



**STATEMENT OF THE MANAGEMENT
BOARD
ON THE ACTIVITIES OF
KOPEX S.A.
FOR THE YEAR 2014**

KATOWICE, APRIL 2015

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1. GENERAL INFORMATION ABOUT THE COMPANY

- Company name and address of the Issuer: **KOPEX Spółka Akcyjna, ul. Grabowa 1, 40-172 Katowice**
- Tel. No: **+48 32 604 70 00;**
- Fax No: **+48 32 604 71 00;**
- E-mail: **kopex@kopex.com.pl**
- Corporate website address: **www.kopex.com.pl**
- Statistical TAX number (REGON): **271981166;**
- Tax identification number (NIP): **634-012-68-49;**
- National Court Register: **The company is registered in the Register of Entrepreneurs of the National Court Register kept by the District Court Katowice-East in Katowice, VIII Commercial Division of the National Court Register under the number KRS 0000026782;**
- The share capital of the Issuer: **PLN 74.332.538,00 and divides into 74.332.538 ordinary bearer shares with a nominal value of PLN 1.00 . each. All shares are fully paid.**
- Auditor: **PricewaterhouseCoopers Sp. z o.o.**

1.1. HISTORY OF THE ISSUER

On 4 November 1961 KOPEX enterprise was established under the name Przedsiębiorstwo Budowy Zakładów Górniczych za Granicą –KOPEX, as a state- owned enterprise , basing on the Regulation No. 128 of the Minister of Mining and Power Industry. On 01 January 1962, after entering the register of state enterprises, it commenced business as a general supplier of mining facilities and equipment for export. In May 1971 the enterprise obtained permission to operate independently in foreign trade, including to export and import of mining and drilling machinery and equipment and of complete mining facilities, on the exclusivity basis. From 01 January 1989, after reorganization of the entities operating in the mining sector, KOPEX was a state-owned enterprise was Przedsiębiorstwo Eksportu i Importu KOPEX w Katowicach. /KOPEX Export and Import Enterprise based in Katowice.

On 19 November 1993 there was signed a transformation act of the state- owned enterprise, into one-person joint-stock company of the State Treasury Joint-Stock Company ,under the name Przedsiębiorstwo Eksportu i Importu KOPEX Spółka Akcyjna .On 3 January 1994 KOPEX S.A. entered the commercial register under number RHB 10 375.

The first ever listing of KOPEX S.A. shares on the Warsaw Stock Exchange based in Warsaw was on 4 June 1998.

On 23 October 2003 the company registered its altered name KOPEX Spółka Akcyjna, and abbreviation: KOPEX S.A. in the National Court Register and since then, this name has been used by the company.

On 16 December 2004, 64.64% shares of KOPEX S.A. were made by the State Treasury as a contribution in kind to Krajowa Spółka Cukrowa S.A., in exchange for shares in that company subscribed by the State Treasury in connection with the increase of its share capital.

The sale of all the shares of KOPEX S.A. held by Krajowa Spółka Cukrowa S.A. on 9 February 2006, was the turning point in the history of privatisation of KOPEX S.A. The transaction was effected after announcement the outcome of a public tender offer for the sale of shares which were acquired by an industry investor- Zabrzeńskie Zakłady Mechaniczne S.A., based in Zabrze, hereinafter referred to as ZZM S.A.. It resulted in the establishment of the ZZM - KOPEX Group, Poland's largest industrial group in the sector of manufacturers and suppliers of mining machinery, equipment and services, whose integrated potential made it possible to offer comprehensively mining equipment and services and to become the ZZM- KOPEX Group one of the leading partners of the global mining industry.

The next significant stage of transformation was issue of 47,739,838 KOPEX S.A. B-series bearer shares addressed to the shareholders of ZZM S.A. in the second half of 2007, and the reverse takeover transaction of ZZM S.A. by "KOPEX S.A.

Following this transaction, KOPEX S.A. became a holding company and a leader in the KOPEX S.A. Group, comprising companies established in Poland and abroad.

At the end of 2009 there was a successful issue of 6,700,000 KOPEX S.A. C- series bearer shares.

On 01 December 2009 there was registered increase of the share capital, that currently amounts to PLN 74,332,538. and divides into 74.332.538 ordinary bearer shares with a nominal value of PLN 1.00 . each. All shares are fully paid.

In 2009 the Group name was changed from previously used "ZZM-Kopex Group" to the new name "Kopex GROUP" with the simultaneous adoption of the new graphic symbols.:

1.2. SUBJECT AND SCOPE OF ACTIVITIES

„KOPEX” S.A. - Scope of activities of the Company, in accordance with the Polish Classification of Activities (PKD), is determined in details in Par. 6 of the Articles of Association - “Wholesale of machineries used for mining, construction and civil and water engineering sectors- PKD No. 4663Z is the predominant activity of KOPEX S.A. , in accordance with the Polish Classification of Activities (PKD 2007).

For 51 years of its existence KOPEX S.A. has been specialised in international trade and has transformed over time into a general contractor and supplier of machinery, equipment and specialised services for underground and open-cast mining. With a wealth of experience and a team of highly qualified specialists "Kopex" SA intends to become a world-class expert in the mining of coal and other minerals, as well as a global company, providing the highest quality service for the mining and other industries.



The Group’s capabilities cover the whole investment process in the mining industry::

- easibility study of the project,
- supervising works regarding geological surveys of the mining area and assessment of reserves,
- elaborating deposit mining technology,
- designing mining plants,
- manufacture, supply and assembly of machines, equipment and technological systems,
- construction, development, modernization , mining execution and liquidation of mines
- staff training and engineering support during project execution..

Mining machinery and equipment offered by KOPEX Group :

- longwall systems,
- powered roof supports of many types,
- longwall shearers,
- roadheaders,
- scraper and belt conveyors for mining,
- power and control hydraulics for roof supports,
- units of electrical power and control,
- mining electronics,
- automation systems,
- methane-measuring devices and means of communication,
- control and measuring apparatus,
- excavators, spreaders, stackerreclaimers, belt conveyors for open-cast mining,
- shuttle cars (Waracar).

as well as maintenance services and the supply of necessary spare parts used by the customer for mining machinery and equipment.

1.3. EMPLOYMENT AND REMUNERATION

Personnel changes resulted from the implementation of the company's current tasks and took into account the demand for qualified staff in the various organizational units of the company.

Employment was as follows:

| | 31.12.2014 | 31.12.2013 | PERSON |
|----------------------|------------|------------|--------|
| White-collar workers | 225 | 221 | |
| Blue-collar workers | 37 | 22 | |
| TOTAL | 262 | 243 | |

Employment costs:

| | 2014 | 2013 |
|-------------------------------------|---------------|---------------|
| REMUNERATION | 30.101 | 25.355 |
| SOCIAL INSURANCE AND OTHER BENEFITS | 5.777 | 5.111 |
| TOTAL | 35.878 | 30.466 |

2. BASIC ECONOMIC AND FINANCIAL DATA

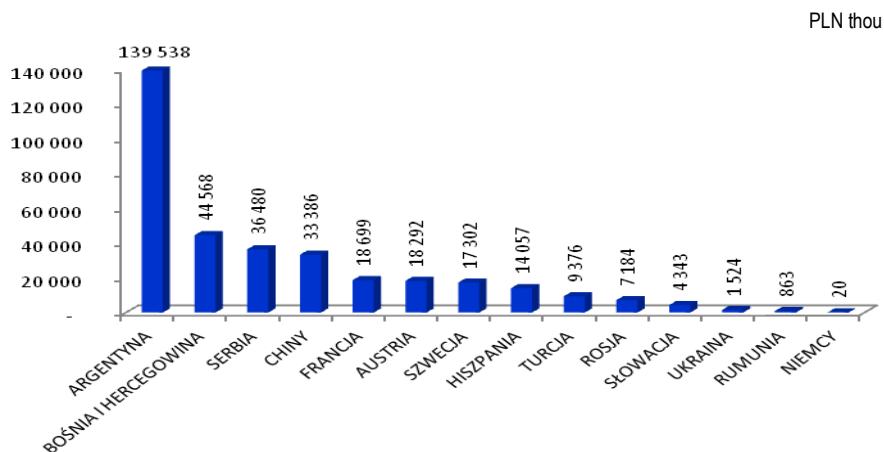
2.1. SEPARATE PROFIT AND LOSS ACCOUNT

In 2014 sales revenues of the Issuer reached PLN 365,027 thousand and were higher than the execution in 2013 by PLN 38,723 thousand, ie. 11.9%.

For the period of 2014 the Issuer generated revenues from export sales in the amount of PLN 345 632 thousand. The main items are:

- Sales of mining machinery and equipment to Argentina, Bosnia and Hercegovina, China, Romania, Serbia, Turkey and Ukraine amounting to PLN 263.717 thousand;
- Sales of bulk raw materials (coal) in the amount of PLN 53.994 thou to Austria, Spain, Slovakia and Sweden;
- Mining services in amount of PLN 27.849 thou rendered in France and Turkey;
- Other services in Germany and Bosnia and Hercegovina in amount of PLN 72 thousand.

Below shows the geographical structure of the Issuer's export for the period January-December 2014:



In the domestic market for the period January-December 2014, the Issuer achieved sales revenue in the amount of PLN 19.395 thousand consisting of:

- Sales of mining machinery and equipment amounting to PLN 2.218 thousand;
- Sales of coal amounting to PLN 1.234 thousand;
- Other sales (lease, rental, accounting, financial services, information services, logistics services, internal control, licensing agreements, advisory services) in amount of PLN 15.943 thousand.

Gross profit on sales in 2014 amounted to PLN 35.834 thousand, compared to the result obtained in the same period of 2013 it increased by PLN 8.653 thousand, i.e. by 31,8%.

Costs of sales in 2014 amounted to PLN 9.363 thousand and compared to the result obtained in the same period of 2013 it increased by PLN 1.026 thousand, i.e. by 12,3%.

General and administrative expenses in 2014 amounted to PLN 26,363 thousand and are lower than those incurred in 2013 by PLN 970 thousand, ie. 3.5%.

Other income and expenses and profits (losses) in the period are as follows (in PLN thousands):

- Other revenues:

| | 01.01.2014 TO 31.12.2014 | 01.01.2013 TO 31.12.2013 |
|---------------------------------|-----------------------------|-----------------------------|
| Dividends | 107.989 | 72.646 |
| Grants | 1.982 | 689 |
| Damages, penalties, legal costs | 859 | 317 |
| Cancelled liabilities | 95 | 397 |
| Other | 233 | 115 |
| TOTAL | 111.158 | 74.164 |

- other costs

| | 01.01.2014 TO 31.12.2014 | 01.01.2013 TO 31.12.2013 |
|---|-----------------------------|-----------------------------|
| Recognized impairment losses due to revaluation of assets | 10.854 | 1.322 |
| receivables written off | 516 | 27 |
| The penalties, legal costs, compensation | 343 | 582 |
| Reserves established | 186 | - |
| Other | 505 | 215 |
| TOTAL | 12.404 | 2.146 |

- other profits (losses)

| | 01.01.2014 TO 31.12.2014 | 01.01.2013 TO 31.12.2013 |
|--|-----------------------------|-----------------------------|
| The result on foreign exchange transactions (for which no hedge accounting is carried out) | 1.852 | 1.066 |
| Valuation of foreign currency transactions (for which no hedge accounting is carried out) | -2.029 | -74 |
| Foreign exchange differences (except for loans) | 1.010 | -828 |
| Result from sale of fixed assets | -13 | 221 |
| Result from sales of financial assets (stocks, bonds) | -7.590 | 1.121 |
| Revaluation of investments (valuation of loans, long-term settlements, shares) | -856 | -391 |
| TOTAL | -7.626 | 1.115 |

The Issuer's report for 2014 puts the dividend for 2013 in the amount of PLN 107 989 thousand, including: Machinery with Kopex SA in the amount of PLN 80,289 thousand, with Hansen Sicherheitstechnik AG in the amount of PLN 27,700 thousand.

Profit from operating activities in 2014 amounted to PLN 91,236 thousand, compared to the result obtained in the same period last year it increased by PLN 26,592 thousand, ie. by 41.1%.

