



**STATEMENT ON APPLICATION OF CORPORATE GOVERNANCE
OF LUBELSKI WĘGIEL BOGDANKA S.A.**

for the period from 1 January 2009 to 31 December 2009

BOGDANKA, MARCH 2010

TABLE OF CONTENTS

STATEMENT ON APPLICATION OF CORPORATE GOVERNANCE.....	1
1.1 Corporate governance rules applicable at LW BOGDANKA S.A.	3
1.2 The main characteristics of internal audit and risk management systems used by LW BOGDANKA S.A. with regard to the process of drawing up financial statements and consolidated financial statements	4
1.3 Shareholders holding, directly or indirectly, substantial stakes in LW BOGDANKA S.A.	5
1.4 Owners of all the securities which entitle to special control rights	7
1.5 Restrictions on exercising the voting right	7
1.6 Restrictions on transferring ownership of the Company's securities	7
1.7 Description of the rules governing the amendments made to the Company's Articles of Association.....	7
1.8 Governing bodies	8
1.8.1 Management Board	8
1.8.1.1 Description of rules regarding appointment and dismissal of management officers as well as their rights, and in particular the right to make a decision on the issue or purchase of shares.....	8
1.8.1.2 Composition	9
1.8.1.3 Description of operations and authorisations	11
1.8.1.5 Information on powers of proxy granted and revoked	16
1.8.2 Supervisory Board	16
1.8.2.1 Composition	16
1.8.2.2 Description of activities	16
1.8.2.3 Audit Committee.....	18
1.8.3 General Shareholders Meeting	18
1.8.3.1 Manner of operations of the General Shareholders Meeting and its main powers, as well as description of rights of the shareholders rights and the manner for their exercise, in particular the rules of operation under the Rules of Procedure of the General Shareholders Meeting.....	18
1.8.3.2 Information of General Shareholders Meetings held in 2009.....	20
1.8.3.3 Dividend policy	22

1.1 Corporate governance rules applicable at LW BOGDANKA S.A.

In 2009 LW BOGDANKA S.A. complied with the rules of the "Code of Best Practice for WSE Listed Companies" (hereinafter the "Code of Best Practice for WSE Listed Companies") binding at the Warsaw Stock Exchange. Corporate governance rules in the form of the "Code of Best Practice for WSE Listed Companies" are attached as Appendix to the resolution of the Supervisory Board of the Warsaw Stock Exchange No. 12/1170/2007 of 4 July 2007.

"Code of Best Practice for WSE Listed Companies" is also available at the website devoted to issues of corporate governance at the Warsaw Stock Exchange - www.corp-gov.gpw.pl.

On 23 June 2009 the Company published Current Report No. 7/2009 on non-application of selected rules of the Code of Best Practice for WSE Listed Companies by Lubelski Węgiel BOGDANKA S.A.

According to that report the following rules of the Code of Best Practice for WSE Listed Companies were not applied permanently at the Company:

1. Rule 6 of part III:

"At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or its subsidiary or affiliate cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting."

Explanation:

None of the Company's Supervisory Board members fulfilled the independence criteria specified in rule 6 of chapter III of the Code of Best Practice.

The Supervisory Board consists currently of six members. Due to the fact that the Company was formed pursuant to the provisions of the Act on Commercialisation and Privatisation, two members of the Supervisory Board are elected by the Company's employees. Other members of the Supervisory Board are appointed by the General Shareholders Meeting where until 9 March 2010 the State Treasury was entitled to the majority of votes.

At the Extraordinary General Shareholders Meeting of LW BOGDANKA S.A. on 11 August 2009 Mrs Krystyna Borkowska, Vice-President of the Management Board, presented recommendation of the Company's Management Board regarding undertaking actions by the Company's shareholders aiming at appointing two independent members of the Supervisory Board.

2. Rule 7 of part III:

"The Supervisory Board should establish at least an audit committee. The committee should include at least one member independent of the company and entities with significant connections with the company, who has qualifications in accounting and finance. In companies where the Supervisory Board consists of the minimum number of members required by law, the tasks of the committee may be performed by the Supervisory Board."

Explanation:

The audit committee operates within the Company's Supervisory Board. However, that committee does not include any independent member. As it has been indicated in the explanation to the non-application of rule 6 of part III, none of the members of the Company's Supervisory Board fulfils the independence criteria.

Pursuant to the Rules of the Company's Supervisory Board, as long as the State Treasury holds over 50% of the Company shares, in reference to a member of the Supervisory Board delegated to perform the supervisory duties in the audit committee as an independent member, the criterion specified in Article 34.5.4) of the Company's Articles of Association does not apply, i.e. that an independent member may not be the member of the Supervisory Board or of the Management Board or an employee of an entity holding 5% or more of votes at the Company's General Shareholders Meeting or at the Shareholders Meeting or General Shareholders Meeting of the associated entity.

In the opinion of the Company's Management Board, the non-application of the above mentioned rule did not bring about negative results, as the State Treasury is not an active participant of the Company shares' market.

Apart from the infringements of good practice, indicated above and explained, in 2010 the Company has complied with all the corporate governance rules specified in the Code of Best Practice for WSE Listed Companies and the ones subject to reporting.

1.2 The main characteristics of internal audit and risk management systems used by LW BOGDANKA S.A. with regard to the process of drawing up financial statements and consolidated financial statements

Lubelski Węgiel BOGDANKA S.A. draws up separate and consolidated financial statements in accordance with universally binding legal provisions and internal regulations.

As part of the internal audit and risk management system, the process of drawing up the Company's financial statements is governed by a number of internal procedures aimed at ensuring effective supervision, as well as identification and elimination of potential risks. The solutions adopted are based on the Company's Organisational Rules, document workflow guidelines, accounting policy and the scope of responsibility and authorisation of finance and accounting personnel.

Further, the self-audit requirement is kept in place for all employees, as well as the functional supervision obligation for all levels of management, as part of their co-ordination and supervisory duties.

The financial statements' reliability is ensured by data extracted from the accounting ledgers which contain entries based on correct source documentation.

Comprehensive reporting covers all applicable reporting formats. The manner of data presentation is to guarantee clarity of the financial statements (transparency and lucidity of the data), the relevance of information covered by the financial statements and data comparability.

The accounting ledgers of Lubelski Węgiel BOGDANKA S.A. are maintained using the FINANSE IT system, forming part of the INTEGRA Integrated Management System. The systems used are password protected against access by unauthorised persons and have functional access restrictions. Source documents, on which entries in the accounting ledgers are based, are checked as part of the so-called functional supervision performed by units substantively responsible for the transactions executed. Prior to recording a document, the accounting and tax personnel conduct the final check. The process of drawing up the Company's financial statements is supervised by the Vice-President for Economic and Financial Affairs, in charge of the finance and accounting personnel responsible for verification and recording of business events in the Company's accounting ledgers and for generating the data required for the financial statements. Moreover, the reliability of the financial statements can be attributed to experienced and highly-qualified finance and accounting personnel, supervised by heads of the particular organisational units.

Lubelski Węgiel BOGDANKA S.A. maintains accounting ledgers and draws up financial statements in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS). The same principles apply in the companies forming the Lubelski Węgiel BOGDANKA S.A. Group, for which LW is the parent entity.

