



LUBELSKI WĘGIEL
„BOGDANKA”
SPÓŁKA AKCYJNA

**REPORT OF THE SUPERVISORY BOARD OF LUBELSKI WĘGIEL
BOGDANKA S.A.
ON THE ASSESSMENT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF
THE GROUP AND THE DIRECTORS' REPORT ON OPERATIONS OF THE
LUBELSKI WĘGIEL BOGDANKA GROUP FOR THE FINANCIAL YEAR 2011**

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I. Pursuant to the provisions of Article 32.1.1 of the Articles of Association of Lubelski Węgiel Bogdanka S.A., the Supervisory Board made an assessment of:

1. the Consolidated Financial Statements of the Lubelski Węgiel Bogdanka Group for the financial year 2011 including:
 - consolidated statement of financial position (balance-sheet) as at 31 December 2011, showing a balance-sheet total under assets and shareholders' equity and liabilities in the amount of **PLN 3,076,288,000**;
 - the consolidated statement of comprehensive income for the financial year from 1 January 2011 to 31 December 2011, showing the comprehensive income in the amount of **PLN 221,246,000**;
 - the consolidated statement of changes in the shareholders' equity for the financial year from 1 January 2011 to 31 December 2011, showing an increase in the shareholders' equity by **PLN 173,627,000**;
 - the consolidated cash flow statement for the financial year from 1 January 2011 to 31 December 2011 showing net cash outflows in the amount of **PLN 369,281,000**;
 - additional information about the adopted accounting principles and other explanatory notes.
2. Directors' Report on Operations of the Group for the financial year 2011.

II. As a result of the analysis and on the basis of the auditor's opinion and the audit report on Consolidated Financial Statements of the Group conducted by auditors, the Supervisory Board states as follows:

1. The Consolidated Financial Statements of Lubelski Węgiel BOGDANKA Group were prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The financial statements under assessment comply, in terms of form and content, with applicable provisions of law and the Company's Articles of Association and present, in a reliable, correct and clear manner all information material for the assessment of profitability and financial result on operations for the financial year 2011 as well as the economic and financial position of the audited Group as at 31 December 2011.

In its assessment of the Financial Statements of the Group, the Supervisory Board has confirmed the positive opinion and the report on the audit of the consolidated financial statements for the financial year 2011 issued by:

PricewaterhouseCoopers Sp. z o.o., with registered office in Warsaw, Katowice branch, ul. Sowińskiego 46, entered in the register of entities authorised to audit financial statements kept by the National Chamber of Statutory Auditors under entry No. 144, and entered in the register kept by the District Court for the capital city of Warsaw under entry No. KRS 0000044655. The auditing company was selected to audit the consolidated financial statements of the Company by virtue of Resolution of the Supervisory Board No. 110/VII/2012 of 8 June 2011.

2. Consolidated Directors' Report on Operations of the LW Bogdanka Group for the financial year 2011 complies with the requirements of Article 92 of the Regulation of the Minister of Finance 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 (Dz. U. 09.33.259 as amended).

The report under assessment contains information on the Company corresponding to the facts and the data included in the consolidated financial statements.

III. The Supervisory Board files a motion to approve the Consolidated Financial Statements of the Lubelski Węgiel Bogdanka Group for 2011 and the Directors' Report on Operations of the Lubelski Węgiel Bogdanka Group for 2011 by the Annual General Shareholders Meeting.

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Submitting this report, the Supervisory Board encloses:

1. Resolution No. 129/VII/2012 of 26 March 2012 on the assessment of the Consolidated Financial Statements of the Lubelski Węgiel Bogdanka Group for the financial year 2011;
2. Resolution No. 130/VII/2012 of 26 March 2012 on the assessment of the Directors' Report on Operations of the Lubelski Węgiel Bogdanka Group for the financial year 2011;
3. Resolution No. 134/VII/2012 of 26 March 2012 on the approval of the Supervisory Board's Report on assessment of the Consolidated Financial Statements of the Lubelski Węgiel Bogdanka Group for the financial year 2011 and the Directors' Report on Operations of the Lubelski Węgiel Bogdanka Group for the financial year 2011.

The Supervisory Board of Lubelski Węgiel Bogdanka S.A. in Bogdanka:

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| 1. Eryk Karski | Chairman of the Board <i>[signature]</i> |
| 2. Stefan Kawalec | Vice-Chairman of the Board <i>[signature]</i> |
| 3. Jadwiga Kalinowska | Secretary of the Board <i>[signature]</i> |
| 4. Ewa Pawluczuk | Member of the Board <i>[signature]</i> |
| 5. Andrzej Lulek | Member of the Board <i>[signature]</i> |
| 6. Adam Partyka | Member of the Board <i>[signature]</i> |

Bogdanka, 26 March 2012