Financial revenue and costs in the reporting period are as follows (in PLN thousands):

- Financial revenue:

| | 01.01.2014 TO 31.12.2014 | 01.01.2013 TO 31.12.2013 |
|---|-----------------------------|-----------------------------|
| Interest from loans granted | 6.765 | 4.646 |
| Fees from sureties, warranties | 4.391 | 3.862 |
| Interest on lease | 2.806 | 3.901 |
| Other interest | 1.605 | 3.422 |
| Exchange rate differences on loans and advances | 1.440 | 2.090 |
| Other financial revenues | 9 | 8 |
| TOTAL | 17.016 | 17.929 |

- Financial costs:

| | 01.01.2014 TO 31.12.2014 | 01.01.2013 TO 31.12.2013 |
|--|-----------------------------|-----------------------------|
| Interest on credits and loans | 6.414 | 11.948 |
| Fees on sureties, guarantees, credits | 1.901 | 5.033 |
| Impairment losses on financial receivables | 806 | - |
| Other interest | 233 | 511 |
| Interest on lease | 72 | - |
| Provision for financial costs | 43 | - |
| Other financial costs | 6 | 8 |
| TOTAL | 9.475 | 17.500 |

The Issuer in the period from January to December 2014 received a positive balance on financial activities in the amount of PLN 7.541 thousand.

Issuer for 2014 years generated net profit of PLN 98,383 thousand.

Ability to meet obligations

Economic and financial situation of the Company is reflected in the indicators of liquidity, which are respectively:

| | 31.12.2014 | 31.12.2013 |
|---|------------|------------|
| <ul style="list-style-type: none"> Current liquidity (current assets / current liabilities decreased by reserves and accruals) | 1,30 | 1,15 |
| <ul style="list-style-type: none"> Quick liquidity (Current assets - inventories / current liabilities decreased by reserves and accruals) | 1,29 | 1,15 |
| <ul style="list-style-type: none"> Cash liquidity (cash / current liabilities decreased by reserves and accruals) | 0,13 | 0,09 |

The current level of liquidity ratios does not indicate a risk of losing the possibility of regulating current liabilities.

2.2. COMMENTARY ON THE FINANCIAL SITUATION

The value of total assets at end 2014 amounted to PLN1.843.822 thousand and compared to the end of 2013 it increased by PLN 108,891 thousand, ie. 6.3%. The main factors causing changes in the balance sheet total was an increase in the value of assets in the group of assets by PLN 56,678 thousand, ie. 3.9% (increase in other long-term assets by 5.5%, increase in assets due to deferred income tax by 47.8%, decrease in long-term lease receivables by 40.7% and a decrease in tangible fixed assets by 21.4%). Current assets have increased by PLN 52,213 thousand, ie. 19.7% (increase in short-term receivables from supplies and services by 43.5%, increase in short-term other receivables by 72.9%, increasing the volume of cash and cash equivalents by 45.1% and a decrease in other financial assets by 85.2%; decrease in assets under contracts for construction services by 62.5%.

In liabilities and equity was recorded an increase in group equity by PLN 91,506 thousand and a decrease in the value of long-term liabilities by PLN 4,242 thousand, ie. 10.5% (decrease in the value of loans and long-term loans by 66.7%; increase in long-term lease obligations) and an increase in current liabilities by PLN 21,627 thousand, ie. 8.7% (an increase in current liabilities due to deliveries and services with 72.8%, increase in short-term lease obligations; increase accruals by 45.1% and a decrease the value of short-term borrowings by 29.4% and other short-term liabilities by 14.4%).

Detailed values and structure of the balance sheet items as at the end of 2014 and 2013 have been posted on p. 3. Of the Financial Statements of Kopex SA.

2.3. SELECTED FINANCIAL AND ECONOMIC INDICATORS

The following table shows the development of selected financial and economic indicators for the period 2014 against 2013.

| | 2014 | 2013 |
|--|--------|--------|
| PROFITABILITY RATIOS | | |
| Gross profit margin on sales (%) (gross profit / sales revenue) x 100 | 9,82 | 8,33 |
| The operating profit margin (%) (operating profit / sales revenue) x 100 | 24,99 | 19,81 |
| EBITDA The operating profit margin (%) (operating profit + depreciation / sales revenue) x 100 | 26,24 | 21,38 |
| Net profit margin of sales (%) (net profit / sales revenue) x 100 | 26,95 | 19,96 |
| Return on equity (%) (ROE) (net profit / average equity) x 100 | 6,59 | 4,60 |
| The ROE total (%) (ROA) (net profit / average total capital) x 100 | 5,50 | 3,52 |
| LIQUIDITY RATIOS | | |
| Current ratio (current assets / current liabilities, reserves and accruals) | 1,30 | 1,15 |
| Increased liquidity ratio (current assets - inventories / current liabilities, reserves and accruals) | 1,29 | 1,15 |
| Cash ratio (cash / current liabilities, reserves and accruals) | 0,13 | 0,09 |
| MANAGEMENT EFFICIENCY RATIOS | | |
| Receivables turnover ratio in stripes (revenues from sales / receivables from supplies and services at the end of the period) | 4,29 | 5,51 |
| Receivables turnover in days (number of days in the period / receivables turnover ratio in stripes) | 85 | 66 |
| Liabilities turnover ratio occasions (revenues from sales / liabilities Trade payables at end of period) | 3,29 | 5,08 |
| Liabilities turnover in days (number of days in the period / turnover ratio of liabilities in stripes) | 111 | 72 |
| The inventory turnover ratio in stripes (revenues from sales / inventory at the end of the period) | 114,39 | 185,51 |
| Inventory turnover in days (number of days in the period / turnover ratio of stocks in stripes) | 3 | 2 |
| SOLVENCY INDICATORS | | |
| Interest coverage in stripes (gross profit + interest / interest) | 15,70 | 6,23 |
| Burden ratio Debt ratio (%) (total liabilities / total assets) x 100 | 16,57 | 16,61 |
| Assets ratio Equity (%) (equity / assets) x 100 | 83,43 | 83,39 |
| Ratio of liabilities to equity (%) (liabilities at end of period / shareholders' equity) x 100 | 19,87 | 19,92 |

3. CAPITAL GROUP. INFORMATION ON ISSUER'S ORGANIZATIONAL OR CAPITAL CHANGES. DETERMINATION OF MAJOR DOMESTIC AND FOREIGN INVESTMENTS

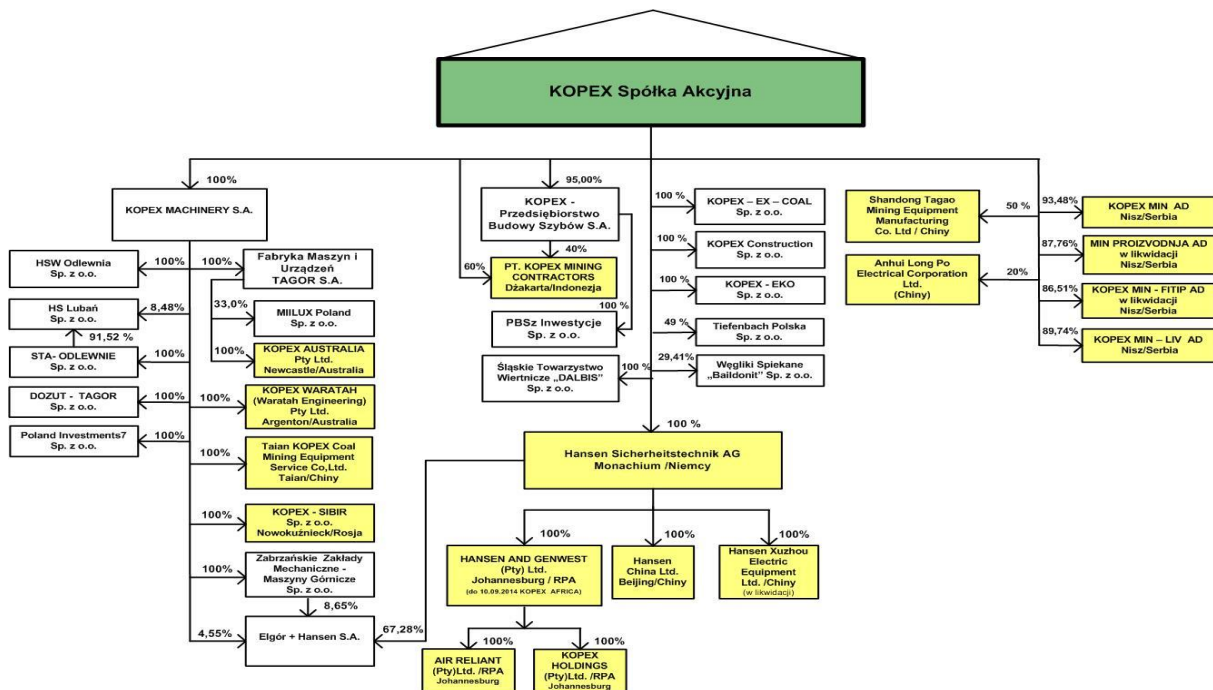
3.1. DESCRIPTION OF THE ORGANISATION OF THE ISSUER'S CAPITAL GROUP

The KOPEX S.A. Capital Group („KOPEX Group”, „Group”, „Issuer's Capital Group”) is composed of the parent company - KOPEX S.A. based in Katowice, the company listed on the Warsaw Stock Exchange and of several subsidiaries with associated entities. These subsidiaries are characterised by varying degrees of importance for business and significance of the composition of the KOPEX Group.



KOPEX S.A. as the leader of the Group plays a special role in the structure, by focusing the Group's central functions – it is the management of the holding, it provides for the development strategy of the whole Capital Group, it shows lines of the activities in the sphere of manufacture and services to the Group's subsidiaries, it runs the central accounting through the Accounting Centre for the Group's companies, it runs the central finance policy through the Finance Centre for the Group's companies, it coordinates central procurement as well as implementation and development of the Group's IT systems, besides, KOPEX S.A. accomplishes shareholder supervision tasks over subsidiaries of KOPEX S.A. Capital Group.

Organizational chart of KOPEX S.A. as at 31 December 2014



Notice: companies established abroad are indicted in yellow

Source: Company as at 31.12.2014

3.2. MARKET POSITION OF THE KOPEX GROUP

KOPEX Group is characterised by:

- complete range of products and technology for coal mining (underground mining, open-cast mining):
- individual treatment of every Client needs
- *diversified portfolio of customers:*
 - leading mining corporations in the world,
 - largest coal mines and power producers in Poland.
- own R & D base and office design, making it possible to work on the modern and high-tech products, adapted to different geological conditions and satisfying the most demanding business partners
- credibility and adherence to ethical and legal conduct of business rules, as a basis for conducting business activities and achieving sustained success,
- implemented and continually improved quality management systems certified with quality certificates according to ISO standards,
- a team of highly qualified and experienced specialists,
- multicultural working environment because of our presence in major mining markets in the world and accumulated 51 years of experience with the implementation in more than 50 countries around the world,
- implementation of the strategy of corporate social responsibility CSR..

3.3 THE ISSUER'S CAPITAL GROUP CHANGES IN THE STRUCTURE OF THE COMPANY, INCLUDING MERGERS, ACQUISITIONS OR SALE OF UNITS, LONG-TERM INVESTMENTS, DIVISION, RESTRUCTURING AND DISCONTINUED OPERATIONS

(The following information includes events in periodic reports published during the period from 1 January 2014 to 31 December 2014 and the events from the beginning of 2015 and the date of publication of this annual report).

The Management Board of "Kopex" SA with a view to to ensure effective implementation of the objectives of the new strategy of the Kopex Group aiming to build highly effective organization implementing a business model, supporting the use of synergy, adapting to changing external and internal conditions and also aiming to reduce operating and financial costs and thus to increase profitability and increase the overall effectiveness and efficiency of the entire organization - on 26 November 2013 has taken resolution on the adoption of "Organizational Restructuring Program of the " Kopex "S.A. Group for the years 2013-2016 " and "Assets Optimisation Programme of the key companies of the "Kopex" S.A. Group for years 2013-2015".

The result of organizational restructuring should be to simplify the "Kopex" S.A. Group structure by reducing the number of companies in the Group, thus making it more transparent and remodeling of its composition in terms of the core business of the Group. The expected result of these actions will also reduce the operating costs and streamline management processes within the Group.

