

Investor presentation

Warsaw, 8 November 2010



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Presentation of consolidated results in 3Q 2010



Strategy and investment objectives





Presentation of consolidated results in 3Q 2010

Strategy and investment objectives



KEY INFORMATION ABOUT LW BOGDANKA

Hard coal market

LW Bogdanka in 3Q 2010

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- One of **the largest and most state-of-the-art hard coal mines** in Poland,
 - Producer of power coal used for production of electricity,
 - **Recoverable resources: 251.3 million metric tonnes** of coal (current licence ensures the mine's life until 2034)
 - **Good geographic location** (Lublin Coal Basin) for major customers (location advantage) and **good natural conditions** (low recultivation costs, regular geological structure and low threat of crumps and methane explosions)
 - **Cutting-edge technologies** and world-class machinery used in the process of hard coal extraction – **low failure rate**, no unscheduled stoppages, and **extraction efficiency**,
 - **Experienced Management Board** working for many years in the hard coal industry.
-
- **Much higher coal extraction efficiency than the average of the industry** in Poland:
 - total productivity in 3Q 2010: **274.12 %** of the industry average (266.93 % in 1H 2010)
 - underground productivity in 3Q 2010: **291.41 %** of the industry average (293.70 % in 1H 2010)



Key information about LW BOGDANKA

HARD COAL MARKET

LW Bogdanka in 3Q 2010

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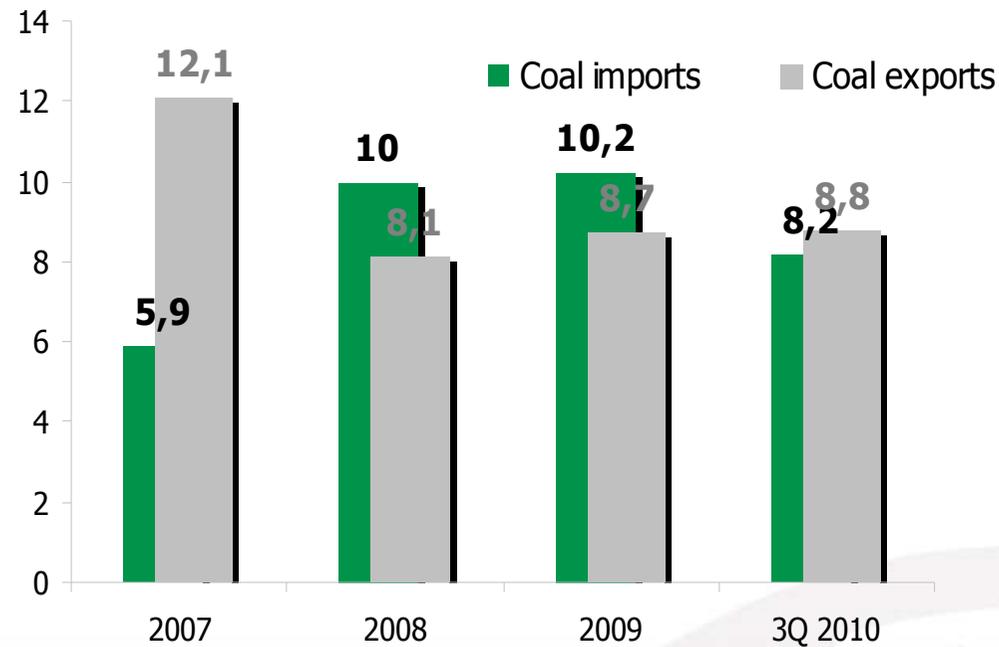


Overview of Polish coal market in 3Q 2010

- Currently the Company witnesses an increase in demand of the domestic market for coal to be supplied in 2011. Export is growing, which, with the simultaneous reduction of coal extraction, results in limitation of stocks accumulated by the Company's competitors.
- Conditions appear for a slight increase in prices as from 2011.
- Situation of Silesian companies:
 - ✓ Extraction of hard coal in the Silesian companies in three quarters of 2010 was 52.07 million tonnes and was lower by 3.2% than extraction obtained in the same period of 2009.
 - ✓ The stock of hard coal in mines as at the end of September 2010 stood at a level of 4.79 million tonnes and was lower by 0.77 million tonnes as compared to the end of September 2009 (down by 14.1%).
 - ✓ Sales of coal during 9 months of 2010 amounted to 50.89 million tonnes, which, compared to 48.67 million tonnes in the same period of 2009, represents an increase by 4.6%.
 - ✓ An average unit cost of coal extraction in the period of January-September 2010 in the hard coal sector was PLN 265.72 /tonne and was higher compared to the analogous period of 2009 by 1.9%



Import vs. Export



Source: Ministry of Economy, Central Statistical Office (excluding mines of ZG Siltech and LW Bogdanka S.A.)



Total cost of imported coal from ARA ports

ARA price + Loading (port) + Freight + Unloading (port) + Rail freight



Cost of imported coal from the Russian market depends on politics and transportation infrastructure of Russian Federation

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KEY INFORMATION ABOUT LW BOGDANKA

Hard coal market

LW BOGDANKA IN 3Q 2010

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Key events in 3Q 2010

- During the first three quarters of 2010, the Company recorded an increase in the extraction of commercial coal by **more than 11%** (which was 4,388,090 tonnes) with gross extraction lower by 1.89%, which reflects effectiveness and efficiency of the implemented technological solutions applied in coal extraction (including the purchase of the automated plowing system and the improvement in separation of waste rock from the output underground).
- On 25 August 2010, the Company has reached a **record level of daily yield of 16,894,000 tonnes** from the wall excavated by the newly-launched automated plowing system.
- In the first three quarters of 2010, the LW Bogdanka Group completed investments in fixed assets with the total value exceeding PLN 498.8 million.
- On 5 October 2010, New World Resource N.V. with registered office in Amsterdam announced a tender offer for the shares of LW BOGDANKA S.A. to in relation to NWR's planned acquisition of the Company's shares granting the right to exercise 100% of total votes in the Company.
- On 21 October 2010, the Company released the position of the Management Board of LW BOGDANKA S.A. regarding the tender offer announced by New World Resource N.V., and the fairness opinion issued by Rothschild as well as the opinion of the Company's trade unions. In the opinion of the Management Board, the price offered in the tender offer, i.e. PLN 100.75 per share, is far below fair value, and according to Rothschild does not correspond to the fair value.



Selected financial information in 1-3Q 2010

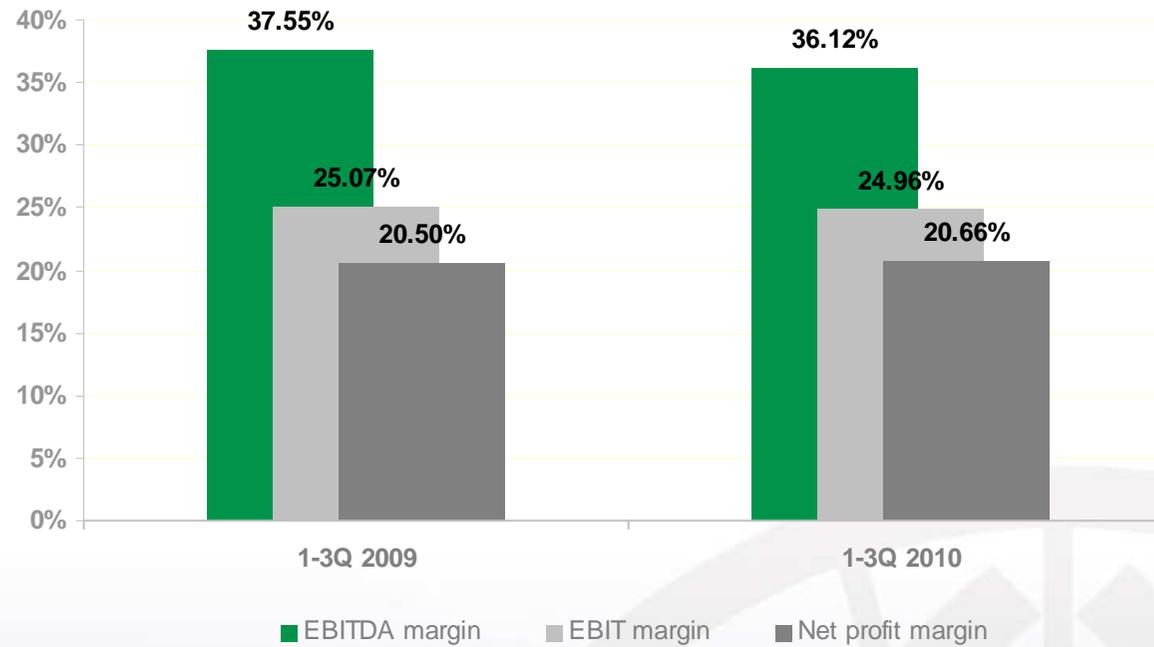
| (PLN '000) | 1-3Q 2009 | 1-3Q 2010 | Change (%) |
|---------------------------|-----------|-----------|------------|
| Revenue | 850 672 | 934 224 | 9.82% |
| Gross profit | 302 854 | 317 232 | 4.75% |
| EBITDA | 319 454 | 337 458 | 5.64% |
| EBIT | 213 302 | 233 140 | 9.30% |
| Net profit | 174 387 | 192 980 | 10.66% |
| Earnings per share* (PLN) | 5.13 zł | 5.64 zł | 9.92% |

- High level of EBITDA, despite costs incurred already in connection with the planned increase in coal extraction level, in particular labour costs.