The Company keeps up to date with the changes to legal provisions and external regulations governing the reporting requirements.

The body supervising the financial reporting process at Lubelski Węgiel BOGDANKA S.A. and co-operating with an independent auditor is the Audit Committee appointed by the Supervisory Board. Furthermore, pursuant to Article 4a of the Accounting Act of 29 September 1994, the Supervisory Board's responsibilities include ensuring that the Company's financial statements and the report on the Company's operations comply with all legal requirements.

The activity of the Internal Audit Department within the Company's organisational structure, operating pursuant to the Rules of Internal Audit, is also of significance. The internal audit system at Lubelski Węgiel BOGDANKA S.A. is based on the principle of independence and covers all of the Company's processes, including areas that directly or indirectly affect the correctness of the financial statements.

In order to verify the compliance of the data presented in the financial statements against the factual circumstances and entries in the accounting ledgers maintained by the Company, the financial statements are audited by an independent auditor, who issues a relevant opinion. A certified auditor is appointed by the Company's Supervisory Board in accordance with the guidelines of the State Treasury, aimed at ensuring the auditor's impartiality and independence.

The adopted rules of procedure with regard to drawing up the financial statements are to guarantee compliance with legal requirements and the factual circumstances, as well as timely identification and elimination of potential risks, so as to prevent them from affecting the reliability and correctness of the financial data presented.

1.3 Shareholders holding, directly or indirectly, substantial stakes in LW BOGDANKA S.A.

Table 8 The shareholding structure of LW BOGDANKA S.A. as at the date of submitting the previous interim Report, i.e. 10 November 2009 and 31 December 2009

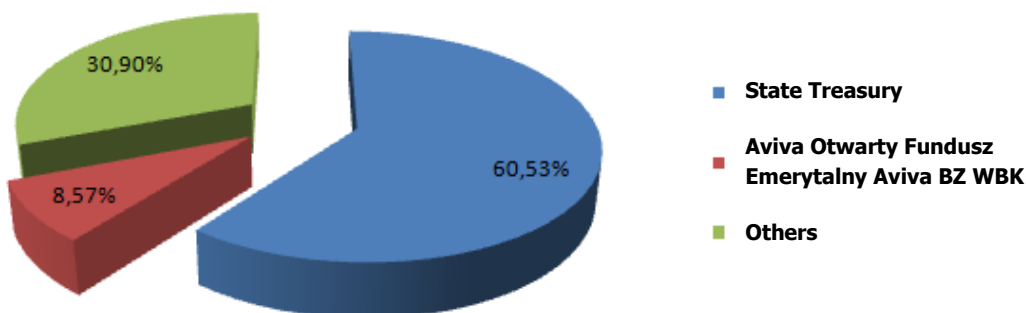
Shareholder	10 November 2009		31 December 2009	
	Number of shares/ Number of votes at the GSM	Share in the share capital (%)*	Number of shares/ Number of votes at the GSM	Share in the share capital (%)*
State Treasury**	22,279,870	65.50	20,589,931	60.53%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK***	2,141,231	6.30	2,914,265	8.57%
Others	9,592,489	28.20	10,509,394	30.90%
Total	34,013,590	100.00%	34,013,590	100.00%

* The share in the share capital corresponds to the share in the total number of votes at the GSM;

** According to the Notification received on 9 December 2009, described in Current Report No. 31/2009, on 8 December 2009 the State Treasury disposed of 1,689,939 shares of LW BOGDANKA S.A. Prior to the above transaction the State Treasury held 22,279,870 shares of LW BOGDANKA S.A., accounting for 65.50% of the Company's share capital. Following the execution and settlement of the transaction, the State Treasury holds 20,589,931 shares of LW BOGDANKA S.A., accounting for 60.53 % of the Company's share capital.

*** as at 31 December 2009 – in accordance with the notice received by the Company from AVIVA Powszechnie Towarzystwo Emerytalne AVIVA BZ WBK on 8 February 2010.

Shareholding structure of LW BOGDANKA S.A. as at 31 December 2009



On 9 March 2010 the State Treasury disposed of 15,882,000 shares of the Company. As a result of that transaction, the State Treasury, as at the date of submitting the report, held 13.84 % of LW BOGDANKA S.A.'s share capital, thus ceasing to hold the majority stake in the Company's share capital.

The shareholding structure of LW BOGDANKA S.A. as at 22 March 2010 is presented in the table below.

Table 1 The shareholding structure of LW BOGDANKA S.A. as at 22 March 2010

Shareholder	Number of shares	Number of votes at the GSM	Share in the share capital (%)
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK**	5,553,113	5,553,113	16.33%
State Treasury*	4,707,931	4,707,931	13.84%
ING Otwarty Fundusz Emerytalny S.A.***	4,424,833	4,424,833	13.01%
Powszechne Towarzystwo Emerytalne PZU S.A.****	3,320,377	3,320,377	9.76%
Others	16,007,336	16,007,336	47.06%
Total	34,013,590	34,013,590	100.00%

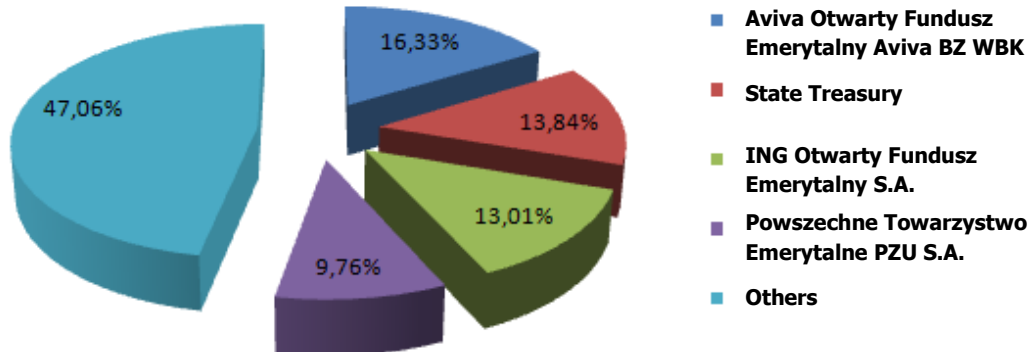
* According to the Notification received on 16 March 2010, described in Current Report of LW BOGDANKA S.A. No. 8/2010 of 16 March 2010;

** According to the Notification received on 17 March 2010, described in Current Report of LW BOGDANKA S.A. No. 9/2010 of 17 March 2010;

*** According to the Notification received on 15 March 2010, described in Current Report of LW BOGDANKA S.A. No. 7/2010 of 15 March 2010;

**** According to the Notification received on 18 March 2010, described in Current Report of LW BOGDANKA S.A. No. 10/2010 of 15 March 2010;

Shareholding structure of LW BOGDANKA S.A. as at 22 March 2009



1.4 Owners of all the securities which entitle to special control rights

LW BOGDANKA S.A. has not issued any securities which would entitle shareholders to special control rights.

1.5 Restrictions on exercising the voting right

The Articles of Association of LW BOGDANKA S.A. do not provide for any restrictions on exercising the voting right at the General Shareholders Meeting of the Company.