Organizational restructuring processes implemented in the „KOPEX” S.A. Capital Group consist of:

- ⇒ incorporation / merger / consolidation of selected companies with the Kopex Group, serving the intention of building strong, specialized and product distinguished entities;
- ⇒ elimination entities from the Kopex Group through the sale of their shares / stocks, for which the rate of return on investment and business risks do not justify further continuation taken in the past capital investment in these entities;
- ⇒ elimination from entities the Group through the sale of their shares / stocks, in which entities the Issuer holds minority stakes and whose activity is not related to the "core business" of the Group;
- ⇒ elimination of selected companies from the Group through liquidation processes, e.g. companies that have not started he actual business or companies that do not promise a lasting improvement;
- ⇒ acquisition / acquiring stocks / shares in the new selected entities to strengthen the product offering of the Kopex Group and improve its competitiveness.

The Issuer informed about the implementation of the above restructuring activities in the KOPEX SA Group in periodic reports published over 2014.

In the period from January 1, 2014 until the date of publication of this report there have been significant changes described below in the organizational structure of the Kopex Group arising from the restructuring and development objectives of the Group:

1) Acquisitions of shares by KOPEX S.A. or by subsidiaries of the KOPEX S.A. Capital Group:

a) forming the company Miilux Poland Sp. z o.o. and the acquisition by the company TAGOR S.A. 33% in the increased share capital of the company:

On 11 October 2013 there was a trilateral cooperation agreement signed between: KOPEX S.A., Fabryka Maszyn i Urządzeń TAGOR S.A. (Issuer's subsidiary, hereinafter referred to as TAGOR S.A.) and Miilux Ltd (company belonging to Miilukangas Oy Group based in Raahe, Finland). The common intention of the parties is to take cooperation in the area of production of abrasion resistant steel, and the main purpose of signing the aforementioned cooperation agreement is to create a center of logistics and production, and prefabrication of metal sheets with abrasion resistant properties intended for customers from central and eastern Europe. On 15 January 2014 the Parties entered into a new cooperation agreement, and established an agreement of a limited liability company „Miilux Poland” Sp. z o.o., z siedzibą w Tarnowskich Górach.

The company „Miilux Poland” Sp. z o.o. shareholders are: "Miilux" Ltd (as majority shareholder), who took 5,360 shares, representing 67% of the share capital and the company "TAGOR" S.A., which acquired 2,640 shares, which represents 33% of the share capital of the new company

Expected benefits for the Kopex Group companies in respect to collaborating with Miilux Ltd are:

- - restructuring of TAGOR SA by becoming independent from the downturn in the coal market in complementary product area
- - more efficient use of a held resource technology and facilities in TAGOR SA, including the use of vacant space and the signing of contracts for services in the pre-production with "Miilux Poland"
- - creating a process line of prefabrication of abrasion resistant metal sheet and components integrated with the production-core rationalizing and improving the production processes,
- - achieving a better quality of products Kopex Group of companies by having access to cutting-edge technology of heat treatment, improving technical parameters and the life-span of the products, including mining machinery, mainly conveyors
- - extending the remit of co-operation in the domestic and foreign markets for sheet metal and components with abrasion resistant properties
- - reduction of procurement costs for abrasion resistant steel by the companies from Kopex Group

On 27 May 2014 the President of the Office of Competition and Consumer Protection approved (Decision No. DKK - 69/2014) on the concentration consisting of the establishment by TAGOR and Miilux Oy, based in Raahe (Finland), a joint venture under the name "Miilux Poland" Sp. z o.o with its seat in Tarnowskie Góry.

On June 6, 2014, the District Court in Gliwice X Division of the National Court Register entered the company "Miilux Poland" Sp. z o.o with its seat in Tarnowskie Góry into the register of Entrepreneurs of the National Court Register.

On 09.03.2014, the Company signed a memorandum of receipt of a complete production line, and the next day it opened an abrasive-resistant metal manufacturing plant in Tarnowskie Góry.

On 01.09.2015 there was registered a share capital increase of Miilux Poland Sp. z o.o.. The company currently has Miilux Oy 172,560 shares, representing 66.68% of the share capital and the company TAGOR SA, holds 86,240 shares representing 33.32% of the share capital of the company.

b) increase to 95% of capital involvement of "Kopex" SA in the subsidiary „KOPEX-Przedsiębiorstwo Budowy Szybów” S.A. based in Bytom:

As a result of the process of buying the shares held by former employees of the company „KOPEX-Przedsiębiorstwo Budowy Szybów” S.A. as confirmed by the Brokerage House on 20 January 2014 „KOPEX” S.A. became the owner of 4.430.476 shares of the company „KOPEX-Przedsiębiorstwo Budowy Szybów” S.A., which represents 95,0093% of the share capital.

c) increase, to 100%, of the equity of „KOPEX MACHINERY” S.A. in its subsidiary „DOZUT-TAGOR” Sp. z o.o with its seat in Zabrze;

On 04.02.2014 the Extraordinary General Meeting of Shareholders "DOZUT-TAGOR" Sp. z o.o adopted a resolution on the approval to sell two shares of "DOZUT-TAGOR" Sp. z o.o in favor of "Kopex MACHINERY" SA.

On 03.05.2014, the relevant agreements have been signed under which these shares representing 0.02% of the share capital were passed on "Kopex MACHINERY" SA.

On 03.12.2014, the District Court in Gliwice, X Economic Department KRS made an entry on the acquisition of shares of "DOZUT-TAGOR" Sp. z o.o by the "Kopex MACHINERY" SA and thereby achieve 100% equity interest in the company. So far, "Kopex MACHINERY" SA held 99.98% of shares of "DOZUT-TAGOR" Sp. z o.o.

Further restructuring activities of companies with similar business located in the Kopex Group will be continued.

d)) Establishment of "Taian Kopex Coal Mining Equipment Service" Co., Ltd located in Taian / China and the acquisition by Kopex Machinery SA 100% of the shares in the company

The Board of the subsidiary "Kopex Machinery" SA pursuant to the resolution of 17 April 2014 and the favorable opinion of the Supervisory Board decided to create a company in the Peoples Republic of China under the name "Taian Kopex Coal Mining Equipment Service" Co., Ltd in Shandong company's headquarters Tagao Mining Machinery Equipment Manufacturing Co. Ltd. Taian. The sole shareholder of the company is "Kopex Machinery" SA. The Company's activities::

- Service of „KOPEX Machinery” S.A. equipment – warranty and post-warranty service,
- Storage of spare parts for warranty and post-warranty service,
- carrying out repairs of „KOPEX Machinery” S.A. equipment,
- spare parts sales.

The establishment of the company is related to the need for maintenance and repair of shearers provided by the "Kopex Machinery" SA for the Chinese market. On 20 June 2014 Kopex Group received „Business licence” from the Chinese Office, which allows business operation of the Taian KOPEX Coal Mining Equipment Service Co. Ltd. In China.

With effect from 1 January 2015, the company started actual operations in the Chinese market.

e) acquisition of 100% shares of "Air Reliant" Pty Ltd, based in Johannesburg / South Africa

Under the agreement, an indirect subsidiary Kopex Africa Pty Ltd, based in Johannesburg / South Africa (now "HANSEN AND GENWEST" Pty Ltd) acquired with own funds 100 shares representing 100% of the capital in the company under the name Air Reliant Pty Ltd in order to diversify activity conducted on the South African market. The Company operates in the South African market since 1994. It is engaged in production, sales and aftermarket of screw and piston turbochargers. The company's client portfolio includes large companies from the mining, energy and industrial segments, among others, Eskola. This fact represents a significant opportunity for "HANSEN AND GENWEST" Pty Ltd and enables the use of already built business relationships for the sale of transformers (core-business).

f) establishment of company „KOPEX Holdings” Pty Ltd based in Johannesburg / RSA/ and coverage of 100% shares in this company by „HANSEN AND GENWEST” Pty Ltd

On 17 December 2014 at the initiative of of KOPEX Group companies -HANSEN AND GENWEST (Pty) Ltd., Johannesburg / South Africa there was established created a new special purpose company in South Africa under the name of KOPEX HOLDINGS (Pty) Ltd. with a target intention of fulfilling their obligations under the program of the South African government's BBBEE (Broad - Based Black Economic Empowerment Act, 2003).

This program aims to support and economic stimulation and activation of indigenous, historically disadvantaged black population. As a result of the accession to this program, the company receives the status of an entity that could accede to public procurement and to apply for government contracts in South Africa. To achieve this objective in the next stage it will be necessary to resell by the company HANSEN AND GENWEST (Pty) Ltd. 25% + one share to the BBBEE partner. Further required formal legal actions are continued.

2) The processes of merging of the selected companies of "Kopex" S.A. Capital Group:

a) merging of KOPEX MACHINERY S.A. (acquiring company) and subsidiary Grupa Zarządzająca HBS Sp. z o.o. based in Katowice (the acquiree);

As part of its program of organizational restructuring of the "Kopex" SA Group companies, in order to simplify the corporate structure of the Kopex Group, the Extraordinary General Meeting of KOPEX MACHINERY S.A. based in Zabrze, on 20 January 2014 consented to the merger of: KOPEX MACHINERY S.A. based in Zabrze (acquiring

company) and Grupa Zarządzająca HBS Sp. z o.o. based in Katowice (the acquiree) in accordance with the merger plan dated 29 November 2013 published in the Court and Economic Monitor dated 4 December 2013, number 238/2013 (4355), pos. 1730. These connection is made pursuant to art. 492 § 1 point 1) of the Commercial Companies Code, ie by transferring all assets of the acquired company to the acquiring company (merger by acquisition) subject to the provisions of art. 516, § 6 of the Code of Commercial Companies, without increasing the share capital of the acquiring company, in accordance with the provisions of Art. 515 § 1 of the Commercial Companies Code, without making changes in the statute of the acquiring company. On 28.02.2014 the District Court in Gliwice, X Economic Department of National Court Register issued Order No: GL.X NS-REJ.KRS/2093/14/247, on the basis of which a formal entry of the merger of the two companies occurred

b) merging of ELGÓR+HANSEN S.A. based in Chorzów (acquiring company) with KOPEX ELECTRIC SYSTEMS S.A. based in Chorzów (the acquiree);

On November 7, 2014 resolutions were adopted by the General Meeting of Shareholders of the companies ELGÓR + HANSEN SA based in Chorzów (acquirer) and KOPEX ELECTRIC SYSTEMS SA based in Chorzów (the acquired company) to merge the two companies, pursuant to art. 492 § 1 point 1) of the Commercial Companies Code, this is by transferring all assets of the acquired company to the acquiring company in exchange for shares which the acquiring company to the shareholders of the target company (merger by acquisition). Consequently, the share capital of the company ELGÓR + HANSEN SA increased through the issuance of 1,867,600 shares of series "F" (covered by the sole shareholder of the acquired company - HANSEN Sicherheitstechnik AG, a company based in Munich / Germany) with the amount of PLN 67,310,130.00 to the amount of PLN 85,986,130.00 and change in the total number of shares from 6,731,013 to 8,598,613 (with a nominal value of PLN 10.00 each).

On December 31, 2014, the District Court Katowice - East in Katowice, entered the merger of the two companies to the Register of Entrepreneurs.

After the merger shareholding structure of ELGÓR + HANSEN SA based in Chorzów has changed and is now as follows:

1. Hansen Sicherheitstechnik AG – 67,28%,
2. Zabrzeńskie Zakłady Mechaniczne - Maszyny Górnicze Sp. z o.o. – 8,65%,
3. KOPEX MACHINERY S.A. – 4,55%

ELGÓR+HANSEN S.A. after the merger has its own 1,678,792 shares representing 19.52% of the share capital, which prior to the merger were owned by the acquired company KOPEX ELECTRIC SYSTEMS S.A.