*On a stand alone basis



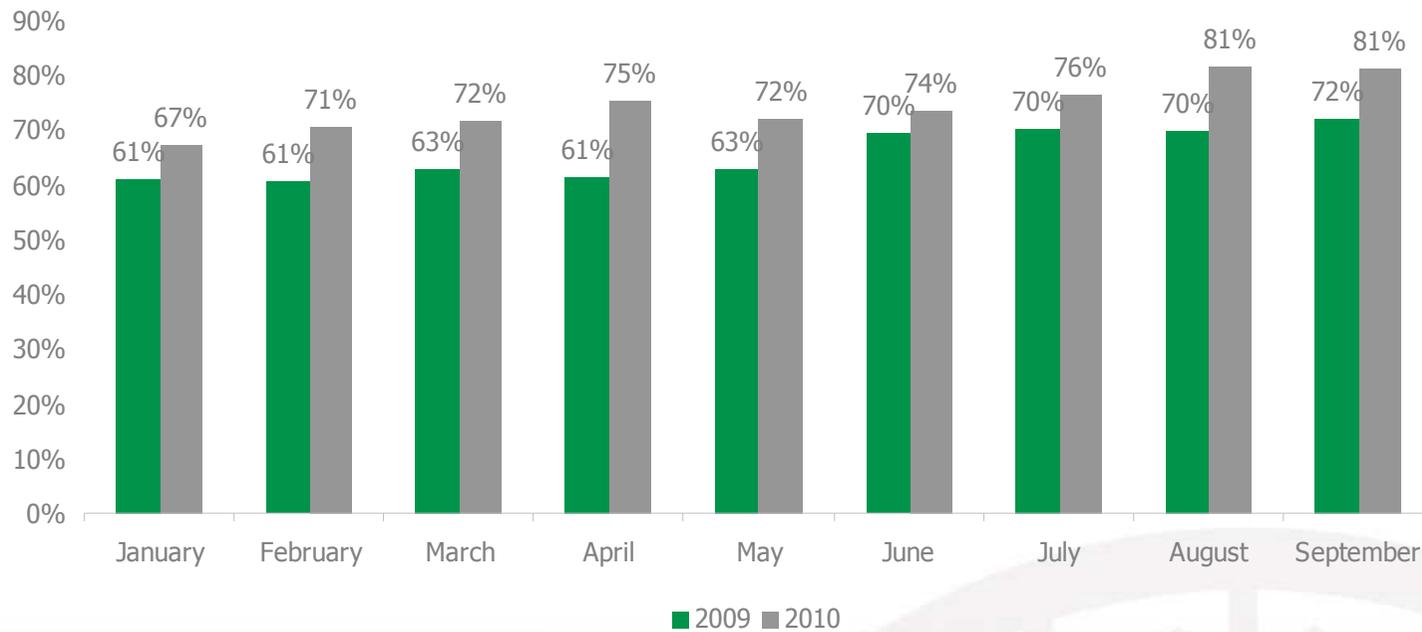
EBITDA, EBIT and net margins



- Margins remain stable



Coal yield



- Clear improvement of extraction efficiency, due to, among others, automated plowing system which was put into operation in April 2010



Profit and loss account

| (PLN `000) | 3 Q 2009 | 3 Q 2010 | Change % [2010/2009] |
|--|----------------|----------------|-------------------------|
| Revenue | 850 672 | 934 224 | +9.82% |
| Cost of products, goods and materials sold, sales and administrative costs | 639 242 | 692 677 | +8.36% |
| Gross profit on sales | 211 430 | 241 547 | +14.24% |
| Other revenue | 5 380 | 4 458 | -17.14% |
| Other costs | 2 754 | 1 998 | -27.45% |
| Operating profit (loss) net | 213 302 | 233 140 | 9.30% |
| EBIT margin (%) | 25.07% | 24.96% | - |
| EBITDA | 319 454 | 337 458 | +5.64% |
| EBITDA margin (%) | 37.55% | 36.12% | - |
| Financial income | 12 359 | 18 239 | +47.58% |
| Financial costs | 8 417 | 9 466 | +12.46% |
| Profit before tax | 217 440 | 241 865 | +11.23% |
| Income tax | 43 053 | 48 885 | +13.55% |
| Net profit | 174 387 | 192 980 | +10.66% |
| Net profit margin (%) | 20.50% | 20.66% | - |
| - Profit attributable to company's shareholders | 174 381 | 191 683 | +9.92% |

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Balance sheet

| (PLN `000) | 31.12.2009 | 30.09.2010 |
|---------------------------|------------------|------------------|
| Fixed assets, of which: | 1 617 528 | 2 009 463 |
| Cash and cash equivalents | 46 158 | 47 864 |
| Current assets, of which: | 852 286 | 734 729 |
| Cash and cash equivalents | 681 659 | 518 052 |
| Total assets | 2 469 814 | 2 744 192 |
| Short term liabilities | 253 138 | 327 468 |
| Long term liabilities | 477 779 | 484 847 |
| Total liabilities | 730 917 | 812 315 |
| Equity | 1 738 897 | 1 931 877 |
| Short term loans | - | 9 000 |
| Long term loans | 250 000 | 241 000 |



Cash Flow

| (‘000 PLN) | 3 Q 2009 | 3 Q 2010 |
|--|------------------|------------------|
| Operating cash flow | 293 866 | 283 836 |
| Operating cash inflow | 334 792 | 334 598 |
| Interest paid | (6 341) | (8 009) |
| Income tax paid | (34 585) | (42 753) |
| Investing cash flow | (279 939) | (447 443) |
| Acquisition of tangible fixed assets | (282 778) | (462 207) |
| Acquisition of intangible fixed assets | (4 127) | (55) |
| Inflow from the sale of tangible fixed assets | 231 | 59 |
| Interest received | 8 771 | 16 466 |
| Outflow on account of funds being deposited in the bank account of the Mine Closure Fund | (2 036) | (1 706) |
| Financing cash flow | 583 439 | - |
| Net proceeds from the sale of shares | 522 271 | - |
| Loans and borrowings received | 180 000 | - |
| Loans and borrowings repaid | (30 000) | - |
| Dividend paid to shareholders of the parent entity | (88 832) | - |
| Net increase / (decrease) in cash and cash equivalents | 597 366 | (163 607) |
| Cash and cash equivalents at beginning of period | 99 874 | 681 659 |
| Cash and cash equivalents at end of period | 697 240 | 518 052 |



Sales structure

| Items (PLN `000) | 3Q2009 | share % | 3Q 2010 | share % |
|------------------------------|----------------|----------------|----------------|----------------|
| Coal sales | 820 764 | 96,48% | 906 651 | 97.05% |
| Sales of ceramics | 7 148 | 0,84% | 6 699 | 0.72% |
| Other activities | 16 071 | 1,89% | 14 869 | 1.59% |
| Sales of goods and materials | 6 689 | 0,79% | 6 005 | 0.64% |
| Total sales revenue | 850 672 | 100.00% | 934 224 | 100.00% |

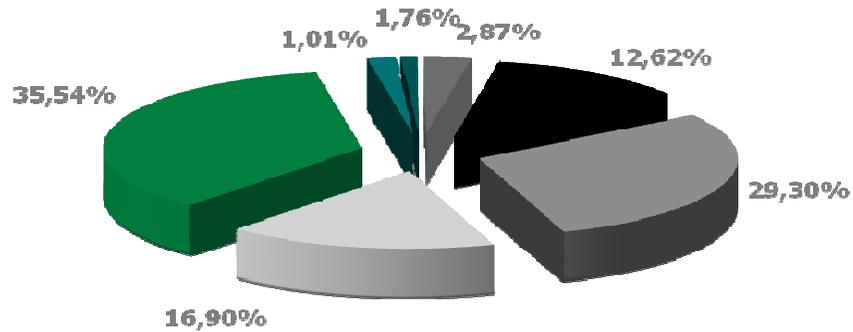
| | 3Q2009 | 3Q2010 | Change |
|--|----------|----------|---------|
| Production of commercial coal ('000 tonnes) | 3 945.23 | 4 388.09 | 11.23% |
| Inventories ('000 tonnes) – as of 30.09.2010 | 114.92 | 75.85 | -34.00% |

The majority of sales (about 88.09 %) are made under long-term trade agreements with permanent customers, primarily Elektrownia Kozienice S.A., GDF Suez Energia SA (former Elektrownia Połaniec S.A.), ZA Puławy S.A., Energa Elektrownie Ostrołęka S.A.



