



Statement on corporate governance

EBI report no. 2/2011

Dated August 4 2011

The Board of Directors of Coal Energy S.A. (the "Company") hereby informs about the Company's partial non-compliance with the Code of Best Practice for WSE Listed Companies ("WSE Corporate Governance Rules").

At the beginning it should be underlined that the Company has decided to observe the majority of the WSE Corporate Governance Rules. However, certain principles apply to the Company accordingly, with due observance of Luxembourg corporate law and the Company's corporate structure, especially the single board structure as opposed to the two-tier system that the WSE Corporate Governance Rules assume. The Company does not have two separate governing bodies (supervisory board and management board) which are obligatory in Polish joint stock companies. Instead, the Board of Directors of the Company performs both the management and supervisory functions. As a result, the Company applies those principles of the WSE Corporate Governance Rules which refer to relations between supervisory board and management board not directly, but accordingly. In all cases, the Company endeavors to create procedures maintaining the spirit of all rules applied accordingly. Therefore, the Company is of an opinion that it complies with majority of the principles of the WSE Corporate Governance Rules that refer to relations between supervisory board and management board or to the functioning of those bodies.

The Board of Directors of the Company informs that the Company does not comply with the following recommendations and best practices of the WSE Corporate Governance Rules:

- Recommendation I.1, regarding the composition and content of the Company's website. The Company's website does not contain all recommended information as the corporate history of the Company is short and some information is not yet available or has not been posted yet. The Company intends to expand its website in line with development of its corporate structure and corporate events in order to meet the expectations of the investors and shareholders.
- Recommendation I.5, regarding remuneration policy. Currently, the Company does not have a remuneration policy adopted. The Company does not exclude that the remuneration policy will be adopted by the General Meeting in the future.
- Recommendation I.9, regarding balanced proportion of men and women in the Management Board and Supervisory Board. Currently, the Company does not comply with this recommendation. The Company supports this recommendation however the members of the Board of Directors are appointed by the General Meeting of Shareholders and therefore the compliance with this recommendation depends on the shareholders' future decisions.
- Best Practice II.1, 14), regarding internal rules of changing company authorised to audit financial statements. Currently, the Company has not adopted any rules regarding the issues described in this recommendation. The Company does not exclude that the rules will be adopted in the future.

Viktor Nikolov

Legal grounds: § 29.3 of the Warsaw Stock Exchange Rules.