3) Sale of shares by KOPEX S.A. or by other subsidiaries of the KOPEX Group, suspension of activities, or liquidation processes of the subsidiaries of the KOPEX Group that were undertaken within the framework of the restructuring and organising processes of the subsidiaries of the KOPEX Group:

a) Disposal by the subsidiary Hansen Sicherheitstechnik AG based in Munich / Germany of 50 % shares in the company Hansen Electric spol. s.r.o. based in Opava / Czech Republic;

At the request of the Board of HANSEN Sicherheitstechnik AG an Extraordinary General Meeting of Shareholders of HANSEN Sicherheitstechnik AG on 26.03.2014 passed a resolution to consent to the sale of 50% shares of Hansen Electric s.r.o. based in Opava / Czech Republic/ to the two individuals - the existing co-shareholders of the company. On 28.03.2014 the agreements were concluded on the sale of shares of Hansen Electric s.r.o. and thus the company is no longer part of the HANSEN Group and KOPEX Group. The core business of the company was the production of electric power equipment in explosion-proof enclosures. This action is consistent with the adopted plan of organizational and property optimization of the KOPEX S.A. Group companies.

b) disposal by the "Kopex" SA 100% of the shares in the company "Kopex-FAMAGO" Sp. z o.o based in Wrocław

On the basis of the agreement of sale, Kopex SA sold all 7,240 shares held in the subsidiary Kopex-FAMAGO Sp. z o.o based in Wrocław to an entity outside the Group Kopex SA. The Management Board of Kopex SA informed about the above transactions in the current report No. 55/2014 of 9 July 2014. The decision to sell shares in Kopex-FAMAGO Sp. z o.o is part of the restructuring of the Group Kopex SA in accordance with "Organizational Restructuring Program Group of Kopex SA for the years 2013-2016" adopted by the Board of Kopex SA in November 2013. „KOPEX” S.A intends to continue to operate in open-pit mining, using in these areas the potential of other companies within the „KOPEX” S.A. Capital Group.

c) disposal by the subsidiary Kopex MIN - LIV AD based in Nis / Republika Srpska 100% of the shares of the company Kopex MIN - Services d.o.o. based in Nis / Republic of Srpska

On July 28, 2014, the Extraordinary General Meeting of Shareholders of the subsidiary Kopex MIN - LIV AD based in Nis / Republika Srpska passed a resolution to approve the sale of 100% of shares in Kopex MIN - Services doo based in Nis / Republika Srpska (an indirect subsidiary of "Kopex" SA). Dated July 29, 2014 an agreement was concluded on the sale of shares in Kopex MIN - Services doo to an individual. This action results from the implementation of the adopted plan to optimize organizational assets of the Group companies of Kopex SA.

d) disposal of shares in company KOPEX GmbH based in Moers/ Germany

On June 5, 2014, the General Meeting of Shareholders of KOPEX GmbH in Moers (Germany) passed a resolution to dissolve the Company with effect from 30 June 2014 and the appointment of Mr. Karol Zajac as liquidator. The sole shareholder of the company Kopex GmbH is the "Kopex" SA. The company was formed to conduct business primarily services on the German market during the period of Kopex SA business activity on this market. In relation to the termination of this activity in later years, the existence of KOPEX GmbH has become obsolete.

KOPEX GmbH Company has no assets, no liabilities to creditors and in recent years has not conducted any business activity. Actions taken to dissolve the results from the implementation of the adopted plan to optimize organizational assets of the Group companies of Kopex SA. Due to the receipt of an offer to purchase 100% of the shares, the General Meeting of Shareholders on 15 October 2014 adopted a resolution to revoke the decision of 05 June 2014 concerning liquidation of the company.

On November 13, 2014 of all of the shares of Kopex GmbH were sold to an individual not associated with the Issuer.

e) disposal by the subsidiary Hansen Sicherheitstechnik AG based in Munchen/Germany of the 80% of shares of Hansen & Rainders CS spol. s.r.o. based in Opava/Czech Republic;

On 02 July 2014 the subsidiary Hansen Sicherheitstechnik AG based in Munchen/Germany entered into two agreements of selling its 80% stake in Hansen & Rainders CS spol. based in Opava / Czech Republic with two individuals (existing complicit in this company, having a 20% stake). Towards the fulfillment to the 30th September 2014 all contractual terms on 16 October 2014, the necessary changes have been made in the commercial register. These disposal of shares results from the optimization plan organizational and property companies Kopex SA Capital Group The Company does not have any importance for the Group business Hansen and Kopex SA Capital Group.

f) liquidation of the company „EKOPEX” sp. z o.o. based in Biendudze/Ukraina

The company „EKOPEX” Sp. z o.o. was established in 2006 as a limited liability company under Ukrainian law involving two other partners - Ukrainian companies, in connection with the then plans for reclamation of coal heaps. „KOPEX” S.A. holds 20.00% stake in the company, which share capital amounts to Hryvnas 37.500 (ca. PLN 14.000). The Company has not commenced and is not established. At the request of the local Tax Office (State Tax Inspectorate) Regional Administrative Court in Lviv 05.16.2013 issued a decision on liquidation of the legal person and appoint a liquidator of the company. The Company has no debt to pay taxes and fees, as well as due to a flat-rate contribution to social security and insurance premiums to the Pension Fund of Ukraine. On September 22, 2014, the Issuer received notices from the Ukrainian "State Registrar legal and natural persons engaged in entrepreneurial activity" on the entry liquidation of the company "EKOPEX" Sp. z o.o. and thus the liquidation process has been completed. The liquidation of the company is part of the composition of the Kopex Group companies.

g) disposal by the subsidiary KOPEX MACHINERY S.A. based in Zabrze of all owned 306 shares in the company Odlewnia Staliwa Łabędy Sp. z o.o. in Gliwice;

On October 1, 2014, the Extraordinary Shareholders Meeting of Odlewnia Staliwa Łabędy Sp. z o.o. based in Gliwice passed a resolution consenting to the sale by Kopex MACHINERY SA based in Zabrze all of the 306 shares held by the company.

On November 28, 2014 share purchase agreement has been concluded between Kopex MACHINERY SA, as the seller, and the buyer - a natural person. These shares accounted for 25.63% of the share capital of Odlewnia Staliwa Łabędy Sp. z o.o.

The company had no business importance for the KOPEX SA Group.

h) disposal and transferring of shares by company STA Odlewnie Sp. z o.o. based in Tarnowskie Góry to the company KOPEX MACHINERY S.A. based in Zabrze

On 21 November 2014 under a contract, a number of 140 shares (representing 8,48% of the share capital) of company HS Lubań Sp. z o.o. based in Lubań were disposed by company STA Odlewnie Sp. z o.o. based in Tarnowskie Góry to the company KOPEX MACHINERY S.A. based in Zabrze.

As a result of this transaction, the STA Odlewnie Sp. z o.o. share in the company HS Lubań Sp. z o.o. decreased to 91,52%. This effect is associated with further restructuring plans for the consolidation of companies with a similar profile.

4) Other events within the Group that occurred during the period from the date of the last periodic report to the publication date of this quarterly report::

a) termination the business of electricity trading by „KOPEX” S.A.:

Dated June 5, 2014, the President of the Energy Regulatory Office at the request of "Kopex" SA issued a decision to revoke the license for electricity trading of 25 February 2009. No OEE / 538/9238 / W / 2/2008 / PJ.

Kopex SA informed about the Board decision in the yearly report No. R/2014 published on 30 April 2014. The immediate reasons for this decision were the two factors, namely: obtaining relatively low rates of gross profitability of sales in this segment of activity and requirement of a large commitment of financial resources necessary for the conduct of that business, which is not without impact on the indicators of Kopex Group.

b) project of building a coal mine in the concession area of „Oświęcim-Polanka 1”:

Project of building a coal mine in the concession area of Oświęcim-Polanka is implemented by a subsidiary „KOPEX-EX-COAL” Sp. z o.o. based in Katowice in the course of business.

In view of the importance and significance of this project for the entire Group, the Issuer's Board turned to the Supervisory Board with the application for an opinion on the project to build the mine. On 14.11.2013 the Supervisory Board of "Kopex" SA, having regard to the report prepared and presented by external experts, as well as taking account of the justification - adopted a resolution on a favorable opinion from the project and committed to the constant monitoring and reporting of its further progress. The Issuer informed the public about the above opinion of the Supervisory Board in current reports No. 74 and No. 76 dated 19.11.2013.

According to the timetable and assumed milestones further works on this project are continued. Currently the processes are implemented, which are associated with obtaining a license for the extraction of minerals from deposits and obtaining sources of financing of the investment.

The course and progress of the above-mentioned project to build the mine is monitored on an ongoing basis by the Supervisory Boards of „KOPEX-EX-COAL” Sp. z o.o. and KOPEX SA.

c) the company's name change that occurred during 2014 in the companies belonging to the Kopex SA Group:

- On 29 January 2014 the Extraordinary General Meeting of „KOPEX Electric Systems” S.A. passed a resolution to change the company name „KOPEX Electric Systems” S.A. to „Elgór+Hansen” S.A. Changes in the company's entry in the National Court took place on 03.03.2014 on the basis of the District Court Katowice-East in Katowice, VIII Commercial Division of the National Court Register No.: KA.VIII NS-REJ.KRS/006373/14/192.
- On 09 May 2014 the Extraordinary General Meeting of „KOPEX AFRICA” (Pty) Ltd passed a resolution to change the company name „KOPEX AFRICA” (Pty) Ltd to „HANSEN AND GENWEST” (Pty) Ltd. On September 10, 2014 the above change in the Company's name was registered.

The Issuer in 2014 made investments in the amount of PLN 10,865 thousand. The main expenditures were focused on replacement of assets in terms of machinery and equipment.

The Issuer in 2014, did not make any investments outside its Capital Group with the exception of loans granted. The investments were financed from own funds and external financing (bank loans).

4. STATEMENT OF CORPORATE GOVERNANCE IN KOPEX SA IN 2014

In accordance with § 91 section 5 point. 4) Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by laws of non-member state (Journal of Laws. Laws of 2009 No. 33, item. 259 as amended), as well as discharging its duties under Resolution No. 1013/2007 of the Management Board of the Stock Exchange in Warsaw of 11 December 2007 on the scope and structure of the report on the application of corporate governance rules by listed companies in connection with § 2 of Resolution No. 718/2009 of the Management Board of the Stock Exchange in Warsaw of 16

December 2009 on the submission of reports by listed companies regarding the application of the principles of corporate governance - the Issuer notifies the following statement on the application of corporate governance principles in "KOPEX" SA in 2014, which includes in its content the information required above the required regulations.

a) **1. Indication of the set of corporate governance rules governing the Issuer or which the Issuer can use freely and the place where the set is publicly available;**

The Issuer is governing by the corporate governance rules set forth in the „Best Practice Rules for WSE Listed Companies“ being the annex to Resolution No. 19/1307/2012 of the Supervisory Board of Warsaw Stock Exchange S.A., dated 21 November 2012. (source of this document is publicly available on Warsaw Stock Exchange official website devoted to corporate governance www.corp-gov.gpw.pl and on the website of the Issuer www.kopex.com.pl in the section dedicated to shareholders "Investor Relations" / "Corporate Governance".

„The aim of the Code of Best Practice for WSE Listed Companies is to strengthen the transparency of listed companies, improve the quality of communication between companies and investors, strengthen the protection of the rights of shareholders also not regulated by law, while not imposing a burden on listed companies that may outweigh the benefits the needs of the market. Best Practice therefore only addresses those areas where their use can have a positive impact on the market valuation of companies, thus reducing the cost of capital.”

Currently valid "Best Practices of WSE Listed Companies" (Annex to Resolution No. 19/1307/2012 of the Stock Exchange in Warsaw on 21 November 2012) start from the Preamble and contain four sections:

- I. Recommendations for Best Practice for listed companies,
- II. Good practices applied by management boards of listed companies,
- III. Best practices applied by members of supervisory boards,
- IV. Best practices applied by shareholders.

2. Indication of information about the Issuer practices in corporate governance that go beyond the requirements under national law.