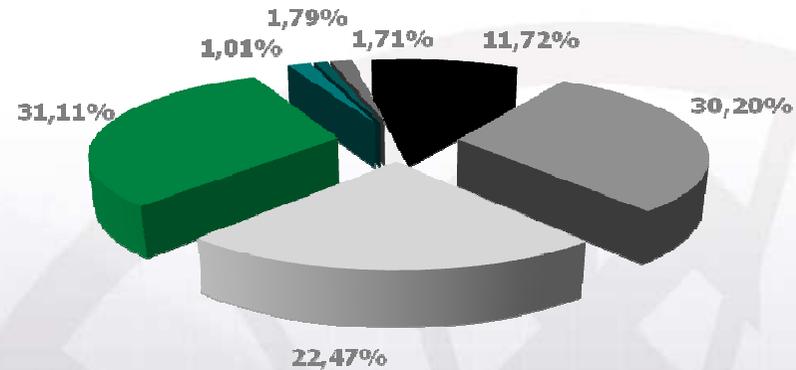
Costs structure

3Q 2009



- Lower contribution of labour costs.
- Higher contribution of third party services (increase in the scope of mining works).

3Q 2010



- Depreciation and amortisation
- Energy and materials
- Third party services
- Labour
- Representation and advertisement
- Taxes
- Other



Key material investments of the LW BOGDANKA Group in the first Nine months of 2010

| (PLN '000) | Key material investments 3Q 2010 |
|---|-------------------------------------|
| Construction and installation works | 271 889 |
| Delivery completion and purchases of fixed assets | 223 937 |
| Other | 2 854 |
| Advances toward fixed assets under construction | 96 |
| Total | 498 776 |

- Key material investments of the LW BOGDANKA Group in 3 quarters of 2009 was PLN 286,9 mln compared to PLN 498.8 mln in 3 quarters in 2009
- In September 2010, the Company's Investment Expenditure Plan was reviewed. In line with its new Plan, the total investment expenditure will amount to PLN 856,969,800 in 2010.



IPO proceeds utilisation in 1-3Q 2010

In the nine months of 2010 the company spent PLN 111,6 mln of proceeds from the issue of Series C shares on the following investment tasks:

- Construction of lifting and ventilation shaft 2.1 in the Stefanów Field
- Construction of transportation system for the output from the Stefanów Field to the mechanical coal processing plant
- Construction of facilities related to Stefanów Field/shaft 2.1 (lifting machine building, shaft switching station and ventilation systems)
- Underground air conditioning



**Presentation of consolidated results in 3Q
2010**



Strategy and investment objectives



The strategic objective of the Company is to create and grow its value for shareholders by:



Increasing production and gaining access to new reserves



Strengthening its competitive position by significantly reducing the unit cost of production



Maintaining a stable position as the main supplier of coal in eastern Poland, particularly for the power industry





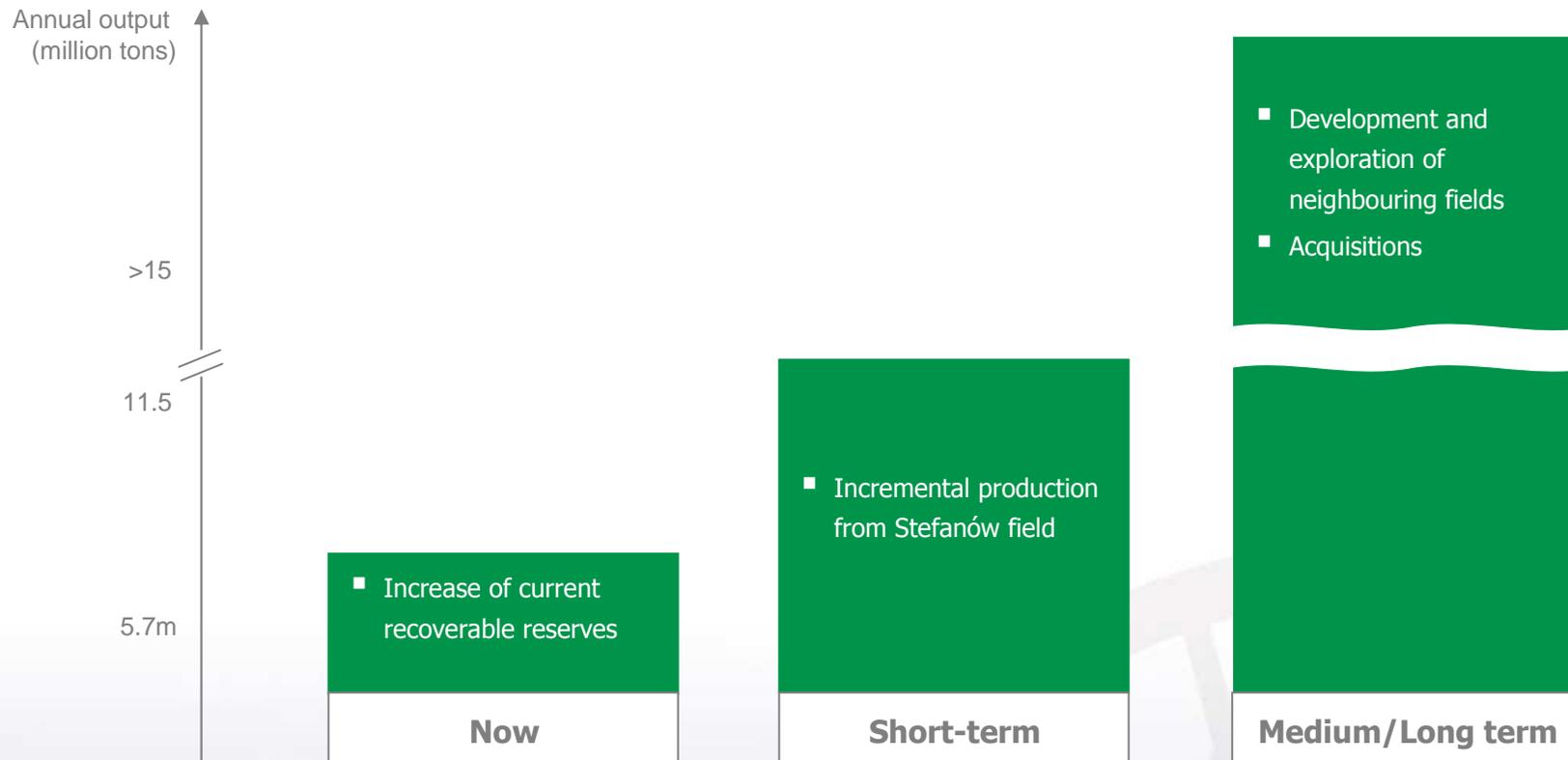
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Growth potential