1.6 Restrictions on transferring ownership of the Company's securities

The Articles of Association of LW BOGDANKA S.A. do not provide for any restrictions on transferring ownership of the Company's securities.

1.7 Description of the rules governing the amendments made to the Company's Articles of Association

Amendments to the Articles of Association of LW BOGDANKA S.A. shall be adopted by the General Shareholders Meeting and entered into the register of entrepreneurs in compliance with the Company's Articles of Association as well as provisions of the Commercial Companies Code.

If these Articles of Association are planned to be amended to a significant extent, the Management Board shall draft a new uniform text of the Articles of Association, along with a list of provisions to be amended or added, and shall attach the draft to the announcement convening the General Shareholders Meeting which is to amend the Articles of Association.

After the General Shareholders Meeting amends these Articles of Association, the Management Board shall draft a uniform text of the amended Articles of Association and shall submit it for approval by the Supervisory Board.

Moreover, in the event of amending the Articles of Association, the Regulation of the Minister of Finance of 19 February 2009 (Dz. U. 09.33.259) on current and periodic information published by issuers of securities and the conditions for deeming equally important the information required by provisions of law of a country which is not a Member State, which impose the obligation to publicly announce, in the form of a current report, information concerning a planned or conducted amendment of articles of association.

1.8 Governing bodies

1.8.1 Management Board

1.8.1.1 Description of rules regarding appointment and dismissal of management officers as well as their rights, and in particular the right to make a decision on the issue or purchase of shares

Appointment of Management Board members

Rules regarding the appointment and dismissal of the President and Vice-Presidents of the Management Board of Lubelski Węgiel BOGDANKA S.A. are governed by the following regulations:

1. The Articles of Association of Lubelski Węgiel BOGDANKA S.A.;
2. The Act on Commercialisation and Privatisation of 30 August 1996 (uniform text Dz.U. of 2002 No. 171, item 1397, as amended);
3. The Regulation of the Polish Council of Ministers of 18 March 2003 on the verification procedure for positions of management board members in certain companies (Dz.U. No. 55, item 476).

Pursuant to the Articles of Association of Lubelski Węgiel BOGDANKA S.A., the Management Board shall be composed of 3 to 7 members, including the President of the Management Board and Vice-Presidents of the Management Board. Members of the Management Board shall be appointed for a joint term of office lasting 3 (three) years.

As long as over a half of the shares in the Company were held by the State Treasury, the members of the Management Board (with the exception of the Management Board member elected by the employees) were appointed by the Supervisory Board following a verification procedure, pursuant to the Regulation of the Council of Ministers on the verification procedure for positions of management board members in certain companies, dated 18 March 2003 (Dz. U. No. 55, item 476, as amended).

The Supervisory Board conducts qualification procedure in the event that circumstance justifying the appointment of a Management Board member occurs.

The Supervisory Board also appoints the Management Board member nominated by the Company's employees.

The Supervisory Board shall order the election of a Management Board member nominated by employees for the successive term of office within two months of the lapse of the last full financial year of the Management Board's term of office. The election shall be held within one month of its being ordered by the Supervisory Board. The election shall take place within the entire Company at the same time.

The conclusion of the election and recognition of its validity shall take place prior to the date of the General Shareholders Meeting accepting the statements, balance sheet and the profit and loss account for the final year of the Management's Board term of office.

Employees shall elect members of the Management Board directly in a general election, in secret ballot.

The mandate of a Management Board member shall expire no later than on the date of the General Shareholders Meeting which approves the report on the Company's operations and financial statements for the last full financial year in which such member served on the Management Board.

Dismissal of Management Board members

Each Management Board member may be dismissed or suspended from office by the Supervisory Board. A Management Board member appointed by the employees may be dismissed from office upon fulfilment of the requirements specified in the Company's Articles of Association. If a Management Board member nominated by employees is dismissed from office, the vacancy shall be filled without undue delay by way of appointing a new

member. A Management Board member nominated by employees who has been dismissed from office before the expiry of his/her term of office may not seek re-election.

1.8.1.2 Composition

The Management Board is currently in office for the 6th term. The mandates of the members of the Management Board expire on the date of the Annual Shareholders Meeting which approves the financial statements of the Company for 2009, i.e. not later than 30 June 2010.

As at 31 December 2009 and as at the day of submitting the Report, the composition of the Management Board of LW BOGDANKA S.A. was as follows:

Management Board - 6th term of office

- | | | |
|----|----------------------------------|----------------------------------------------------------|
| 1. | Mirosław Taras | President of the Management Board |
| 2. | Krystyna Borkowska
Accountant | Vice-President for Economic and Financial Affairs, Chief |
| 3. | Zbigniew Stopa | Vice-President for Technical Affairs |
| 4. | Waldemar Bernaciak | Vice-President for Trade and Logistics |
| 5. | Janusz Chmielewski | Member of the Management Board elected by the employees |

Mirosław TARAS, M.Sc.Eng. - President of the Management Board

Born in 1955. Mirosław Taras graduated in 1980 from the Faculty of Mining at the AGH University of Science and Technology with an M.Sc. Eng. degree in mining, specialising in Mine Design and Construction. In 1996 he completed postgraduate studies at the Warsaw School of Economics in the field of Corporate Finance Management. He attended a wide range of training sessions, courses and workshops (including finance management, sales, negotiations, controlling and accounting), as well as successfully completed a course for supervisory board members of State Treasury companies.

He has been involved with work in the Lublin Coal Basin since 1980; in 1980-1991 and 1992-1998 he worked at PP KWK Bogdanka and KWK Bogdanka, subsequently moving on to Lubcoal S.A. and the Lubelski Węgiel S.A. Group as Vice-President of the Management Board. In 2001 he returned to Lubelski Węgiel BOGDANKA S.A. to the position of the Director of the Construction Ceramics Plant, and in 2003 he was appointed the Sales and Rail Transportation Deputy Director and Commercial Proxy.

Zbigniew STOPA, M.Sc.Eng. - Vice-President of the Management Board for Technical Affairs

Born in 1959. Zbigniew Stopa graduated in 1984 from the Faculty of Mining at the AGH University of Science and Technology with an M.Sc. Eng. degree in Mining and Geology, specialising in Deposits Exploitation Technology. In 1997 he completed postgraduate studies at the Central Mining Institute in Katowice in the field of Occupational Health and Safety Management. He attended a wide range of training sessions and specialist courses (the fundamentals of economics, human resource management, finance for managers) as well as completed a course for supervisory board members of State Treasury companies. Zbigniew Stopa's career has always been connected with Lubelski Węgiel BOGDANKA S.A., starting from an underground internship and leading to the position of the Manager of Mining Works.

Waldemar Bernaciak, M.Sc.Eng. - Vice-President of the Management Board for Trade and Logistics

Born in 1956. Graduated from the Faculty of Mining at the AGH University of Science and Technology (in 1979), specialising in Mine Design and Construction. Furthermore, he attended a number of specialist training courses

(including a course on planning and production management in a coal mine at the Silesian University of Technology, logistics, materials management and stock optimisation). In 1999 he completed postgraduate studies in the field of materials management and logistics. He has also completed a course for supervisory board members of State Treasury companies. He was also recognised by the District Mining Authority in Lublin as a Mining Works Manager. From 1979 he worked on various positions within the mining operations supervision systems of companies constituting the Lublin Coal Basin. Since 1997 he has been an employee of the Bogdanka mine.