- The Issuer publishes its own quarterly online magazine KOPEX „**ART OF MINING**”, which presents the current events and interesting facts of the Issuer and Companies of the "KOPEX" SA Capital Group activities at home and abroad, so that investors and other capital market participants have an opportunity to get access to current information on what is happening in the Group, e.g. about new products and technological solutions, important events, awards and honors received. The next edition of "ART OF MINING" is available through the Issuer's website at www.kopex.com.pl;
- Issuer participates in the "Investor Action" of the economic daily "Puls Biznesu", which is a platform for the exchange of information between individual investors and listed companies.
- The Issuer, together with a specialized company working in the field of public relations and investor relations - **SJ Consulting Jarosław J. Szczepański & Co. Spółka Jawna** based in Warsaw co-organizes regular meetings with capital market analysts and representatives of financial institutions active in the capital market immediately after the publication of interim reports which on one hand are an opportunity for a detailed presentation of relevant information related to the activities and results of Kopex Group, and on the other hand also offer insight into the information needs of stakeholders. These meetings also serve strengthening relations and ties with the capital market.
- Conducting multilingual versions of the Issuer's corporate website. Currently the corporate site of KOPEX is available in Polish, English, Chinese and Russian.
- The introduction of tab "**Responsible Business**" to corporate website of the Issuer, where the Issuer presents various measures in this area, in the following thematic sub-tab:
 - **Association "We want to help,"** whose founder and initiator is the majority shareholder of "KOPEX" SA - Mr. Krzysztof Jędrzejewski (motto: "Be sensitive, see life around you.... and the life are the people").

A fundamental objective adopted by the Association: The Association accepted as a fundamental objective: promoting employees in the companies of the Kopex Group, focusing on conducting charitable activities and charitable care to employees and their families, as well as taking actions to integrate the crews of all the companies of the Kopex Group. In the framework of the Association a very actively conducted scholarship

program was initiated in order to support, promote and assist the career development of talented children and youth from low-income families.

- a) **„Social Responsibility”** (Charitable activities, activities for the promotion and development of sport, cooperation with the local economical authorities, the Rules of management of the Special Fund lists of donations and gifts); in order to finance or co-finance social projects the Issuer in 2013 established Donations Special Purpose Fund. The projects The issuer was involved in so far can be divided into three groups:

The first group includes organizations which:

- base their activities on volunteering,
- operate more than 1yr.
- the objectives of these organizations are based on a foundation of values
- serve primarily to support excluded persons (the homeless, addicts) and children from poor families.

- b) The second group are organizations recommended by the management boards of the Kopex Group, with which companies cooperate every day or are linked regionally.

- c) The third group are organizations in which actions the Kopex Group's employees are directly involved in.

- **„Environmental activities”** (Environmental objectives, actions taken to protect the environment, environmentally friendly office, certificates, awards for environmental protection); We recognize that our business has an impact on the environment, hence companies belonging to the Kopex Group seek to minimize harmful environmental effects of its activities through: rational use of deposits, raw materials and energy, raising employees' environmental awareness, developing new green technologies and the use of best available techniques (BAT), reducing waste and dust emissions, meeting the legal requirements of EU directives and supervision of the changes.

- b) Indication of the extent to which the Issuer departed from the set of corporate governance rules set forth in the „Best Practice Rules for WSE Listed Companies“, together with indication of those rules which the Issuer does not comply with, together with explanations of their non-compliance.;**

The issuer recognizing the principles of corporate governance as the ethical standards of conduct, shaping relationships between listed companies and market environment as well as considering them to be compatible with the good merchant practices which make the company more transparent on the capital market, the company has adopted the vast majority of the principles in the document "Best Practices of WSE Listed Companies" in the wording proposed by the Stock Exchange SA in Warsaw . According to the approach "comply or explain" in relation to the few principles that the Company does not apply to and will not apply to (in part or in whole), The Issuer published current reports of the EIB, as well as referred to them in the "Statements on the application of corporate governance principles in" KOPEX "SA" contained in the activity reports of the Issuer for the years 2009 to 2013.

Information on corporate governance rules and reports of the EIB of the Company on corporate governance, are publicly available on the website of the Issuer at www.kopex.com.pl in the section "Investor Relations" / "Corporate Governance /".

The Issuer as in the previous year did not apply in whole or in part following the principles of corporate governance set of rules published in the "Code of Best Practice for WSE Listed Companies".

Section I. „Recommendations for Best Practice for Listed Companies”;

Rule I.1

„ A company should pursue a transparent and effective information policy using both traditional methods and modern technologies ensuring fast, secure and broad access to information. Using such communication methods to the broadest extent possible, a company should ensure adequate communication with investors and analysts, enable on-line broadcasts of General Meeting over the internet, record General Meeting, and publish the recordings on the company's website”;

Explanation

Taking into account the current shareholding structure of the Company, the technical - organizational possibilities, weak domestic market experience in the field of broadcasts of General Meetings over the Internet and a number of reservations of a legal nature, as well as the disproportionate costs associated with the organization to carry out transmission of "live" session of the General Assembly on the Internet, Issuer's Management Board considered it inexpedient to broadcasts the General Meetings over the Internet.

In the opinion of the Issuer the legislation on the organization of general meetings of public companies and disclosure obligations of listed companies changed in the second half of 2009 sufficiently oblige the Company to a broad range of publishing extensive and detailed information related to general meetings in current reports and by placing certain required extensive information and documentation addressed to the General Meeting on the Company's corporate website under "Investor Relations" / "the General Meeting of Shareholders" and under current reports addressed to the public. For communication with the Company in all matters related to the general meeting, the Company also provides e-mail wza@kopex.com.pl.

It should also be noted that the Issuer makes effort to ensure information policy is transparent and efficient and provide the broadest possible communication with investors. This is achieved also by redesigned investor service on the Issuer's website www.kopex.com.pl in the "Investor Relations" tab.

However, in connection with changes in DPSN in force from 2013, consisting in the introduction to Chapter II. "Good Practice for Management Boards of Listed Companies" in principle "1. The Company maintains a corporate website and publish on it, in addition to the information required by law: "(...) a new subparagraph 9a) record of the proceedings of the general meeting, in the form of audio or video," the Issuer decided that from 2013 recordings of the proceedings of the General Meeting in audio form would be posted on the corporate website "KOPEX" SA.

Rule I.5.

„The company should have a remuneration policy and rules of defining. The remuneration policy should in particular determine the form, structure and level of remuneration of members supervisory and management authorities. In determining the remuneration policy for members of supervisory and management company should apply to the European Commission Recommendation of 14 December 2004 on fostering an appropriate regime for the remuneration of directors of listed companies (2004/913 / EC), supplemented by a recommendation from the Commission of 30 April 2009. (2009/385 / EC).

Explanation

- In determining the remuneration of members of supervisory and managing bodies the Issuer uses existing provisions of the Commercial Companies Code Act and the Articles of Association of the Company in this regard.

According to the current Articles of Association of the Company the remuneration of members of the Supervisory Board shall be determined by resolution the General Meeting of Shareholders. Currently, the rules applied together with the amount of remuneration of the members of the Supervisory Board are set out in detail in Annex 1 "Principles of Remuneration Members of the Supervisory Board of Kopex SA" to the Resolution No. 19 of the Ordinary General Meeting of Shareholders of "Kopex" SA dated 24.06.2010, amended with the provisions of Resolution No. 24 of the Ordinary General Meeting of "KOPEX" SA of 18 June 2014 concerning amendments to the remuneration for the members of the Supervisory Board of "Kopex" SA.

The remuneration and its components for the members of the Management Board is determined in each case in the resolutions taken by the Supervisory Board of the Issuer relevant to its competences and applicable regulations of Articles of Association. The amount of remuneration depends on the individual responsibilities of members of the Management Board and responsibilities entrusted to individual members of the Board and relevant to the financial situation of the Company.

The issuer shall make public annually in the Company's annual report information on the salaries of managers and supervisors in accordance with the requirements of § 91 paragraph. 6 point 17 Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by laws of non-member state (Journal of Laws. Laws of 2009 No. 33, item. 259, as amended).

Rule I.12.

„The company should provide shareholders with the opportunity to perform in person or by proxy right to vote during the general meeting, outside the place of the general meeting, by means of electronic communication.”

Explanation

When it comes to ensuring that the Company provide the ability to perform in person or by proxy right to vote during the general meeting, outside the place of the general meeting, using electronic means of communication, The Issuer expressed its statement later in this statement with explanations of Chapter IV of the Good Practices relating to the principle IV.pkt.10. DPSN.

Section II. „Best Practice for Management of listed companies”:

II. Rule 1 section. 7) (partial exemption)

„1. The Company maintains a corporate website and publish on it, in addition to the information required by law:

.....

”7) shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions ”

Explanation

The Issuer will put on its corporate website answers to shareholders' questions on issues on the agenda only in relation to the questions asked by the shareholders in writing. Furthermore, in connection with changes of DPSN in force from 2013, the Issuer in accordance with the principle of II.9) publishes recordings from the proceedings of the General Meeting in audio form (after completion) on its website.

II. Rule 1 sect. 11)

„1. The Company maintains a corporate website and publish on it, in addition to the information required by law:

.....

”11) information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting”

Explanation

the Issuer informs the public on CV and career of a new member of the Issuer's Supervisory Board, and in the Issuer's opinion, this information is sufficient for judgement if the person appointed is capable of exercising his/her function. Such information shall be included in current reports and on the Issuer's website www.kopex.com.pl , tab Company / Authorities of the Company and shall contain information such as relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting.

Section III. – „Best practices applied by members of supervisory boards”

III. Rule 2.

” A member of the Supervisory Board should submit to the company's Management Board information on any relationship with a shareholder who holds shares representing not less than 5% of all votes at the General Meeting. This obligation concerns financial, family and other relationship which may affect the position of the memembr of the Supervisory Board on issues decided by the Supervisory Board.”

Explanation

The Issuer informs the public on CV and career of a new member of the Issuer's Supervisory Board, and in the Issuer's opinion, this information is sufficient for judgement if the person appointed is capable of exercising his/her function. Such information shall be included in current report as well as on the Issuer's website www.kopex.com.pl , tab Company / Authorities of the Company and shall contain information such as relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting“, if such situation occurs.

III. Rules 6 and 8.

Due to the current EIB report on No. 5/2013 published on 28.06.2013, in which the Issuer informed about a resolution adopted by the ZWZA „KOPEX” S.A. on June 26, 2013, about reducing the number of Supervisory Board members of "KOPEX" SA of the existing (7) members to (5) members and on adoption by the Supervisory Board of the resolution on the incorporation of Audit Committee responsibilities within the scope of competence of the Supervisory Board and to apply by the Company with effect from 28.06.2013 until further notice principles of corporate governance referred to in Chapter III. point 6, as well as in Chapter III. Section 8. "The Best Practices of WSE Listed Companies".

III. Rule 6.

" 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, a subsidiary or an associated company 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

The Issuer's General Meeting of Shareholders elects a members of the Supervisory Board in accordance with regulations of the Commercial Companies Code and the Company's Statutes of Association, with subject resulting from the provisions of § 35 paragraph. 4 Articles of Association of the Company, that in the event of dismissal, resignation or death of a member of the Supervisory Board during the term of office, a shareholder holding at least 51% of the total votes has the right to appoint a new person to the Supervisory Board in order to complete its composition.

III. Rule 8

" Annex I to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors (...) should apply to the task and the operation of the committees of the supervisory Board.."

Explanation

The Issuer is of the opinion that forming committees within the Supervisory Board is not justified. The Supervisory Board works and takes decisions on the issues within its competence jointly. Members of the Supervisory Board are persons of proper qualifications and competence in this field.