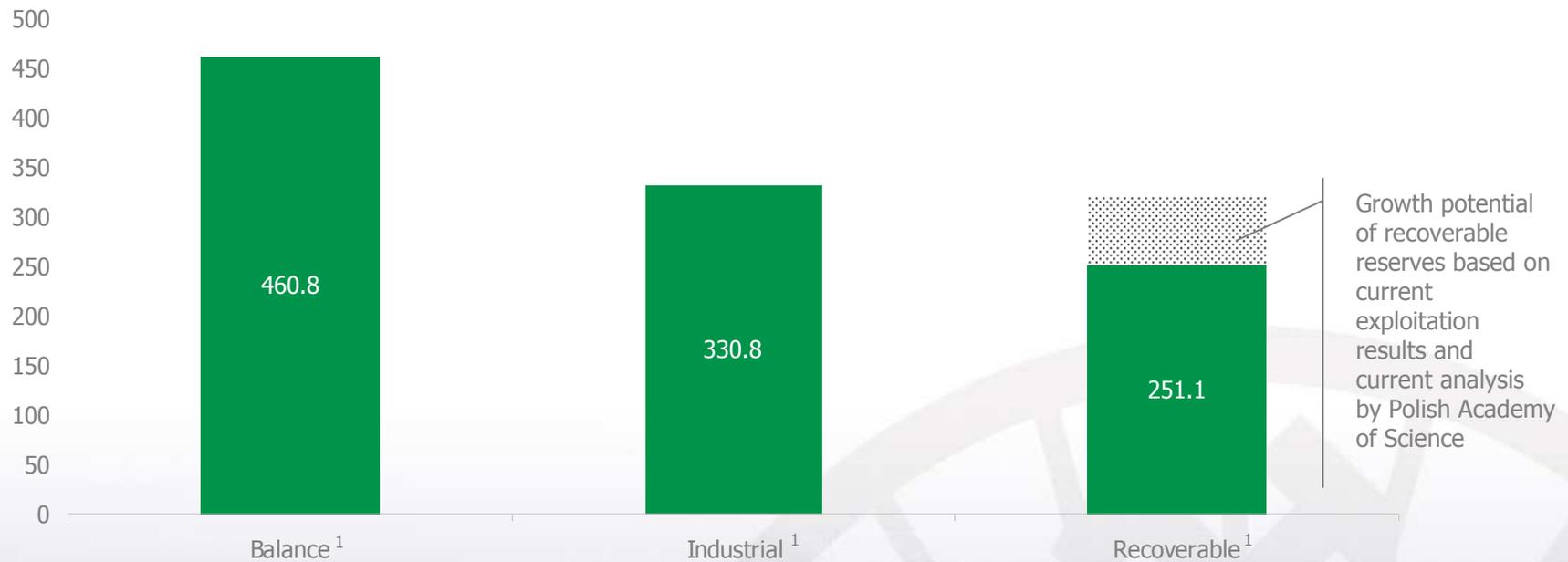


• Bogdanka is implementing a detailed expansion plan to double production in the short-term and has the opportunity to significantly extend life of mine or further increase production above 15m tons



Increase of current recoverable reserves

Resources covered by the concession (million tons)



- Application of automated plowing systems will enable to significantly increase current recoverable reserves i.e. reach levels similar to industrial reserves

Note
1 Please see definition in the Appendix



Development of Stefanów field ...

Investment highlights

- High efficiency due to the regular geological structure of the deposit (lacking major tectonic obstacles)
- New automated plowing system technology enables yields of 75-80%
- Use of existing infrastructure, including on-ground facilities, as a result of the integrity of the deposit
- Doubling of processing capacity
 - ✓ Completion of 2.1 extraction shaft in 1H2011 and expansion of coal processing plant by the end of 2011

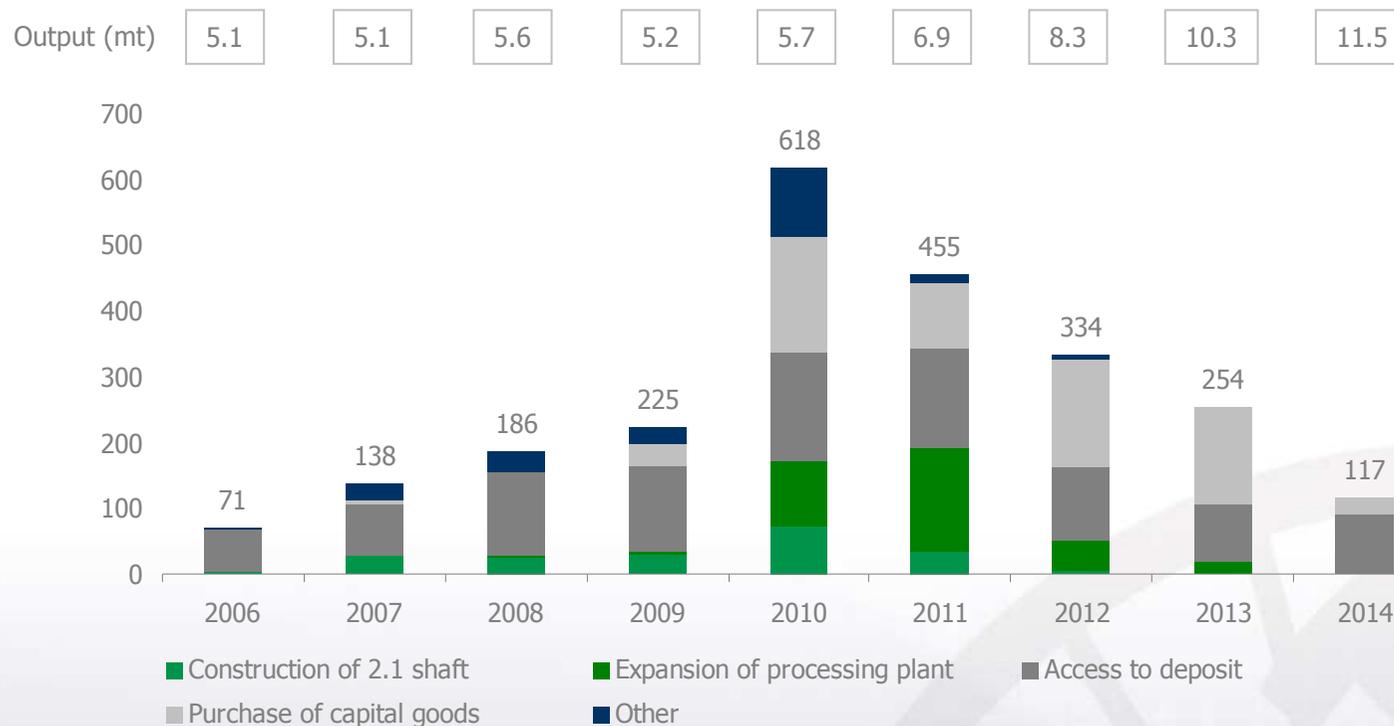
Coal extraction (ths. tons)



- Doubling of coal extraction by 2014



Expansion capex plan (PLNm)



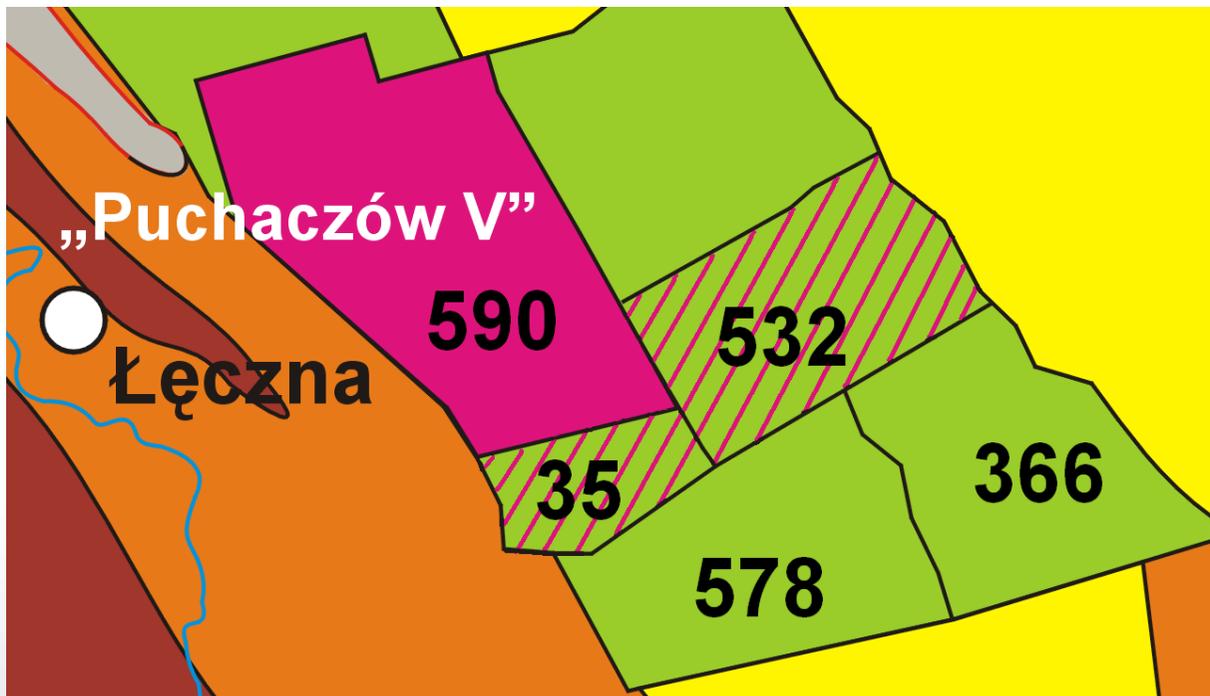
- Contracts have already been signed and execution of the project is progressing on schedule
- Between 2010 and 2014, the Company plans to invest a further c. PLN1.8 bn in expansion capex including capex for the development of underground roadways
- According to the new plan total capex in 2010 will reach PLN857m i.e. below budget due to price renegotiations

- The investment process is currently at its peak point. From 2011 on, expansion capex will decrease significantly.

