel Bogdanka S.A. hereby submits a motion along with a substantiation thereof adopted on 14 May 2019 by virtue of Resolution No. 597/IX/2019 regarding the proposed distribution of net profit generated by the Company in 2018 in the amount of PLN 51,596,697.12.

Acting under Article 396.4 of the Commercial Companies Code and Article 26.1 of the Company's Articles of Association, the Management Board requests the Annual General Shareholders Meeting of Lubelski Węgiel Bogdanka S.A. in Bogdanka to allocate the net profit for 2018 in the amount of PLN 51,596,697.12 (fifty-one million five hundred ninety-six thousand six hundred and ninety-seven zlotys 12/100) as follows:

- **The amount of PLN 25,510,192.50** (twenty-five million five hundred ten thousand one hundred and ninety-two zlotys 50/100) – to a dividend, i.e. **PLN 0.75 per share**.
- **The remainder, i.e. PLN 26,086,504.62** (twenty-six million eighty-six thousand five hundred and four zlotys 62/100) – to the Company's reserve capital.

Substantiation

In accordance with the development strategy 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.

Given the current financial standing of the Company and the prospects for the whole 2019, the Management Board recommends that 49.44% of the net profit generated by LW Bogdanka S.A. in 2018 be allocated to a dividend for the shareholders, i.e. PLN 0.75 per share, while the remaining 50.56% of the net profit be allocated to the reserve capital.

The positive situation on the coal market in 2018 has translated into an increase in contractual prices of the Company, which, in combination with the planned increase in the production level to 9.4 million tonnes, allows for optimism as far as the financial results of the current year are concerned. On the other hand, the Company is facing a huge investment challenge, i.e. the extension of the mining plant by the mining area "Ludwin" ("Ostrów" deposit), necessary for maintaining continuity of extraction and extending the mine's life by many more years. The Company must be aware of a necessity to secure, for the abovementioned purpose, a significant amount of cash, on its own.

The recommended level of dividend will, on one hand, make it possible to secure the Company's needs and finance current investments and allow the Company to maintain a safe financing structure, and on the other hand, will provide the shareholders with return on their investment in the Company's shares.

The Management Board proposes to set the dividend date for 9 July 2019, and the dividend payment date for 23 July 2019.

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