5-person Supervisory Board "of KOPEX" S.A. at its meeting on 28 June 2013 passed a resolution No. 32 / VII / 2013 on the incorporation of Audit Committee responsibilities within the scope of competence of the Supervisory Board, with effect from 28 June 2013. In the above resolution of the Supervisory Board, acting pursuant to Art. 86 paragraph. 3 and paragraph 7 of the Act of 22 May 2009 on auditors and their self-government, entities authorized to audit financial statements and public supervision (Dz. U. of 2009 No. 77, item. 649) stated that, quoted.:

"

- 1) The Supervisory Board of "of KOPEX" S.A. bearing in mind that the Annual General Meeting of KOPEX SA on 26 June 2013 adopted a resolution on reducing the number of Supervisory Board members of KOPEX SA from (7) seven to five (5) and, therefore, now consists of no more than 5 members of the Board resolves that within the Supervisory Board of KOPEX S.A. there will be no separate Audit Committee operating.
- 2) The tasks of the Audit Committee referred to in Article 86 section 7 of the Act cited above and in § 4 section 4 of the Rules of the Supervisory Board of KOPEX SA will be implemented by the Supervisory Board.
These tasks include:
 - a) monitoring the financial reporting process;
 - b) monitoring the effectiveness of internal control systems, internal audit and risk management;
 - c) monitoring the performance of financial audit;
 - d) monitoring the independence of the auditor and the entity authorized to audit financial statements; "

Section IV. – „Best practices applied by shareholders”**IV. Rule 10.**

„10. A company should enable its shareholders to participate in the General Meeting by means of electronic communication, involving the:

- 1) *transmission of the general meeting in real time,*
- 2) *two-way communication in real-time within which shareholders may take the floor during a General Meeting from a location other than the General Meeting”.*

Explanation

The Issuer in connection with the amendment principles of "Good Practices of WSE Listed Companies" made by Resolution No. 19/1307/2012 of the Council of the Stock Exchange in Warsaw of 21 November 2012, after conducting a thorough analysis decided not to accept the application of corporate governance principles contained in section IV, paragraph 10. DPSN. Formal and legal obstacle of not accepting the application of this principle are the current provisions

of the Statute of the Issuer which would not be permitted to attend, speak and exercise of voting rights by shareholders at the General Meeting by means of electronic communication. In the opinion of the Issuer applying that rule, taking into account the market little experience in this area, may pose real threats that could have a significant impact on the organization and interference-free course of that meeting, and could consequently affect the enforcement of shareholders present at the venue of such general meeting relating to the effective resolutions or possibly making them sued. In the opinion of the Issuer, current rules of participation in general meetings are in accordance with the applicable provisions of the Commercial Companies Code and Articles of Association, and the organization of their course adequately protects the interests of all shareholders. The Issuer also expresses the view that the current shareholding structure of the Company does not justify the economic point of incurring additional significant costs associated with the organization of technical protection participation in the general Meeting by means of electronic communication and the conducting of transmission of the general meeting in real time. The course of the general meeting is however recorded on audio media and shall appear to the public after serving the general meeting on www.kopex.com.pl companies's corporate website under "Investor Relations" / General Meeting of Shareholders" tab.

c) description of the main features of the Issuer's Capital Group internal control and risk management in relation to the process of preparing financial statements and consolidated financial statements;

Legal principles of the system of internal control and risk management have been settled to the Company's internal acts ie. Internal orders of the Issuer for the adoption of the Company's accounting policies, instructions: preparing, circulation and control of financial and accounting documents, conducting inventory, manual cash and debt collection and procedures and instructions within the framework of functioning Quality Management System according to ISO 9001. The current organization of the Company secures the separation of jurisdiction for financial and accounting functions, which are implemented through separate organizational units Financial Centre and the Centre for Accounting.

Under the system of internal control and risk management, process of financial reporting is carried out in accordance to the company's above-mentioned formal and legal regulations. Data security is guranteed by system based on the international standard ISO 27001- "Safety Management System Information" and by operating in Company Information Security Forum supporting this system Data security is guranteed by the company's system of restrictions on access rights and password security to the financial accounting system, as well as by the binding procedures for backup and its storage defined by own IT departments.

The internal control system of the company is a tool to ensure regularity of accomplishment and registration of business processes and regularity of their accounting records, monitoring, making correct documentation in the fields of: purchase, invoice payment, sale, receivables proceeds, cost calculation system, product pricing, salaries, remaining costs and income.

In terms of the turnover of the property inventory of assets is carried out n the scope and terms required by the provisions of the Act of 29 września1994r. Accounting (Dz. U. of 2009. No. 152, item. 1223, as amended. d.). Accounting documents are checked by the staff in terms of content, formal and accountancy.

The Controlling Office takes an important role in the chain of internal control and risk management in the Company. With the use of statistical tools it collects numerical database files in order to transform them into result information, which are used eg. in financial reporting and analysis, the monitoring of specific areas in order to identify risks early and to interpret the phenomena associated with the activity carried out, in particular to prepare and present information to a specific audience, in particular, the Supervisory Board and Management Board for the control and management.

The issuer prepares its financial statements in accordance with International Accounting Standards and International Financial Reporting Standards and related interpretations announced in the form of European Commission regulations, and to the extent not covered by those standards in accordance with the provisions of the Act of 29 września1994r. Accounting (Dz. U. of 2009. No. 152, item. 1223, as amended. d.) and issued on the basis thereof, as well as meet the requirements of the Regulation of the Minister of Finance of 19 February 2009. on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by laws of non-member state (Dz. U. of 2009. No. 33, pos. 259 with later. d.). The annual financial statements of the companies of the Kopex Capital Group and annual financial statements of the Issuer (separate and consolidated) are each time audited by an independent qualified chartered accountant elected each year by the Supervisory Board of the Issuer, after analyzing auditors offers submitted to the Issuer. The financial statements in each case are also subject to thorough evaluation by the Supervisory Board in accordance with its specific obligations laid down in the Code of Commercial Companies. The results of the study and assessment of financial statements by the Supervisory Board are presented to the Company's Shareholders at the annual general meeting before a decision of approving the financial by the general meeting. Half-yearly financial reports are reviewed by the auditor.

It has already become a good and established practice that the members of the Supervisory Board invite the auditor for a meeting before and after the test to discuss the financial statements of the annual audit plan, the issue of unified accounting standards within the Group, key accounting issues followed by research results of the auditor and the auditor's observations and conclusions of their review and audit of financial statements, separate and consolidated.

d) indication of the shareholders having direct or indirect shareholdings, together with an indication of the number of shares held by shareholders, their percentage of the share capital, number of votes arising from them and their percentages of the total number of votes at the general meetings;

In the period from 1 January 2014 until the date of publication of this annual report, the share capital of „KOPEX” S.A. did not change and it amounts to **PLN 74.332.538,00** and divides into 74.332.538 ordinary bearer shares with a nominal value of PLN 1.00 each, including:

- a) 19.892.700 ordinary bearer shares series A,
- b) 47.739.838 ordinary bearer shares series B, and
- c) 6.700.000 ordinary bearer shares series C.

There are no privileged shares to voting.

From 4 June 1998, the shares of "Kopex" SA are listed on the Stock Exchange - Giełda Papierów Wartościowych w Warszawie S.A. (KPX PLKOPEX00018, Industrial Machinery, Segment: 50 PLUS, Index: mWIG50)

The market value of the Issuer as at 31.12.2014 amounted to PLN 798.33 million



According to the information held by the Issuer on the date of publication of the half year report, the following shareholders held directly or indirectly, at least 5 per cent of the total number of votes at the General Meeting of KOPEX S.A.:

| SHAREHOLDER | Number of shares held | Percentage shareholding in the share capital of „KOPEX” S.A. | Total number of votes at the General Meeting | Percent of votes at the General Meeting |
|--|--------------------------|--|--|---|
| Krzysztof Jędrzejewski (with subsidiaries) | 43 586 675 ¹⁾ | 58,64% | 43 586 675 | 58,64% |
| TDJ S.A. (indirectly through subsidiaries) | 7 433 000 ²⁾ | 9,99% | 7 433 000 | 9,99% |
| ING OFE | 4 029 002 ³⁾ | 5,42% | 4 029 002 | 5,42% |
| Other shareholders – Free Float | 19 283 861 | 25,95% | 19 283 861 | 25,95% |
| Total: | 74 332 538 | 100,00% | 74 332 538 | 100,00% |

Source: Company

Notice:

¹⁾ Total shareholding of „KOPEX” S.A. shares held by the majority Shareholder Mr. **Krzysztof Jędrzejewski** together with its subsidiaries (directly and indirectly), according to the last report of 19.11.2013 received by the Company and the Financial Supervision Authority from Mr. Krzysztof Jędrzejewski under Article 160 clause 1 item 1) of the Act on trading in financial instruments (current report No. 75/2013 of 19 November 2013), including:

- directly owns 43.310.175 of shares representing 58,27% in the share capital of the Company and entitling to 43.310.175 votes at the General Meeting and representing 58,27% of total votes.

²⁾ The Company TDJ S.A. based in Katowicach jointly held indirectly through its subsidiaries 7.433.000 shares of „KOPEX” S.A., representing 9,99% in the share capital of the Company and entitling to 7.433.000 votes at the General Meeting and representing 9,99% of total votes incl.:

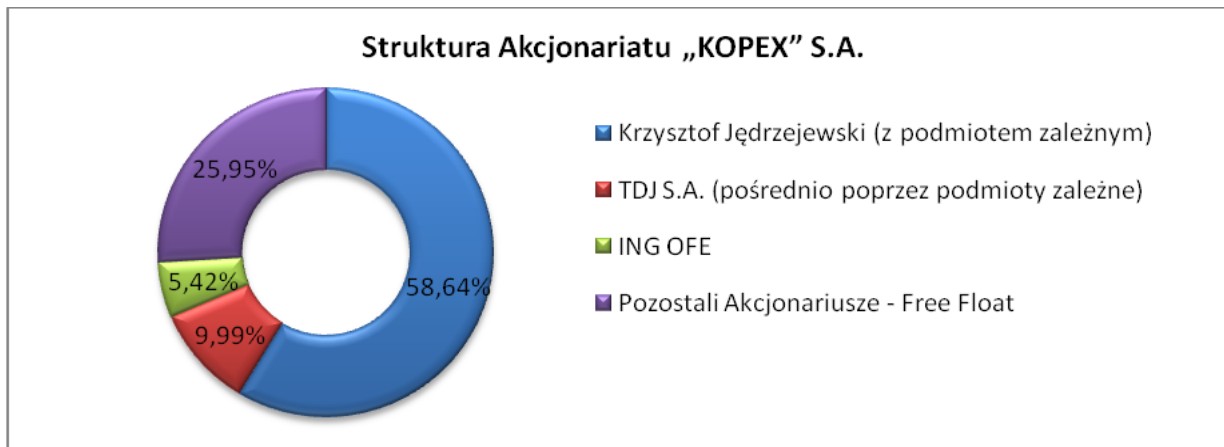
- Company ZEH Sp. z o.o. based in Wieszow held directly 4.720.000 shares of „KOPEX” S.A., representing 6,35% in the share capital of the Company and entitling to 4.720.000 votes at the General Meeting and representing 6,35% of total votes;

Company GALANTINE Sp. z o.o. based in Warszawa held directly 2.713.000 shares of „KOPEX” S.A., representing 3,64% in the share capital of the Company and entitling to 2.713.000 votes at the General Meeting and representing 3,64% of total votes.

The majority shareholder of the Company TDJ S.A. is Mr Tomasz Domogała, who indirectly through the above mentioned subsidiaries of TDJ S.A. owns 7.433.000 shares of „KOPEX” S.A., representing 9,99% in the share capital of the Company and entitling to 7.433.000 000 votes at the General Meeting and representing 9,99% of total votes.

The Issuer informed about the above mentioned changes in shareholding in the current reports No. 1/2014, 2/2014 and 3/2014 of 3 January 2014 and in the current report No. 5/2014 dated 8 January 2014, about changes in Kopex S.A. shareholding by ING OFE according to the received notifications under Article 160 clause 1 item 1) of the Act on Trading in Financial Instruments.

³⁾ state of „KOPEX” S.A. shares held by **ING Otwarty Fundusz Emerytalny** based in Warsaw according to the notice of the Shareholder (Current Report No. 2/2015 of 05 January 2015.).



e) indication of the holders of any securities with special control rights and a description of those rights;

All rights arising from the securities of KOPEX SA are the same and does not give any special control rights.

f) indication of any restrictions on voting rights, such as restrictions on voting rights of the holders of a given percentage or number of votes, deadlines for exercising voting rights or records, according to which, in cooperation with the company, the financial rights attaching to securities are separated from the holding of securities;

Restrictions on the exercise of voting rights of holders of the KOPEX SA shares are not known, except under provisions of Article 364 § 2 of Commercial Companies Code which refers to own shares purchased under the acquisition/buy back of own shares programme i.e. total purchased of 276.500 shares of the KOPEX SA, representing 0,37% of the share capital. In accordance with Article 364 §2 of the Commercial Companies Code, the company does not exercise the rights of its own shares, except the power to its disposal or to carry out activities which seek to preserve those rights, therefore they do not entitle to vote at the general meeting.

g) indication of any restrictions on the transfer of ownership of the Issuer’s securities;

The Issuer’s Statues of Association does not contain restrictions on alienation or acquisition Issuer’s shares. Restrictions on the transfer of ownership of Issuer’s securities are not known, except the general rules under applicable law.

h) descriptions of the rules of appointing and recalling of managing authorities and their rights, in particular the right to decide on shares issue or redemption of shares;

The rules of appointing and recalling members of the Board are governed by the provisions of the Commercial Companies Code and the provisions of Company’s Statues of Association. The current Statues of Association of the KOPEX SA was

adopted by the General Meeting on 28 March 2014 and is available on the Issuer's website www.kopex.com.pl, tab Company / Rules and information required.