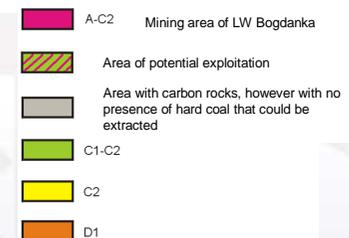


Growth potential from neighbouring properties

Balance resources of Lublin Coal Basin (m tons, as of 31.12.2009)



Types of hard coal



- Given the economies of scale and high entry barriers, Bogdanka is a natural candidate to develop and exploit neighbouring resources

Source: Company, „Zestawienie zasobów bilansowych pozafilarowych w obszarach dokumentacyjnych Lubelskiego Zagłębia Węglowego („LZW”)



Increasing production and gaining access to new reserves



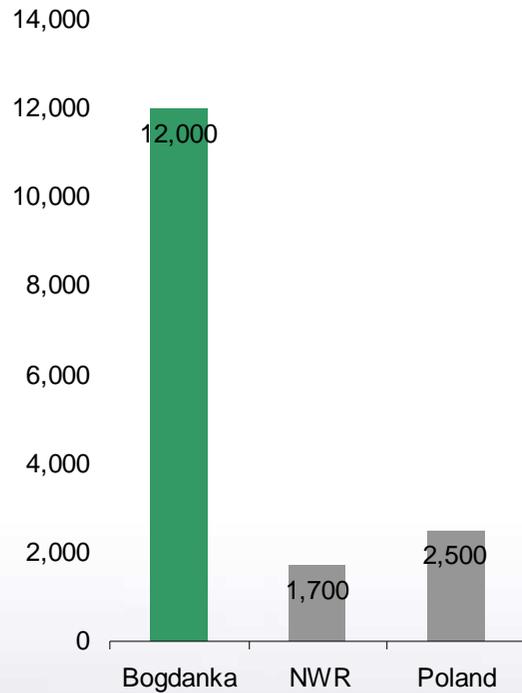
Strengthening its competitive position by significantly reducing the unit cost of production

Maintaining a stable position as the main supplier of coal in eastern Poland, particularly for the power industry

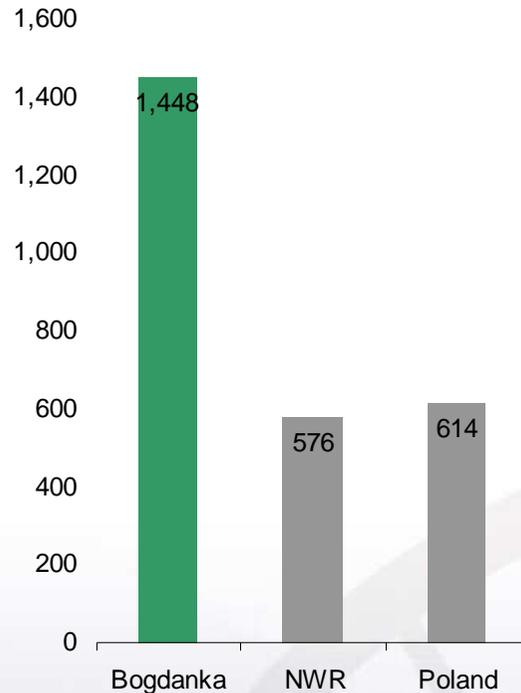


Most efficient coal producer in the region

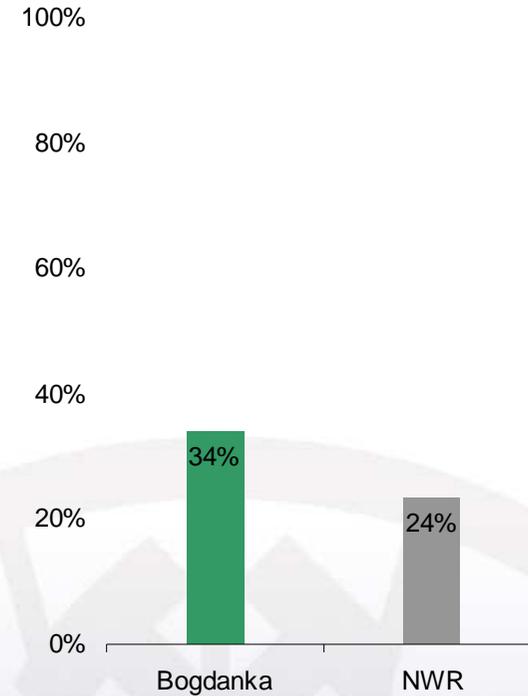
Productivity (t/wall/day)



Efficiency (t/employee/year)



Profitability (EBITDA margin)



- Current operating efficiency well ahead of regional players

Note: data as of 1H2010. „Poland” represents average for Polish mines excluding the Company
 Source: Company; NWR – Results for 1H 2010, Presentation: Announcement of Offer for Bogdanka, 5 October 2010.; Poland – „INFORMACJA o funkcjonowaniu górnictwa węgla kamiennego w czerwcu oraz w okresie styczeń – czerwiec 2010r.”, document prepared by the Ministry of Economy



Current competitive advantage

CHARACTERISTICS OF THE RESOURCES

- **location advantage** – favourable geographical location close to its key clients (transport cost being a significant part of coal price);
- **low land recultivation costs** – coal extraction occurs under poorly urbanised area (rural area);
- **efficiency and continuity of the extraction process** – regular geological structure;
- **extraction safety** – low risk of crumps, rock and gas ejections as well as low risk of methane explosion;

TECHNOLOGY

- **application of the most modern technology** and world class coal mining machinery – **low failure rate** implies a lack of unscheduled delays and **extraction efficiency**;
- **environmental safety of the mine** – environmental certificate ISO 14001;

ORGANISATION

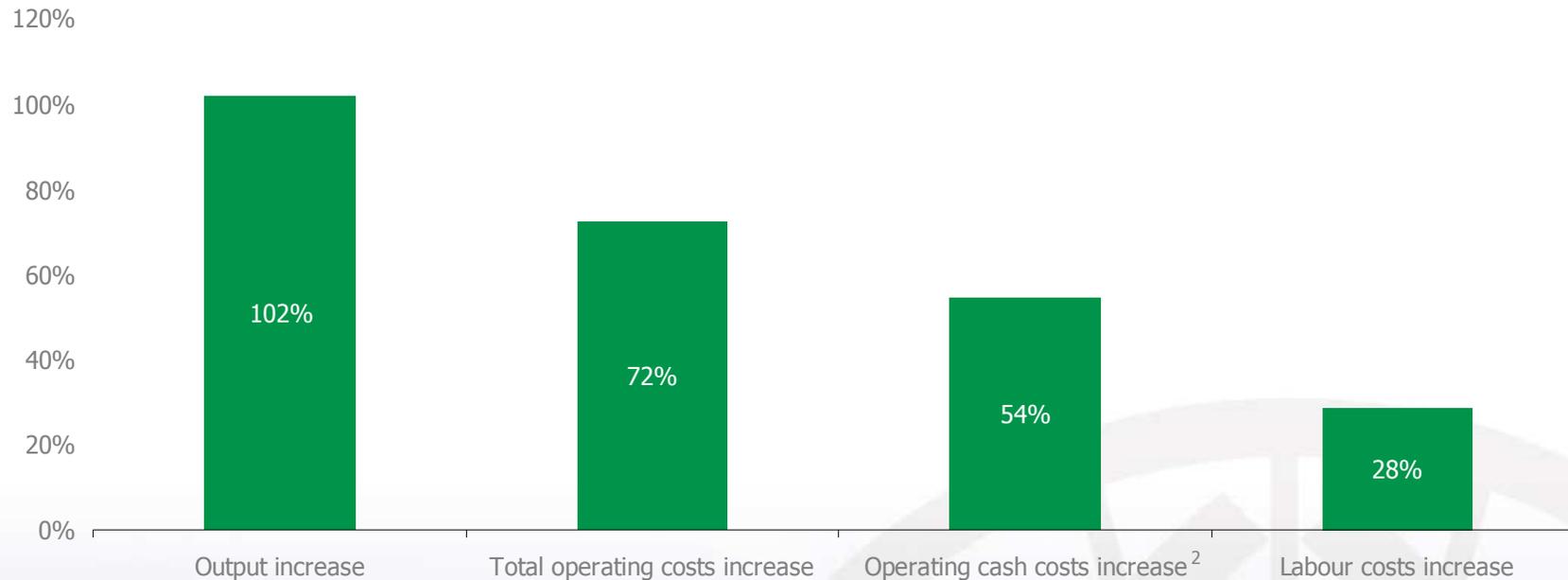
- **experienced Management** with many years of experience in the coal mining industry;
- **motivational system for the employees**
- **profitability** – highest profits in mining activity per employee in the sector
- **stability** – long-term coal supply contracts with power companies
- **innovation** – multiple solutions for optimising and improving extraction efficiency;
- **seven time winner** of the Polish Academy of Science contest for the best mine in Poland;