Krystyna BORKOWSKA, M.A.- Vice President of the Management Board for Economic and Financial Affairs, Chief Accountant

Born in 1951, she received her master's degree in economics at the Faculty of Production Economics at the University of Gdańsk (specialisation: finance). She has also completed postgraduate studies at the Warsaw School of Economics in the field of European Standards in Accounting and Finance and postgraduate studies in Public Procurement at the European School of Law and Administration in Warsaw. She has obtained a Controller's Diploma from the School of Controlling in Katowice and completed several other specialist courses (including project management and real estate appraisal). She has been an employee of the Bogdanka mine since 1998. Her previous employer was PRGB Progobex S.A. in Łęczna. In 1998-2000 she was the Vice-President for Economic and Financial Affairs of the Lubelski Węgiel Group.

She worked for Bogdanka as the Company's Chief Economist, and in 2004-2007 was the Vice-President of the Management Board for Economic and Financial Affairs. Her subsequent position in the Company was Chief Accountant and Commercial Proxy.

Janusz CHMIELEWSKI, M.Sc.Eng. – Management Board member nominated by the employees, Chief Engineer – Head of Mining Supervision in Mining Facility

Born in 1955. Janusz Chmielewski graduated from the Faculty of Mining at the AGH University of Science and Technology with an M.Sc. Eng. degree in Mining and Geology, specialising in Deposits Exploitation Technology. He has completed a number of courses on remedying natural hazards, organising and leading rescue operations, fire prevention, geological and mining law, commercial law, public procurement law, commercial companies law, management, enterprise finance, and controlling; these skills are supplemented by his excellent knowledge of the Company, in particular of the Company's Mining Facility. He has also successfully completed a course for supervisory board members of State Treasury companies. Janusz Chmielewski has been with Lubelski Węgiel BOGDANKA S.A. since 1980. He has held positions on all levels of the mining supervision system. He has been the Head of Mining Supervision in Mining Facility since 1996. In 2004-2006 he was the Vice-President of the Management Board for Production Affairs.

Outside of Lubelski Węgiel BOGDANKA S.A., the members of the Management Board do not conduct business activity on their own or manage such business activity jointly with other persons, nor are they representatives or attorneys in conducting business activity.

Management Board – 7th term of office

On 5 March 2010 the Supervisory Board appointed the following persons for the 7th term of office (2010-2012) of the Company's Management Board:

- 1) Mirosław Taras, as the President of the Company's Management Board;
- 2) Krystyna Borkowska, as Vice-President of the Management Board for Economic and Financial Affairs and Chief Accountant;
- 3) Zbigniew Stopa, as Vice-President of the Management Board for Technical Affairs;
- 4) Waldemar Bernaciak, as Vice-President of the Management Board for Trade and Logistics.

The persons indicated above were appointed with effect as of the date of the Company's Annual General Shareholders Meeting, approving the Company's financial statements for the financial year ended on 31 December 2009.

All of persons mentioned above hold positions in the Management Board in the current term of office.

The first round of election of the Management Board member elected by the Company's employees for the period of the 7th term of the Company's Management Board took place on 10 March 2010.

Pursuant to the Rules of appointment and dismissal of Management Board members of Lubelski Węgiel BOGDANKA S.A. by the Company's employees, the election of the Management Board member referred to above is only valid in the event that votes were cast by no less than 50% of employees with the right to vote. The elected candidate is required to receive an absolute majority of votes. No candidate received an absolute majority of votes in the first round of the election. Given the above, the second round of elections was scheduled for 23 March 2010.

1.8.1.3 Description of operations and authorisations

Pursuant to the Company's Articles of Association, the Management Board of LW BOGDANKA S.A. runs the Company's affairs, manages its assets and represents the Company outside with respect to third parties and before or out of court.

The operations of the Management Board shall be governed by the Rules of Procedure adopted by the Management Board and approved by the Supervisory Board. During the execution of their duties, members of the Management Board shall act in accordance with the provisions of the Company's Articles of Association and the principles of good practice, which the Company undertook to apply.

Any matters not reserved for the Supervisory Board or the General Shareholders Meeting by law or by the Company's Articles of Association shall fall within the scope of powers of the Management Board.

Individual members of the Management Board manage the areas of the Company's operations which are entrusted to them and their work is coordinated by the President of the Management Board.

Any matters which fall outside the scope of the Company's ordinary course of business shall require a resolution of the Management Board.

In particular, without prejudice to the powers of the other governing bodies of the Company, the following issues shall require a resolution of the Management Board:

1. adopting the Rules of Procedure for the Management Board,
2. adopting the Company's Organisational Rules,
3. creation and liquidation of the Company branches,
4. appointment of a proxy,
5. contracting loans,
6. adopting annual business plans (specifying the tasks to be performed and the related budgets, covering technical and business details) and long-term strategic plans,
7. assuming contingent liabilities (including the issuance of guarantees, sureties and notes),
8. disposing of and acquiring non-current assets with a value exceeding the PLN equivalent of EUR 50,000.00 (fifty thousand euro),
9. any matters which are submitted by the Management Board for Supervisory Board's and the General Shareholders Meeting's consideration.

The Management Board's authority with regard to decisions concerning the issue or redemption of shares is limited: pursuant to the Articles of Association of LW BOGDANKA S.A., an increase in the share capital by means of an issue of new shares (registered or bearer shares), as well as mandatory redemption of shares pursuant to Article 418 of the Commercial Companies Code, require a resolution of the General Shareholders Meeting.

The Management Board of LW BOGDANKA S.A. pays due attention to transparency and efficiency of the management system of the Company and to the maintenance of its affairs in compliance with the provisions of law and good practice.

The Management Board provides the Supervisory Board with regular and exhaustive information on any material matters concerning the Company's activities as well as the risk connected with the Company's activities and the manners of managing such risk.

Declarations of will on behalf of the Company may be made by two members of the Management Board acting jointly, or by a member of the Management Board acting jointly with a proxy.

The appointment of a proxy shall require a resolution of the Management Board, adopted unanimously by its members. The power of proxy may be revoked by any and each of the Management Board members.

In accordance with the Company's Organisational Rules, the **President of the Management Board**:

1. Is in charge of general management and co-ordination of the Company's business and exercises supervisory powers over Company affiliates through representatives appointed to Supervisory Boards;
2. Represents the Company in relations with third parties;
3. Presides over the Company's Management Board, runs its work and supervises the execution of Management Board resolutions.
4. Directly supervises the performance of assignments by subordinate organisational units, whose scope of activity covers:
 - a) company organisation,
 - b) supporting the operations of the Company's governing bodies,
 - c) privatisation, Company restructuring,
 - d) ownership supervision and capital investments,
 - e) internal structural and ownership transformations,
 - f) providing information and reports to investors, shareholders and stock exchange institutions,
 - g) implementing LW BOGDANKA S.A.'s strategy and the Company's long-term plans,
 - h) co-operation with the media and the information policy,
 - i) current records archive and general secretariat,
 - j) internal audit in the Company,
 - k) matters of defence,
 - l) HR policy, employee and social issues,
 - m) occupational health and safety, training workshops,
 - n) diversification of the Company's operations and EU integration,
 - o) future plans with regard to the development and modernisation of the production process,
 - p) protection of personal data and confidential information,
 - q) monitoring the sales of trade coal and the quality of coal output, as well as the operations of the coal processing plant,
 - r) conducting chemical and physical analysis and inspections of the work environment, as well as sampling the quality of coal dust kept in the warehouse,
 - s) monitoring the quality of construction ceramics.