In accordance with §25 of the company's Statutes of Association, members of the Board shall appoint and recall the Supervisory Board. The Management Board is composed from two (2) to five (5) members. Number of the members is determined by the body the Management Board is appointed by. Term of the office lasts for five (5) years. The common term shall not apply for members of the Board.

In accordance with §20 of the Company's Statutes of Association, the Management Board manages the Company's business in any judicatory and non-judicatory actions. Any issues related to managing the Company's business are in the scope of the Management Board, unless they are subject to the legal regulations or stipulations of Statutes of Association for General Meeting of Shareholders or for the Supervisory Board. Cooperation of two Management Board members or the Management Board member together with a proxy is necessary to make declarations on behalf of the Company. In all agreements between the Company and members of the Board and in disputes with them, Company is represented by the Supervisory Board, which may authorize by a resolution one or more members to undertake such legal action.

In accordance with § 22 of the Issuer's Statutes of Association the Management Board is authorized to pay the shareholders an advance payment for dividend anticipated at the end of the fiscal year, under the rules of Commercial Companies Code.

Rules of activity of the Issuer's Board are described in detail in clause k), subclause 1.1 of this statement. The right to decide on shares issue or redemption of shares is governed by the provisions of the company's Statutes of Association which are the same as the generally applicable law, including Commercial Companies Code. In the matter of redemption of own shares the Board of the Issuer has only the authority granted by resolution No. 1 of the Extraordinary General Meeting of KOPEX SA Shareholders, dated 11 December 2008, on the consent and determination of conditions for the acquisition of own shares by the Company in order to offer their employees and subsidiaries to acquire and resolution No. 2 of the Extraordinary General Meeting of KOPEX SA Shareholders on the grant to Company's Board authorization to acquire own shares under article 362 § 1 clause 8 of the Commercial Companies Code. These authorizations pursuant to the provisions cited above NWZA resolutions expired on 11 December 2013.

Besides, the Management Board, under the §11a of the Statutes of Association, is authorised to raise the Company's share capital by the value not exceeding the amount of PLN 10.500.000,- until 14 March 2017 on the terms and conditions established by the provisions of Resolution No. 9 of NWZA „KOPEX” S.A. dated 14.03.2013 regarding the change in § 11a of the Company Articles of Association. ¹⁾

Notice:

- 1) *Change in § 11a of the Articles of Association of the Company was adopted by Resolution No. 9 of NWZA "Kopex" SA on March 14, 2014 and registered by the competent Court. The Issuer in Current Report No. 36 of 02 April 2014, corrected on 10 April 2014, informed on the above-mentioned resolutions appeal by one of the shareholders. Litigation remains pending; On 11 March 2015 a hearing was held before the District Court in Katowice, in the case brought by ING OFE with its seat in Warsaw against the Issuer to repeal resolutions No. 6 and 7 of the Extraordinary General Meeting of Shareholders adopted on February 20, 2014 and brought by Galantine Sp. z o.o. with its seat in Warsaw for annulment, or to repeal resolutions No. 2, 5, 6, 7 and 9 of the Extraordinary General Meeting of Shareholders adopted on 20 February 2014 and on 14 March 2014. The court announced partial verdict concerning the scope of the claim for annulment of the abovementioned resolutions. The court in the interlocutory judgment dismissed the claim of Galantine Sp. z o.o. for the annulment of these resolutions. The objective partial verdict is not final it remains with the right to appeal. After validation of partial judgment in this regard, the Court will recognize the claim of Galantine Sp. z o.o. and ING Otwarty Fundusz Emerytalny on a claim for annulment of the resolutions.*

i) description of rules of changes in the Issuer's statutes of association;

In accordance to §54 paragraph 2 clause 1 of Statutes, any changes of the Issuer's Statutes requires the adoption of a resolution by the General Meeting. The resolution required a majority of $\frac{3}{4}$ of votes present at the general meeting. In addition, resolutions on the Statutes increasing the shareholders benefits or decreasing the rights granted every shareholder personally require consent of all the shareholders involved. Resolution on changes in the subject of the activities of the Company shall be effected without redemption, referred to in Art. 416 § 4 of the Commercial Companies Code if it is adopted by a majority of $\frac{2}{3}$ of the votes, in the presence of shareholders holding at least half of the the share capital. Changing the Issuer's Statutes becomes effective upon its registration by the court.

Detailed rules of changing the Issuer's Statutes stick to the commonly applicable law, including the provisions of the Commercial Company Code.

j) mode of action of the general meeting and its essential rights, description of the rights of shareholders and the manner of their execution, in particular the rules stemmed from by-laws of the general meeting, if such by-laws was adopted and if informations in question does not arise directly from the law

Basic rules regarding convene, organization, competence and proceedings of the Issuer's General Meeting are contained in the Issuer's Statutes. Detailed organizational and ordinal conditions of the Issuer's General Meeting are contained in the By-Laws of General Meeting of KOPEX SA. The current By-Laws of General Meeting of KOPEX S.A. was adopted on 20 February 2014 and is available on the website www.kopex.com.pl, tab Company / Rules and information required.

According to § 46 of the Statutes of Association (in force at the date of publication of the report), the Ordinary General Meeting of Shareholders is convened by the Management Board of the Issuer on its own initiative and at the request of the Supervisory Board if the annual Ordinary General Meeting of Shareholder wasn't held within the statutory period of six months after the financial year.

The Extraordinary General Meeting is convened by the Issuer's Management Board or the Supervisory Board, if convening is found advisable. Shareholders representing at least half of the share capital or at least half of the votes in the Company are also authorized to convene the Extraordinary General Meeting of Shareholders.

According to the Issuer's Statutes, a shareholders representing at least one twentieth of the share capital may demand convening the Extraordinary General Meeting of Shareholders. Demand to convene the General Meeting should be submitted to the Management Board either in writing or electronically.

The General Meeting is convened by publishing a notice on the Company's website (www.kopex.com.pl/ tab „General Meetings of Shareholders“) and in manner requested for conveying current information in pursuance of the law on public offer and conditions for admitting financial instruments to the organized system of trading and on publicly traded companies. The notice should be published at least twenty six days prior to the date of the General Meeting.

A shareholder or shareholders representing at least one twentieth of the share capital may require placing specific issues on the agenda of the nearest General Meeting. The demand should be submitted to the Management Board not later than twenty one days prior to the date fixed for the holding of the General Meeting and should include a justification or a draft resolution on the proposed item in the agenda. The demand may be submitted electronically. The Management Board is obliged immediately but not later than eighteen days prior to date fixed for the holding of the General Meeting, to announcing changes in the agenda implemented on demand of the shareholders, in a manner suitable for convening General Meetings. If the afore-mentioned demand is submitted later than twenty one days prior to the date fixed for the holding of the General Meeting, it will be treated as a motion on convening an Extraordinary General Meeting an placed in the agenda of the General Meeting.

The General Meeting of Shareholders is held in Warsaw, Zabrze or in the seat of the Company and may adopt resolutions only on the issues included in the detailed agenda, subject to Art. 404 of the Commercial Companies Code. To adopt a resolution on removing or ceasing a matter from the agenda of the General Meeting on the motion of shareholders, a majority of 75% votes is required and consent of all the present shareholders who have submitted this motion. Resolutions of the General Meeting shall be adopted by an ordinary majority of votes unless otherwise stated in the Statutes of Association or in law. The General Meeting is valid regardless of the number of shares represented therein, subject to the necessity of obtaining a quorum for the adoption of certain resolutions as provided by law and the Issuer's Statutes.

Right to participate in the General Meeting have, pursuant to Art. 406 of Commercial Companies Code, only those who are shareholders of KOPEX SA sixteen days before the General Meeting, i.e. the day called „Record date“.

In order to participate in the General Meeting, shareholders entitled from dematerialized bearer shares should request the operator of a securities account to issue a personal certificate of right to participate in the General Meeting not earlier than after the notice on convening the General Meeting and not later than the first weekday after the „Record date“.

The list of shareholders entitled to participate in the General Meeting is made by the Company on the basis of a list of registered shareholders, which is made available to the Company by the KDPW not later than one week before the General Meeting. The list is available in the seat of the Company, for 3 weekdays before the General Meeting (as required by Art. 407 § 1 of the Commercial Companies Code).

The General Meeting is opened by the Chairman of the Supervisory Board or Vice Chairman of the Supervisory Board and further, the Chairman of the General Meeting is elected out of the persons entitled to participate in the General Meeting. If those persons are absent, the General Meeting is opened either by the Chairman of the Management Board or a person appointed by the Management Board.

Company's Statutes does not allow:

- a) to participate in the General Meeting through means of electronic communication,

- b) to speak out during the General Meeting through means of electronic communication,
- c) to exercise voting rights by shareholders at the General Meeting through correspondence or means of electronic communication.

In accordance with the provisions of § 50 paragraph 3 of the Statute, the General Meeting shall be considered valid if in the meeting there were shareholders participated representing at least 50% of the share capital. ¹⁾

Voting on draft resolutions and motions shall take place in order of their submission. In accordance to §54 of the Issuer's Statutes, resolutions of the General Meeting shall be adopted by an ordinary majority of votes unless otherwise stated in Statutes or in the Commercial Companies Code.

This majority is particularly required in the issues as follows:

- 1) consideration and approval of the Statement of the Management Board on the Company's activities and Financial Statement for the previous fiscal year,
- 2) adopting a resolution on profit distribution and loss coverage,
- 3) granting exoneration to the members of the bodies of the Company for performing their duties.

Resolutions of the General Meeting are adopted by $\frac{3}{4}$ majority of votes on the issues as follows:

- 1) changes in the Statutes, including new shares issue,
- 2) securities issue,
- 3) sale of the enterprise of the Company,
- 4) consolidation of the Company with another company,
- 5) dissolution of the Company.

Resolution on changes in the subject of the activities of the Company shall be effected without redemption, referred to in article 415 §4 of the Commercial Companies Code if it is adopted by a majority of $\frac{2}{3}$ of the votes, in the presence of shareholders holding at least half of the share capital.

Resolutions on the increasing the shareholder benefits or decreasing the rights granted every shareholder personally require consent of all the shareholders involved.

The General Meeting may offer a person who performed duties as a member of the Supervisory Board or as a member of the Management Board to cover costs or loss that this person may be required to pay the third party and that resulted in connection with performing duties by this person, if this person acted in good faith and in a manner, which according to this person's opinion was best for the Company's business in specific circumstances.

The Statutes of the Issuer, by modifying the general rules of the Commercial Companies Code, provides that no resolution of the General Meeting is required to acquire or sell real estates, in hereditary tenure or share in real estate.

Besides, the Issuer provides electronic mail address: wza@kopex.com.pl to communication between the shareholders and the Company, on matters relating to the organization of the General Meeting and transmission of documents.