- Combination of favourable characteristics of the resources and experienced management provide clear competitive advantage



Economies of scale from Stefanow field expansion

Expected production and operating costs¹ growth in 2010 – 2014



- Existing competitive advantage to be enforced with economies of scale

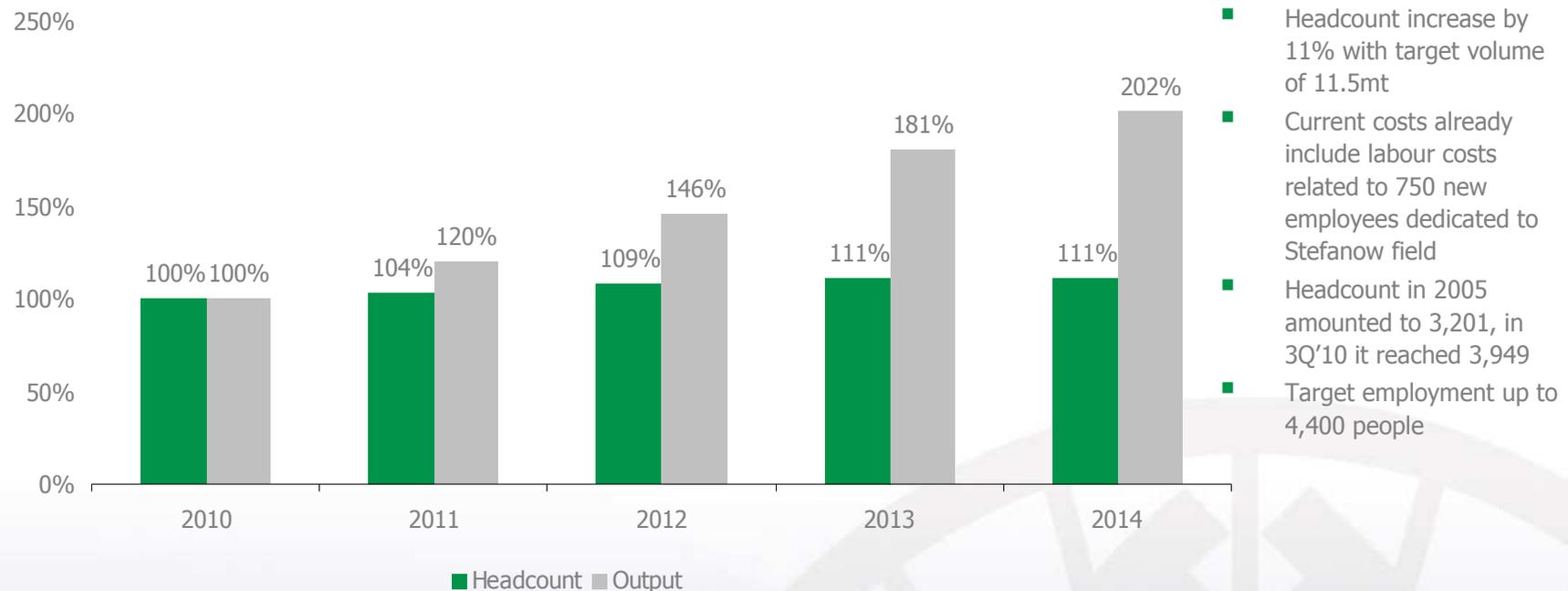
¹ Change in nominal terms (2.5% inflation rate assumed)

² Cash costs represent total cost before depreciation and amortisation



Insignificant increase of labour costs

Expected evolution of production and headcount (2010-2014)

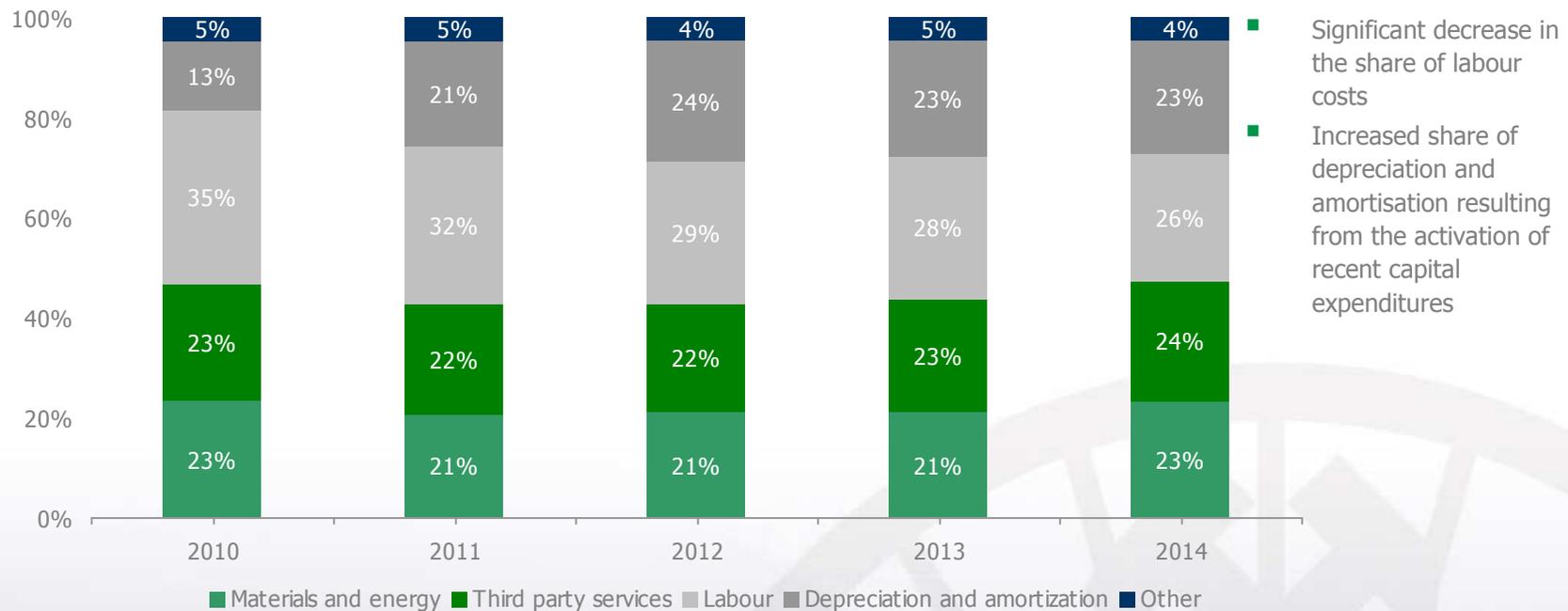


- Improved operating cost structure (especially with regard to labour costs) as well as lower unit costs, with a decreasing cash component, significantly improve operational and financial performance ratios