Moreover, the responsibilities of the President of the Management Board include any and all issues stipulated in the Rules of Procedure of the Management Board and the resolutions of the Company's Management Board.

The President of the Management Board shall perform his duties in compliance with the laws in force, the provisions of the Company's Articles of Association, the Company's Bylaws and the resolutions of the Management Board, with due diligence of a prudent merchant.

The Vice-President for Economic and Financial Affairs holds responsibility for the Company's operations in the following areas:

1. Managing the Company's finances.

2. Economic effectiveness of investment projects.
3. Pay and insurance policy.
4. Economic and financial analyses.
5. Reporting and statistics.
6. Budgeting and controlling.
7. Supervising Company value management.
8. Providing financial and bookkeeping services.
9. Accounting and settlements with business partners.
10. Continuous stocktaking.

Major responsibilities of the **Vice-President for Economic and Financial Affairs as the Chief Accountant** include:

1. Organising the work of subordinate departments and ensuring their effective operation in line with the Accounting Act and other accounting tasks.
2. Drawing up the required current financial statements.
3. Drawing up the annual financial statements.
4. Supervising the organisation of management accounting.
5. Compiling internal reports for the Company's governing bodies.
6. Ongoing analysis of settlements (accounts receivable and liabilities).
7. Approving documents for payment and posting.
8. Submitting motions to the Company's Management Board regarding issues requiring its decision.
9. Developing the rules for managing short-term securities.
10. Organising the work related to financial management in terms of cash accounting and settlements with third parties.

The Vice-President for Commerce and Logistics organises and supervises the Company's operations in the following areas:

1. Sales and wholesale shipping of coal.
2. Coal warehousing.
3. Sales of construction ceramics.
4. Designing and executing promotional, advertising and brand management activities.
5. Market analyses.
6. Rail transportation.
7. Logistics and warehouse management.
8. Computerisation of the Company.
9. Organising and holding tenders, concluding contracts and verifying them in terms of legal and formal issues
10. Production of construction ceramics.

The Vice-President for Technical Affairs organises and supervises the Company's operations in the following areas:

1. Investment and refurbishment activities.
2. Cost estimation and service valuation.
3. Material and machinery management.
4. Environmental protection and utilisation of pit waste.
5. Maintaining and developing production capacity.
6. Analysis and optimisation of the usage of production capacity, including machinery and equipment.
7. Deposit management planning.
8. Trade coal mining and production.
9. Keeping surveyor and geological records, as well as production records.
10. Technical and economic progress.
11. Organising and planning production and mine development.
12. Research and implementation.

Member of the Management Board elected by employees is responsible for:

1. Co-operating with the workforce and the trade unions active in the Company.
2. Social dialogue in the Company.
3. Creating conditions for better use of the Company's social potential (internal marketing).
4. Supervising the correct use of the funds available from the Company's Social Fund.
5. Performing other duties imposed by the resolutions of the Management Board.

13.8.1.4 Information about Management Board meetings and the resolutions adopted

In the reporting year 2009 the Management Board appointed for the 6th term held 77 minuted meetings and adopted the total of 1614 resolutions.

The decisions taken by the Management Board in the form of resolutions resulted from the application of the provisions of the Commercial Companies' Code, the Articles of Association, the Rules of Procedure of the Supervisory Board, the Rules of Procedure of the Management Board, the principles set forth in the resolutions of the General Shareholders Meeting, the need to take decisions whose scope went beyond the Company's ordinary management and at the request of individual Management Board members.

The Management Board resolutions concerned the following issues:

- accepting the annual financial statements, the report on the Company's operations in 2008 and the consolidated financial statements of the capital group,
- allocation of net profit for 2008,
- convening General Shareholders Meetings and specifying their agenda and draft resolutions,
- granting individual powers of attorney to represent the Company,
- granting authorisations and powers of attorney to employees to perform specific operations,
- motions addressed to the Company's Supervisory Board,
- approving amendments to the Work Regulations at LW BOGDANKA S.A.,
- introducing amendments to the Company's Organisational Rules and the organisation chart;
- introducing amendments to the Corporate Collective Labour Agreement,
- introducing amendments to the Rules of Procedure for Internal Tenders,
- introducing changes in the composition of the Standing Tender Committee,
- adopting the Company's technical and economic plan for 2009,
- introducing adjustments to the plans for 2009,
- approving the collective plan for material requirements and the plan of investments in the construction of fixed assets for 2010;
- approving the Terms of Reference and the content of the invitation to negotiations,
- conducting tenders and direct negotiations,
- waiving tender procedures,
- increasing the budgets for executing public procurement contracts,
- approving the outcomes of negotiations,
- cancelling tenders,
- settling the protests lodged by bidders in public procurement procedures,
- approving repeated actions in public procurement procedures,
- concluding and terminating contracts, amending the conditions of contracts, extending the terms of contracts – signing annexes to contracts,
- withdrawing from contracts,
- concluding agreements and settlements,
- approving changes to the prices of coal and EkoKLINKIER ceramics,
- introducing special offers and price reductions for construction brick,
- establishing the amount of write-offs to the mine decommissioning fund in the years 2004-2008,
- establishing the mine decommissioning fund,
- creating reserves and charging them to expenses of 2008,
- performing a write-off of disputed receivables that have gone into litigation,

- new hires at the Company,
- making single-source purchases,
- preparing evaluations, cost estimates, analyses and legal opinions,
- approving the motions by the Company's Inventions Committee,
- approving rewards for the designers of innovative projects,
- repairing mining damage,
- purchasing plots of land,
- purchasing, selling and leasing fixed assets,
- social, pay and personnel issues,
- subsidising employees' education and granting them training leave,
- making donations,
- advertising and sponsorship,
- waiving the accrual of interest,
- cancelling interest notes,
- amortising interest for defaulting on payment deadlines,
- waiving the right to charge business partners with liquidated damages,
- postponing payment dates,
- writing off bad debt,
- assignment of receivables,
- making early payments of invoices,
- appointing teams for specific purposes,
- amendments to the Company's Articles of Association,
- introducing new items into the plan for building fixed assets in 2009,
- concluding an agreement to prepare a report outlining an extended Company Development Strategy and to provide consulting services,
- approving the Rules for Granting Bonuses to Sales Representatives,
- appointing the Central Election Committee (election to the Supervisory Board),
- approving the plan for purchasing services from third-party providers in 2009,
- approving the Rules for the Company's HR policy,
- taking out a long-term bank loan,
- accepting the rules of sponsorship,
- granting a power of attorney to Dom Inwestycyjny BRE Banku S.A. to represent the Company before the National Depository for Securities (KDPW) and the Warsaw Stock Exchange,
- submitting to the jurisdiction of the Court of Arbitration affiliated with the National Depository for Securities (KDPW),
- concluding an agreement with Biuro Informacji Kapitałowych establishing regular co-operation with regard to the reporting obligations of stock exchange listed companies,
- adopting the Rules of Stock Exchange Information at LW BOGDANKA S.A.,
- allocating C series shares in the institutional investors tranche, private investors tranche and employee tranche,
- approving the Plan of Mining Works,
- adopting the draft amendments to the Rules of Procedure of the Company's General Shareholders Meeting,
- opening fixed-term deposit accounts by the Company,
- approving the purchase plan of ready goods for 2010,
- adopting the draft Annex to LW BOGDANKA S.A.'s Incentive Scheme
- concluding an agreement for the audit of the Company's financial statements for 2009 and the consolidated financial statements of the capital group,
- approving the plan of expenditure on machine and equipment refurbishment in 2010,
- concluding an agreement on co-operation with regard to conducting Investor Relations at LW BOGDANKA S.A.,
- awarding a funded scholarship,
- concluding an escrow account agreement,
- approving the public procurement procedure for insuring the employees of LW BOGDANKA S.A.,
- adopting the adjusted Investment Expenditure Plan for ZCB EkoLINKIER for 2010,
- concluding a share sales agreement to dispose of 420 Górnik Łęczna S.A. shares,

- approving the sports sponsorship budget for 2010,
- approving the central register and list of jobs involving work under special conditions.

1.8.1.5 Information on powers of proxy granted and revoked

In 2009, the function of the Company's Proxy was fulfilled by Mr Henryk Koza, Msc, Eng. Investment Director (Power of Proxy Since 13 April 2007).

1.8.2 Supervisory Board

1.8.2.1 Composition

The Supervisory Board of LW BOGDANKA S.A. is appointed for a three-year joint term of office. The members of the Supervisory Board are appointed and removed by the General Shareholders Meeting. Two members of the Supervisory Board are elected by the Company's employees.

Supervisory Board - 6th term of office

Up until 15 May 2009 (the date of the Extraordinary General Shareholders Meeting which approved the Company's financial statements for 2008), the Supervisory for the 6th term of office was composed of:

1.	Krzysztof Maślankowski	- Chairman of the Board
2.	Grażyna Dec	- Vice-Chairman of the Board
3.	Jadwiga Kalinowska	- Secretary of the Board
4.	Henryk Czapla	- Member of the Board
5.	Adam Partyka	- Member of the Board
6.	Wiesław Różycki	- Member of the Board

Supervisory Board - 7th term of office

From 15 May 2009 to the date of submitting this Report, the Supervisory Board for the 7th term has been in office. The mandates of the members of the Supervisory Board expire on the date of the Extraordinary General Shareholders Meeting which approves the financial statements of LW BOGDANKA S.A. for 2011, i.e. not later than 30 June 2012.

As at 31 December 2009 and as at the day of submitting the Report, the Supervisory Board of LW BOGDANKA S.A. was composed of:

1.	Krzysztof Maślankowski	- Chairman of the Board
2.	Grażyna Dec	- Vice-Chairman of the Board
3.	Bogdan Kowal	- Secretary of the Board
4.	Henryk Czapla	- Member of the Board
5.	Adam Partyka	- Member of the Board
6.	Wiesław Różycki	- Member of the Board

1.8.2.2 Description of activities

The Supervisory Board exercises continuous supervision over the Company's activities in all areas of its operations.

The Supervisory Board adopts resolutions in matters provided for in the Commercial Companies Code and the Articles of Association of the Company.

The responsibilities of the Supervisory Board include:

- assessment of reports,
- assessing motions of the Management Board regarding the distribution of profits or covering of losses;

- submission to the General Shareholders Meeting of an annual written report on the results of the activities referred to in items 1 and 2,
- selecting a chartered auditor to audit annual financial statements;
- determining the scope and deadlines for the Management Board's submission of annual material and financial plans and long-term strategic plans;
- issuing opinions on long-term strategic plans;
- issuing opinions on annual business plans (specifying the tasks to be performed and the related budgets),
- adopting rules laying down the detailed procedure followed by the Supervisory Board;
- adopting for the Company's internal purposes the uniform text of the Articles of Association,
- approving the Management Board rules;
- adopting the Company's Organisational Rules.

The powers of the Supervisory Board shall include granting consent to the Management Board for the following:

- acquisition or disposal of real estate, perpetual usufruct right to or an interest in real estate with a value exceeding the PLN equivalent of EUR 200,000.00, up to the PLN equivalent of EUR 800,000.00,
- acquisition or disposal of property, plant and equipment not related to the Company's core business, where the value of a single transaction exceeds one-twentieth of the Company's share capital,
- conclusion by the Company of an agreement with a value exceeding the PLN equivalent of EUR 5,000.00, where the subject matter is a donation or release from debt, or another agreement where the subject matter is not related to the core business of the Company as defined in the Articles of Association,
- conclusion by the Company or its subsidiary of a material agreement with a party related to the Company.

Additionally, the Supervisory Board's powers shall include in particular:

- appointing and dismissing members of the Management Board,
- making requests concerning the remuneration rules and remuneration amounts to be received by the Management Board members,
- suspending members of the Management Board for important reasons,
- delegation of the Supervisory Board members, for a period of up to three months, to temporarily perform the duties of Management Board members who have been removed from office, resigned from office or are unable to perform their duties for another reason,
- conducting the procedure of qualifying members to the position of a Management Board member,
- representing the Company in agreements and disputes between the Company and the Management Board members,
- granting consent to the creation of foreign branches of the Company,
- granting permission to Management Board members for accepting positions on the governing bodies of other companies.

The operating procedure of the Supervisory Board, including the procedure for convening Supervisory Board meetings, are defined in detail in the Rules of Procedure of the Supervisory Board adopted by the Supervisory Board.

The activity of the Board shall also be based on the principles of good practice of companies listed at the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.).

The Board may appoint standing and temporary committees from among its members. The Audit Committee is a standing committee at the Supervisory Board.

1.8.2.3 Audit Committee

The Audit Committee is composed of three members, at least one of whom shall be an independent member, subject to Article 8.8 of the Rules of Procedure of the Supervisory Board, and at least one shall possess competence and experience with regard to finance and accounting.

The task of the Audit Committee shall be advising the Board in matters of appropriate implementation of standards of budget and financial reporting and internal control of the Company and its capital group, as well as chartered auditors auditing the Company's financial statements.

In particular, the duties of the Audit Committee shall include:

- (i) review of interim and annual financial statements of the Company (separate and consolidated),
- (ii) cooperation with the chartered auditor auditing the financial statements of the Company and recommending to the Supervisory Board the auditor to be selected,
- (iii) discussing the nature and scope of audit with chartered auditors, before the commencement of an audit of the annual financial statements, and
- (iv) providing the Board with information on the work of the Audit Committee, including any suggestions on the necessity to take specific measures.