Improving structure of operating costs

Operating costs structure

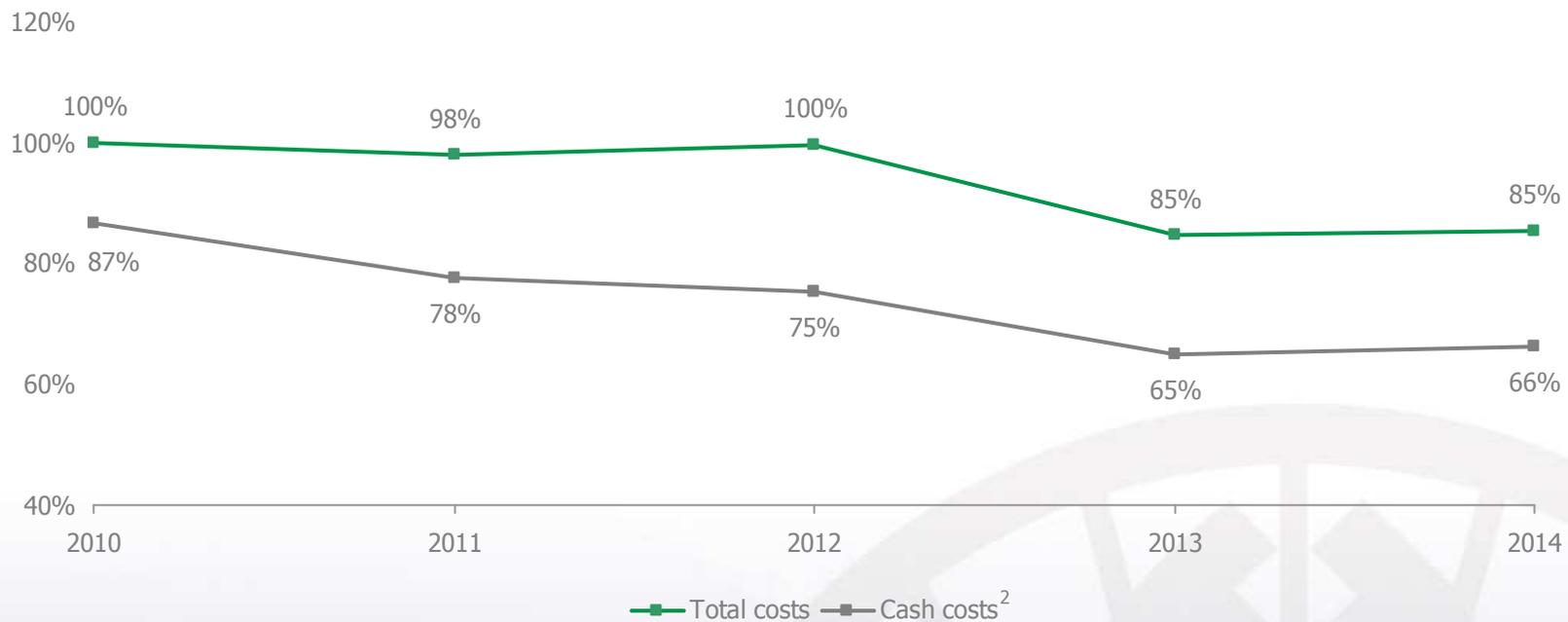


- Improved operating cost structure (especially with regard to labour costs) as well as lower unit costs, with a decreasing cash component, significantly improve operational and financial performance ratios



Economies of scale reflected in unit costs

Operating unit costs¹



- Improved operating cost structure (especially with regard to labour costs) as well as lower unit costs, with a decreasing cash component, significantly improve operational and financial performance ratios

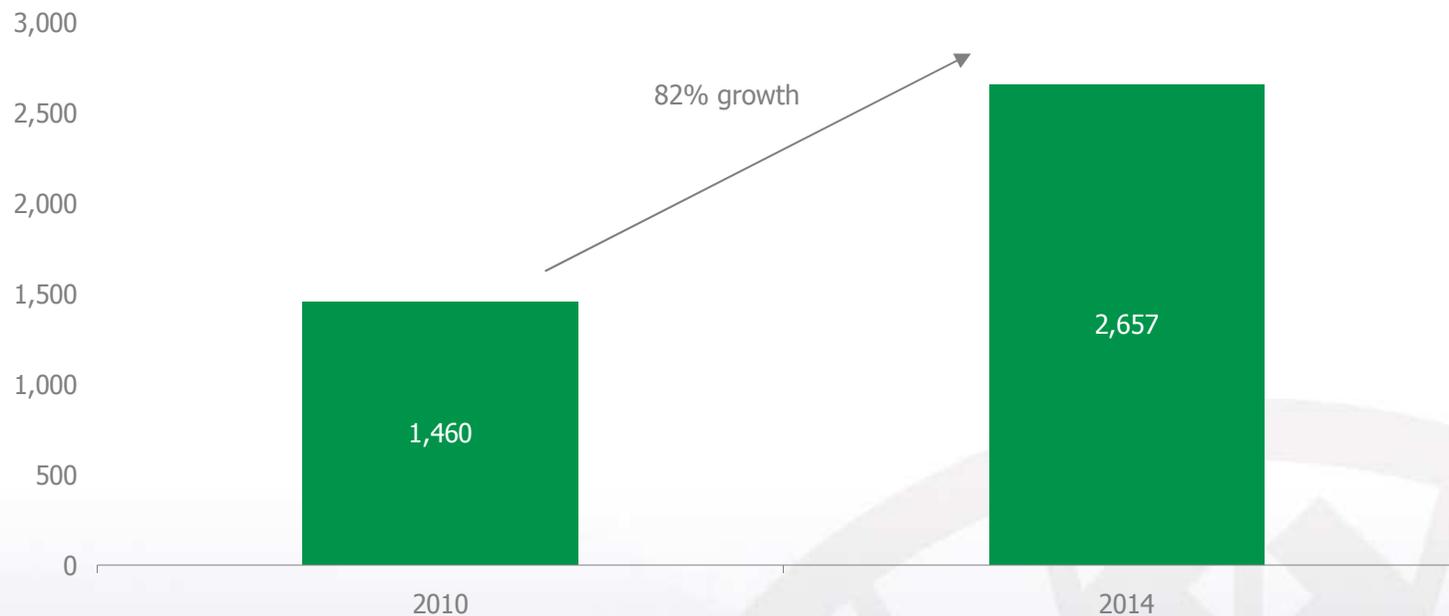
1 Change in nominal terms (2.5% inflation rate assumed). Base point (100%) represents total unit costs in 2010

2 Cash costs represent total costs before depreciation and amortisation



Strengthening position of the most efficient coal producer

Efficiency (t/employee/year)¹

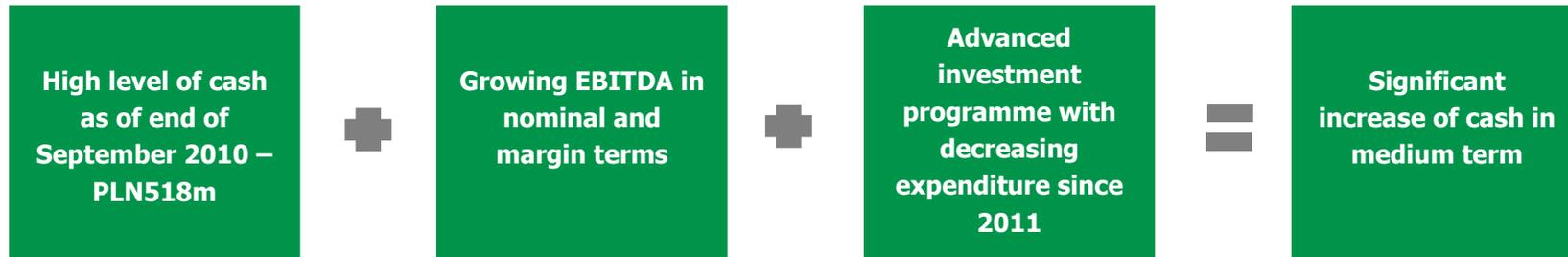


- Improved operating cost structure (especially with regard to labour costs) as well as lower unit costs, with a decreasing cash component, significantly improve operational and financial performance ratios

¹ Ratio based on total employment in the Company (relates to all contracted employment)



Strong balance sheet in medium term



Ability to execute selected strategic options including:

- Acquisitions
- Investments – development and exploitation of neighbouring resources
- Dividend payout



Increasing production and gaining access to new reserves

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Maintaining a stable position as the main supplier of coal in eastern Poland, particularly for the power industry

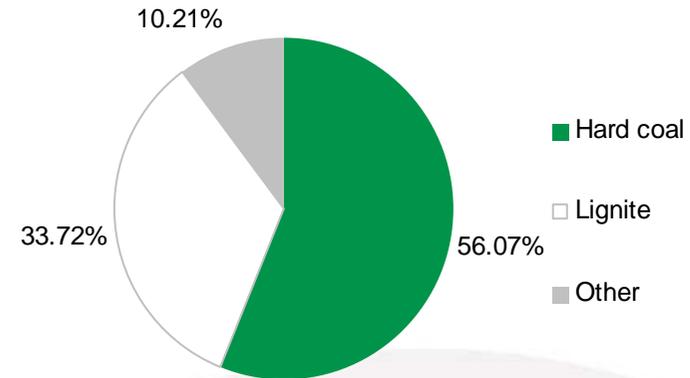


Long-term demand for coal

- Several new power blocks are planned* (16.3 GW – 33.4mt coal),
- Lack of effective alternative energy sources (until 2020),
- Increase in the demand for energy from primary sources including coal (by 21% by 2030),
- Thermal coal comprising majority of coal extracted in Poland (thermal coal 82,36% / coking coal 17,64%)

*Source: International Energy Agency, Ministerstwo Gospodarki, PGE, PKE, ZA Puławy, press releases

Power generation by fuel



Source: Polskie Sieci Elektroenergetyczne Operator S.A.