The Audit Committee, from 6 December 2008 to 28 May 2009, was composed of:

1. Henryk Czapla
2. Adam Partyka
3. Jadwiga Kalinowska

As the 6th term of office of the Supervisory Board was ended, and the new composition was appointed, on 28 May 2009 the Supervisory Board appointed the Audit Committee in the following composition:

1. Grażyna Dec
2. Henryk Czapla
3. Adam Partyka

1.8.3 General Shareholders Meeting

1.8.3.1 Manner of operations of the General Shareholders Meeting and its main powers, as well as description of rights of the shareholders rights and the manner for their exercise, in particular the rules of operation under the Rules of Procedure of the General Shareholders Meeting

The General Shareholders Meeting of LW BOGDANKA S.A. holds annual or extraordinary sessions based on provisions of the Commercial Companies Code, the Company's Articles of Association and the Rules of Procedure of the General Shareholders Meeting of LW BOGDANKA S.A.

The General Shareholders Meeting is convened by the Management Board, subject to the provisions of the Commercial Companies Code and Article 44 of the Company's Articles of Association.

The General Shareholders Meeting is convened by way of publishing a relevant announcement at the Company's website (www.lw.com.pl), in a manner specified for announcing information by public companies, with a proviso that such an announcement should be published at least twenty-six days before the proposed date of the General Shareholders Meeting.

The General Shareholders Meeting may adopt resolutions only with respect to the issues included in the agenda, subject to the provisions of Article 404 of the Commercial Companies Code. A shareholder or shareholders representing at least one-twentieth of the share capital may request that certain matters be placed on the agenda of the General Shareholders Meeting. In order to exercise their right, the shareholders entitled to request

that certain matters be placed on the agenda of the General Shareholders Meeting, should submit a request to the Company's Management Board, in writing or in an electronic form, along with a justification and a draft resolution regarding the proposed item of the agenda, not later however than twenty-one days before the scheduled date of the General Shareholders Meeting.

The Management Board announces the changes in the agenda of the next General Shareholders Meeting introduced at the request of the shareholders; the announcement shall be made promptly, however not later than eighteen days before the scheduled date of the General Shareholders Meeting. The announcement shall be made in a manner appropriate for the convening the General Shareholders Meeting.

Only persons who are shareholders of the Company sixteen days before the date of the General Shareholders Meeting (i.e. the date of registering participation in the Meeting) are entitled to participate in the General Shareholders Meeting with the right to vote.

Persons entitled under registered shares and temporary certificates and pledgees and usufructuaries who are entitled to vote have the right to participate in the General Shareholders Meeting provided that they are entered in the shareholders register on the date of registering participation in the meeting. Further, members of the Company's Management Board and the Supervisory Board have the right to participate in the General Shareholders Meeting. The chartered auditor who audits the Company's financial statements and the Company's chief accountant are also entitled to participate in the General Shareholders Meeting convened to discuss financial affairs of the Company. Experts and guests invited by the body which convenes a particular General Shareholders Meeting can also participate in the meeting.

A shareholder can transfer its shares in the period between the date of registering participation in the General Shareholders Meeting and the date when the meeting ends.

In accordance with the Rules of Procedure of the General Shareholders Meeting of LW BOGDANKA S.A., members of the Supervisory Board and the Management Board and the Company's chartered auditor should, within the limits of their powers and to the extent necessary to resolve matters being discussed by the General Shareholders Meeting, provide participants in the meeting with clarifications and information relating to the Company.

Shareholders can participate in the General Shareholders Meeting and exercise their voting rights either personally or through a proxy. Powers of attorney to participate in a General Shareholders Meeting and vote should be granted in writing or in electronic form.

Unless otherwise stipulated by the provisions of the Commercial Companies Code or the Company's Articles of Association, the General Shareholders Meeting may adopt resolutions irrespective of the number of shares represented at the Meeting. At the General Shareholders Meeting, one share confers the right to one vote.

The Annual General Shareholders Meeting shall be convened in order to:

- recognise and approve the reports,
- adopt a resolution on the distribution of profit or coverage of loss,
- grant discharge to the members of the Company's governing bodies in respect of the performance of their duties,
- set the dividend record date and dividend payment date.

The following issues shall require a resolution of the General Shareholders Meeting:

- appointment and removal from office of the Supervisory Board members,
- determination of the rules governing remuneration of the Management Board and Supervisory Board members, including remuneration amounts.
- disposal or lease of the Company's enterprise or an organised part thereof, or establishment of limited property rights thereon,
- acquisition or disposal of real estate, perpetual usufruct right to or interest in real estate with a value exceeding the PLN equivalent of EUR 800,000,

- execution by the Company of a loan, credit or other similar agreement with, or for the benefit of, a Management Board member, a Supervisory Board member, a proxy or a liquidator,
- increase in or reduction of the Company's share capital,
- issue of bonds of any type,
- acquisition of its own shares by the Company, or granting authority to acquire such shares, under circumstances provided for in the Commercial Companies Code,
- mandatory redemption of shares in accordance with the Commercial Companies Code,
- creation, use and release of capital reserves,
- use of statutory reserve funds,
- making decisions with respect to claims for repair of damage caused upon the Company's formation or in the course of management or supervision of the Company,
- contribution of non-current assets to the Company or a cooperative as a contribution-in-kind,
- merger, transformation or demerger of the Company,
- amendments to the Company's Articles of Association, including changes to the Company's business profile,
- dissolving and liquidating the Company.
- establishment of another company by the Company,
- subscription for or acquisition of shares in another company,
- disposal of subscribed for or acquired shares in another company.

1.8.3.2 Information of General Shareholders Meetings held in 2009

In 2009 four General Shareholders Meetings were held:

- 1) Extraordinary General Shareholders Meeting on 16 December 2008 (Rep. A Nr 5513/2008) and 15 January 2009 (Rep. A Nr 222/2009), held in the Company's registered office in Bogdanka.

Before item 5 of the agenda was performed, the representative of the shareholder – the State Treasury, requested making a break until 12.00 on 15 January 2009.

Agenda:

1. Opening of the Extraordinary General Shareholders Meeting.
2. Electing the Chairman of the Extraordinary General Shareholders Meeting.
3. Acknowledging the Extraordinary General Shareholders Meeting to be validly convened and acknowledging its capacity to adopt resolutions.
4. Adopting the agenda.
5. Adopting resolutions on changes in the composition of the Supervisory Board.
6. Miscellaneous.
7. Closing the Meeting.

- 2) Extraordinary General Shareholders Meeting on 16 February 2009, held in the Company's registered office in Bogdanka (Rep. A Nr 597/2009).

Agenda:

1. Opening of the Extraordinary General Shareholders Meeting.
2. Electing the Chairman of the Extraordinary General Shareholders Meeting.
3. Acknowledging the Extraordinary General Shareholders Meeting to be validly convened and acknowledging its capacity to adopt resolutions.
4. Adopting the agenda.

5. Adopting a resolution on preparing consolidated financial statements of the capital group in compliance with the International Accounting Standards (IAS) as well as International Financial Reporting Standards (IFRS) beginning from 1 January 2008.
 6. Adopting a resolution on amending Article 53.1 of the Company's Articles of Association.
 7. Miscellaneous.
 8. Closing of the Extraordinary General Shareholders Meeting.
- 3) Annual General Shareholders Meeting on 15 May 2009, held in the Company's registered office in Bogdanka (Rep. A Nr 2234/2009).

Agenda:

1. Opening the General Shareholders Meeting.
2. Electing the Chairman of the General Shareholders Meeting.
3. Acknowledging the General Shareholders Meeting to be validly convened and acknowledging its capacity to adopt resolutions.
4. Adopting the agenda.
5. Recognising the Financial Statements and Directors' Report on Operations of Lubelski Węgiel BOGDANKA S.A. for 2008.
6. Presentation of the Report on Operations of the Supervisory Board of Lubelski Węgiel BOGDANKA S.A. as the Company's governing body for 2008.
7. Presentation of the Management Board's motion regarding the distribution of net profit for 2008 and coverage of loss brought forward.
8. Presentation of the Supervisory Board's Report on the assessment of the Company's the Financial Statements and Directors' Report on Operations for 2008, and the Management Board's motion regarding the distribution of net profit and coverage of loss brought forward.
9. Adopting resolutions on:
 - 8.1. approval of the Directors' Report on Operations Lubelski Węgiel BOGDANKA S.A. for 2008,
 - 8.2. approval of the Financial Statements of Lubelski Węgiel BOGDANKA S.A. for 2008,
 - 8.3. granting discharge to the members of the Management Board of Lubelski Węgiel BOGDANKA S.A. for the performance of duties in 2008,
 - 8.4. approval of the Report on Operations of the Supervisory Board of Lubelski Węgiel BOGDANKA S.A. as the Company's governing body for 2008,
 - 8.5. granting discharge to the members of the Supervisory Board of Lubelski Węgiel BOGDANKA S.A. for the performance of duties in 2008,
 - 8.6. distribution of net profit for the financial year 2008 and undistributed profit brought forward,
 - 8.7. specifying a dividend date and a date of the dividend payment.
10. Information on elections of the employees' representatives to the Supervisory Board to the 7th term of office for the years 2009-2011 carried out at the Company.
11. appointment of the Supervisory Board members for the 7th term of office,
12. Miscellaneous.
13. Closing the General Shareholders Meeting.

- 4) Extraordinary General Shareholders Meeting on 11 August 2009, held in the Company's registered office in Bogdanka (Rep. A No. 3897/2009).

Agenda:

1. Opening of the Extraordinary General Shareholders Meeting.
2. Adopting a resolution on election of the Chairman of the Extraordinary General Shareholders Meeting;
3. Acknowledging the Extraordinary General Shareholders Meeting to be validly convened and acknowledging its capacity to adopt resolutions.
4. Adopting a resolution on accepting the agenda;
5. Electing the Ballot Counting Committee.
6. Presenting the consolidated Financial Statements of Lubelski Węgiel BOGDANKA S.A. Group and the Directors' Report on Operations of the Lubelski Węgiel BOGDANKA S.A. Group for 2008.
7. Presenting the Supervisory Board's opinion on the assessment of the consolidated Financial Statements of the Lubelski Węgiel BOGDANKA S.A. Group and the Directors' Report on Operations of the Lubelski Węgiel BOGDANKA S.A. Group for 2008;
8. Adopting a resolution on approving the consolidated financial statements of the Lubelski Węgiel BOGDANKA S.A. Group and the Directors' Report on Operations of the Lubelski Węgiel BOGDANKA S.A. Group for 2008.
9. Adopting a resolution on amending the Company's Articles of Association.
10. Adopting a resolution on amending the Rules of Procedure of the Company's General Shareholders Meeting.
11. Miscellaneous.
12. Closing of the Extraordinary General Shareholders Meeting.

1.8.3.3 Dividend policy

In accordance with the Articles of Association of LW BOGDANKA S.A., the manner of allocating the net profit of the Company is specified in a resolution of the General Shareholders Meeting.

The amount of profit to be distributed as dividend should be divisible by the total number of the Company shares.

The General Shareholders Meeting may allocate a portion of the profit towards:

- 1) dividend for the shareholders, with the proviso that the amount of profit to be distributed as dividend should be divisible by the total number of the Company shares,
- 2) other long-term capitals and funds,
- 3) other purposes defined by the General Shareholders Meeting by way of a resolution.

The dividend record date shall be the date of the Annual General Shareholders Meeting for the financial year, with the proviso that the dividend payment shall be made within two months from the dividend record date.

Dividend for 2005

Under resolution of 17 August 2006 regarding the Management Board's request concerning the amendment of a resolution adopted by the Annual General Shareholders Meeting of 29 June 2006 on the distribution of net profit for 2005 generated by the Company, the net profit of PLN 72,536,230 was allocated in 60.03%, i.e. in the amount of PLN 43,541,710, for the payment of dividend for the Company's shareholders. The value of dividend per share amounted to PLN 18.92.

Dividend for 2006

Under resolution of 17 August 2007 regarding the Management Board's request concerning the amendment of a resolution adopted by the Annual General Shareholders Meeting of 29 June 2007 on the distribution of net profit for 2006 generated by the Company, the net profit of PLN 84,218,680 was allocated in 59.38%, i.e. in the amount of PLN 50,008,530, for the payment of dividend for the Company's shareholders. The value of dividend per share amounted to PLN 21.73.

Dividend for 2007

Under resolution of 25 April 2008 regarding the opinion on the Management Board's request concerning the distribution of net profit for 2007 and the undistributed profit from previous years, the net profit generated by the Company of PLN 75,262,490 was allocated in 7.49%, i.e. in the amount of PLN 5,638,330, for the payment of dividend for the Company's shareholders. The value of dividend per share amounted to PLN 0.24. The description of allocation of shares in 2007 is presented in the Financial Statements.

Dividend for 2008

On 31 March 2009, the Management Board of LW BOGDANKA S.A. adopted a resolution on making a request to the General Shareholders Meeting regarding the distribution of net profit for 2008. The Management Board proposed that the net profit generated by the Company in the amount of 118,370,160 was allocated in full to the capital reserve of the Company for the purpose of financing investments planned for 2009, in line with the Technical and Economic Plan adopted by the Company for 2009. On 17 April 2009, the Supervisory Board adopted a resolution accepting the proposition of the Management Board regarding the distribution of net profit for 2008. Under the resolution of 15 May 2009 regarding the distribution of net profit for 2008 generated by the Company amounting to PLN 118,370,160, 75.05%, i.e. PLN 88,832,460 was allocated for the payment of dividend for the Company's shareholders. The value of dividend per share amounted to PLN 3.86.

Dividend for 2009

In pursuance of the strategy of LW BOGDANKA S.A. which assumes incurring significant investment outlays, the Management Board will not recommend to the General Shareholders Meeting a dividend payment for 2009. The Company wishes to allocate the profit in full amount for the fulfilment of investment goals.

SIGNATURES OF ALL MEMBERS OF THE MANAGEMENT BOARD

Mirosław Taras	President of the Management Board	
Krystyna Borkowska	Vice-President for Economic and Financial Affairs, Chief Accountant	
Waldemar Bernaciak	Vice-President for Trade and Logistics	
Zbigniew Stopa	Vice-President for Technical Affairs	
Janusz Chmielewski	Member of the Management Board elected by the employees	

Bogdanka, 19 March 2010