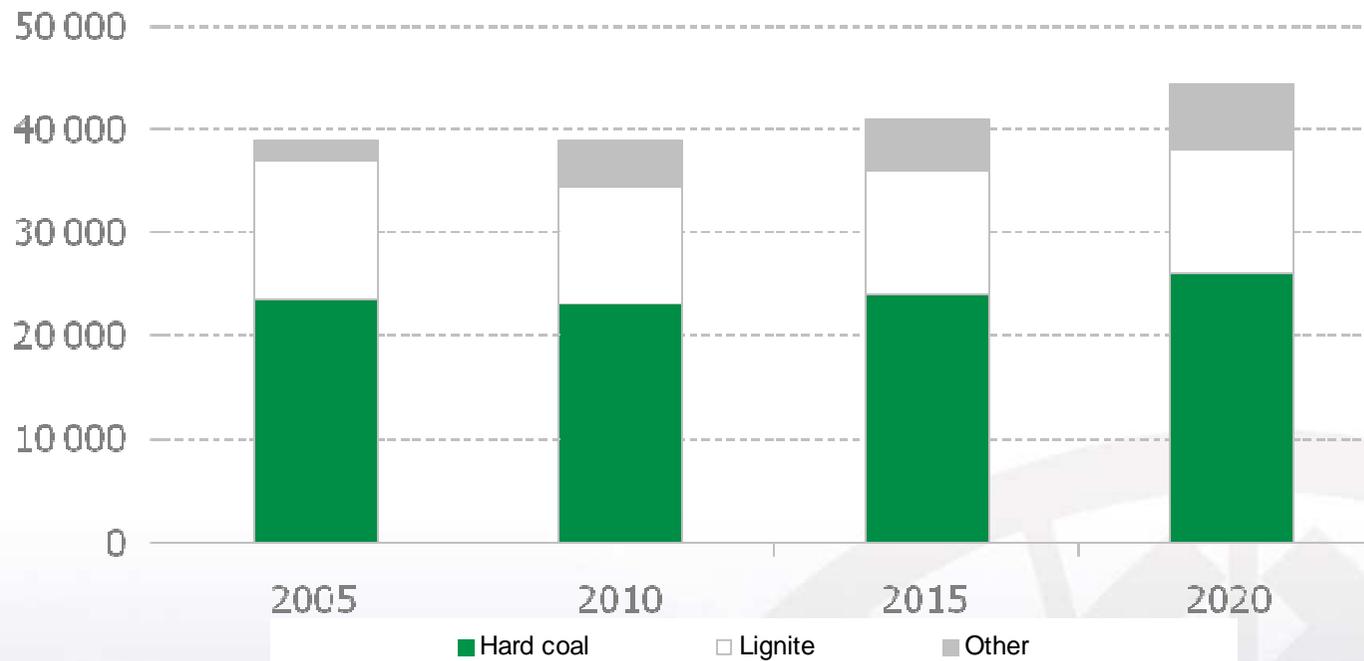
- Almost 90% of electricity generated in Poland is produced from coal, mainly hard coal (56%)

Source: Polskie Sieci Elektroenergetyczne Operator S.A.



Energy demand growth increases demand for coal

Forecast of fuel consumption for electricity production in Poland (ths tons)



- Hard coal expected to continue as main source of energy in the medium term

Source: Ministry of Economy – „Polityka energetyczna Polski do 2030 roku”

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Strategic importance of Bogdanka for the energy security of Poland



- Despite planned changes in Polish power sector (alternative energy sources), coal will remain the **key fuel for the power sector** in long-term
- Hard coal production capacity in Silesia region is decreasing and without significant investments this trend is not going to be reversed
 - ✓ Out of 32 mines five will run out of resources in 2015 and next three in 2020. **After 2030 there will be 10 active coal mines including LW Bogdanka¹**
 - ✓ Considering the limited capex historically incurred by Polish mines, the deficit of coal supply vs forecasted output presented in „Strategia działalności górnictwa kamiennego w Polsce w latach 2007-2015” **may amount to 35m tons in 2020¹**
- Coal extraction costs in the Silesian mines, regardless of the level of production, will be much higher than in Lublin Coal Basin due to:
 - ✓ Unfavourable tectonic structure and high risk of natural hazards
 - ✓ Limited capital expenditure in the previous years related to construction of new extraction areas
 - ✓ Utilisation of old, decapitalised technical infrastructure
- After 2020, LW Bogdanka will be the only hard coal mine able to maintain or increase its production capacity if there are delays to the development of alternative energy sources
 - ✓ Further expansion of hard coal extraction after 2030 by LW Bogdanka is subject to access to new deposits i.e. obtaining concession for development and exploitation of areas neighbouring to Puchaczow V
 - ✓ The Company has initiated conceptual studies regarding access to new geological areas

1 Source: PAN: „Ocena perspektyw rynku węgla energetycznego i koksowego typu 34.1 i 34.2 w okresie 2008-2018”. Kraków, 30 listopada 2006r.

2 „Strategia działalności górnictwa węgla kamiennego w Polsce w latach 2007-2015 (Dokument przyjęty przez Radę Ministrów w dniu 31 lipca 2007r.)”, Warszawa, 31 lipca 2007r.

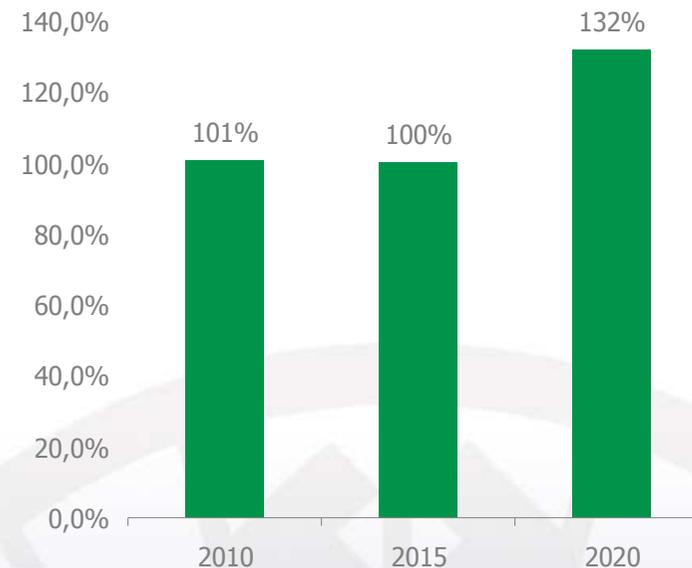


Demand on increased production

Long-term relations

- Majority of coal sales (almost 89%) is based on long-term contracts with regular clients, in particular with power plant Elektrownia „Kozienice” S.A., GDF Suez Energia SA (former power plant Elektrownia Połaniec S.A.), ENERGA Elektrownie Ostrołęka S.A.
- Recently, a new long-term contract with Energa Group has been signed for coal supply to new 1,000MW power block that is being built in Ostrołęka
- **Existing and currently negotiated contracts represent demand higher than planned increased production**

Demand vs output¹



- Reaching 19% share in the Polish hard coal production market by 2015²

¹ Analysis are based on demand contracted in signed contracts and contracts being negotiated with signing expected in 2010/2011

² Based on hard coal demand assumptions from the document „Polityka energetyczna Polski do 2030 roku”



NWR's offer does not reflect Bogdanka's fair value



1 Most efficient thermal coal producer in Poland



- Favourable characteristics of the deposit
- Experienced and effective management with extensive technical and technological expertise
- Ongoing investment programme will lower production cost further

2 Significant economic and financial upside from ongoing investment programme



- Double coal production by 2014
- Reduction of production cost from economies of scale and efficiency gains

3 Bogdanka's resource and expanding production combined with potential for resource expansion make it a unique asset



- Economies of scale and high entry barriers provide Bogdanka with an advantage to exploit other resources in the Lublin Coal Basin
- Acquisition opportunities

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NWR's offer does not reflect Bogdanka's fair value



4 Strong competitive position



- "Captive" demand and structural barriers to competitors
 - ✓ Only producer in the South East of Poland
 - ✓ Deteriorating performance of the Silesia mines

5 Control premium



- Company's know-how
- Significant growth with relatively low execution risk
- Clear competitive advantage

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Appendix – Classification of reserves

- Balance reserves – deposits or its parts that are or could be developed and exploited
- Industrial reserves – part of balance reserves, which extraction may be justified taking into account economic, technical and environmental reasons
- Recoverable reserves – part of industrial reserves expected for extraction with current extraction technology



Thank You



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