Notice:

- 1) *Change in § 11a of the Articles of Association of the Company was adopted by Resolution No. 9 of NWZA "Kopex" SA on March 14, 2014 and registered by the competent Court. The Issuer in Current Report No. 36 of 02 April 2014, corrected on 10 April 2014, informed on the above-mentioned resolutions appeal by one of the shareholders. Litigation remains pending; On 11 March 2015 a hearing was held before the District Court in Katowice, in the case brought by ING OFE with its seat in Warsaw against the Issuer to repeal resolutions No. 6 and 7 of the Extraordinary General Meeting of Shareholders adopted on February 20, 2014 and brought by Galantine Sp. z o.o. with its seat in Warsaw for annulment, or to repeal resolutions No. 2, 5, 6, 7 and 9 of the Extraordinary General Meeting of Shareholders adopted on 20 February 2014 and on 14 March 2014. The court announced partial verdict concerning the scope of the claim for annulment of the abovementioned resolutions. The court in the interlocutory judgment dismissed the claim of Galantine Sp. z o.o. for the annulment of these resolutions. The objective partial verdict is not final it remains with the right to appeal. After validation of partial judgment in this regard, the Court will recognize the claim of Galantine Sp. z o.o. and ING Otwarty Fundusz Emerytalny on a claim for annulment of the resolutions.*

- k) **composition and changes that have occurred there over the past fiscal year and a description of the supervisory and managing authorities and their committees;**

1. THE MANAGEMENT BOARD OF THE ISSUER

In accordance with § 21 section 1 of the Articles of Association of the Company, the Board consists of two (2) to five (5) persons. The number of members is determined by the appointing authority. The term of a member of the Board shall be five (5) years. In accordance with § 25 of the Articles of Association, the members of the Board are appointed and dismissed by the Supervisory Board.

On 18 June 2014 the Ordinary General Meeting of KOPEX SA granted exoneration to all members of the Management Board of KOPEX SA in respect of the performance of their duties during the financial year 2013.

The Supervisory Board on meeting held on 04 March 2014 has determined the composition of the KOPEX SA Management Board to 4 (four) members.

In the period from 01 January 2014 to 31 December 2014 the Company's Management Board functioned in the composition given below, taking account of changes (vide the comments below the table) over the last fiscal year:

| Composition of the Management | Function in Management | Date of appointment | Comments |
|-------------------------------|---|--------------------------|---|
| Józef WOLSKI | Chairman of the Board Chief Executive Officer | 28.06.2013 | (from 01.10.2009 to 28.06.2013 Vice President, Chief Financial Officer) |
| Piotr BRONCEL | Member of the Board Director of Sales | 01.02.2014 ¹⁾ | |
| dr inż. Andrzej MEDER | Member Of The Board Director of Research and Development | 01.02.2012 | |
| Joanna WĘGRZYN | Member Of The Board Chief Financial Officer | 28.06.2013 | |
| Arkadiusz ŚNIEŻKO | Member Of The Board Director of Operations | 12.12.2012 | till 03.03.2014 ²⁾ |

Source: Company
Comments:

- 1) The Supervisory Board of Kopex SA at its meeting on January 31, 2014 has appointed Mr. Piotr Broncel with effect from 1 February 2014 the Management Board;
- 2) Member of the Board Mr. Arkadiusz Śnieżko submitted to the Supervisory Board a written statement of resignation from Management Board with effect from 03.03.2014;

In the period from 01 January 2015 to the date of this annual report, the 4-person Management Board did not change (see table).

| Composition of the Management | Function in Management | Date of appointment | Comments |
|-------------------------------|---|---------------------|---|
| Józef WOLSKI | Chairman of the Board Chief Executive Officer | 28.06.2013 | (from 01.10.2009 to 28.06.2013 Vice President, Chief Financial Officer) |
| Piotr BRONCEL | Member of the Board Director of Sales | 01.02.2014 | |
| dr inż. Andrzej MEDER | Member Of The Board Director of Research and Development | 01.02.2012 | |
| Joanna WĘGRZYN | Member Of The Board Chief Financial Officer | 28.06.2013 | |

Source: Company

1.1. RULES OF PERFORMANCE OF THE MANAGEMENT AUTHORITY OF THE ISSUER

The Management Board of the Issuer performs as an Company's authority on the basis of: (I) Commercial Companies Code, (II) Company's Statutes, (III) By-Laws of the Management Board and (IV) other generally binding rules. The current Statutes of Association and By-Laws of the Management Board of the Issuer are available on the website www.kopex.com.pl, tab Company / Rules and information required.

Rules of appointing and recalling the Issuer's Management Board are described in detail in paragraph h) of this statement.

In accordance with § 20 of the Statutes of Association of the Company the Management Board manages the Company's business in any judicatory and non-judicatory actions. Any issues related to managing the Company's business are in the scope of competence of the Management Board, unless they are subject to the legal regulations or stipulations of this Statutes of Association for the General Meeting or for the Supervisory Board.

Proceeding mode of the Management Board is specified in By-Laws of Management Board adopted by the Board and approved by the Supervisory Board. According to § 4 of the By-Laws, each member of the Management Board may conduct, without any prior resolution of the Board, the issues which not exceed the scope of the normal management of the Company. According to the Issuer's Statutes, resolutions of the Management Board are adopted by an absolute majority of votes of members present at the board meeting. A unanimous resolutions of all the Board of Directors members is requested to appoint a proxy. In the event of an equal number of votes, the casting vote has the Chairman of the Board. The Management Board may adopt resolutions by using means of direct remote communication (teleconference, fax, e-mail).

In accordance with § 7 of the By-Laws of the Management Board, all issues beyond the scope of ordinary activities of the Board require a resolutions of the Management Board, in particular:

- a) convening of the General Meetings and determining their agenda,,
- b) adopting of annual statements, i.e. statement on the Company's activities and the Company's financial statement and annual consolidated financial and activities statement of the capital group KOPEX SA and other periodic statements of the Company and the Capital Group,
- c) preparing motions on profit distribution or loss coverage,
- d) appointing the Company's proxy,
- e) internal operating division of functions between the the Management Board members,
- f) adopting Organizational Regulations or its variation,
- g) establishing the draft of the By-Laws of the Management Board,
- h) other issues reserved for the exclusive competence of the Board under the Statutes of Association and legal regulations.

Besides, according to the Statutes of Association, the Management Board of the Issuer is obliged to obtain approval of the Supervisory Board prior to taking up any of the activities as follows (beyond the issues reserved to the competence of the General Meeting or the Supervisory Board):

- a) consent to transactions involving the sale or purchase of shares or other property, renting, mortgaging, mortgaging or other encumbrance or disposal of property by way of a single operation, if the value of the transaction exceeds 15% of the net assets, according to the last annual balance sheet,
- b) raising a credit or a loan, if liability amount resulting from a specific action exceeds 15% of net assets value, according to the latest annual balance sheet,
- c) granting a credit or a loan if liability amount 15% of net assets value, according to the latest annual balance sheet.

2. THE SUPERVISORY BOARD OF THE ISSUER

In accordance with § 35 of the Articles of Association, the Supervisory Board of KOPEX SA consists of five (5) to nine (9) people. The number of members of the Supervisory Board of the term is determined by the General Assembly. The term of the Supervisory Board is five (5) years. The term of office of members of the Supervisory Board is joint.

The Ordinary General Meeting "KOPEX" S.A. On June 26, 2013 determined the number of members of the Supervisory Board of the seventh term from (7) seven people to (5) five members of the Supervisory Board.

On 18 June 2014 the Ordinary General Meeting of KOPEX SA granted exoneration to all members of the Supervisory Board of KOPEX SA in respect of the performance of their duties during the financial year 2013.

In the period from 01 January 2014 to 31 December 2014 the Company's Supervisory Board functioned in the composition given below, taking account of changes (vide the comments below the table) over the last fiscal year:

| Supervisory Board of seventh term | Function | Date of appointment | Comments |
|--|--|--------------------------|--------------------------------|
| Krzysztof JĘDRZEJEWSKI | Chairman of the Supervisory Board | 27.06.2012 | |
| Michał ROGATKO | Vice Chairman of the Supervisory Board | 27.06.2012 | |
| Bogusław BOBROWSKI | Secretary of the Supervisory Board | 27.06.2012 | |
| dr inż. Andrzej SIKORA | Member of the Supervisory Board | 26.06.2013 | |
| Piotr AUGUSTYNIAK | Member of the Supervisory Board | 26.06.2013 | until 20.02.2014 ¹⁾ |
| prof. zw. dr hab. inż. Józef DUBIŃSKI | Member of the Supervisory Board | 20.02.2014 ²⁾ | |

Source: Company
Comments:

- 1) On 20 February 2014 the Extraordinary General Meeting of Shareholders of KOPEX SA dismissed Mr. Piotr Augustyniak from the Supervisory Board of KOPEX SA;
- 2) On 20 February 2014 the Extraordinary General Meeting of Shareholders of KOPEX SA appointed Mr. prof. zw. dr hab. inż., członka koresp. PAN Józef Dubiński as a member of five person Supervisory Board;

Composition of the Supervisory Board of "KOPEX" S.A. in the period from 1 January 2015 to the date of this annual report with regard to personnel changes which have taken place during this period was as follows:

| Supervisory Board of seventh term | Function | Date of appointment | Comments |
|---|--|--------------------------|--------------------------------|
| Krzysztof JĘDRZEJEWSKI | Chairman of the Supervisory Board | 27.06.2012 | |
| Michał ROGATKO | Vice Chairman of the Supervisory Board | 27.06.2012 | |
| Bogusław BOBROWSKI | Secretary of the Supervisory Board | 27.06.2012 | |
| prof. zw. dr hab.inż. Józef DUBIŃSKI | Member of the Supervisory Board | 20.02.2014 | |
| dr inż. Andrzej SIKORA | Member of the Supervisory Board | 26.06.2013 | until 20.01.2015 ¹⁾ |
| Daniel LEWCZUK | Member of the Supervisory Board | 29.01.2015 ²⁾ | |

Source: Company

Comments:

- 1) On 20 January 2015 a member of the Supervisory Board Mr. dr. Andrzej Sikora made a written statement of resignation during the term from the Supervisory Board of "KOPEX" SA;
- 2) On January 29, 2015, pursuant to § 35 section 4 of the Articles of Association of the Issuer, Mr. Daniel Lewczuk was appointed as the new member of the Supervisory Board in order to complete composition of the five person Supervisory Board of KOPEX SA;

2.1. Rules of performance of the supervisory authority of the Issuer and its committees

The Supervisory Board of the Issuer performs as an Company's authority on the basis of: (I) Commercial Companies Code, (II) Company's Statutes of Association, (III) By-Laws of the Supervisory Board and (IV) other generally binding rules.

In accordance with §35 of the Company's Statutes of Association, the Supervisory Board is composed from five (5) to nine (9) members. The number of members of the Supervisory Board is determined by the General Meeting. Term of office lasts for five years and it is a mutual term.

Members of the Supervisory Board are appointed by the General Meeting, subject to §35 Item 4 of the Statutes of Association that in situation of recalling, resignation or death of a Member of the Supervisory Board during a term of office, a shareholder who holds at least 51% of votes has a right to appoint a new Member of the Supervisory Board, to complement its composition.

The organization and mode of performance of the Supervisory Board of the Issuer are specified in detail in the By-Laws of the Supervisory Board, which is adopted by the Supervisory Board of the Issuer. The current ByLaws of the Supervisory Board of the Issuer, adopted by the Supervisory Board with a resolution no. 73/VI/2010 dated 13 May 2010 is available on the website www.kopex.com.pl, tab Company / Rules and information required.

Under the Company's Statutes, resolutions of the Supervisory Board are adopted by an absolute majority of votes of members present at the meeting of the Supervisory Board.

Pursuant to § 19 paragraph 3 of the Company's Statutes, Chairman of the Supervisory Board has a casting vote in the event of a tie in voting on the adoption of the resolution of the Supervisory Board. ¹⁾

The Supervisory Board adopts resolutions if at least half of its members are present at the session and all of them have been invited. Besides, the Supervisory Board may adopt resolutions in writing or using means of direct remote communication, subject to restrictions defined in the Commercial Companies Code. A resolution is valid if all the members of the Supervisory Board are informed on the content of this resolution.

According to the Company's Statutes of Association, competences of the Supervisory Board are as follows::

1. appraising financial statements for the previous fiscal year and securing their auditing by a chartered accountant designated by the Supervisory Board,
2. appraising Statement of the Management Board on the Company's activities for the previous fiscal year and securing its auditing by a chartered accountant designated by the Supervisory Board,
3. giving consent for concluding an agreement with a sub-issuer referred to in Art. 433 of the Commercial Companies Code,
4. appraising motions of the Management Board on profit distribution or loss coverage, including opinion on the amount of money designated for dividend and dividend payment dates or on offered basis for covering loss, 33
5. submitting the General Meeting an annual report in writing on the results of the actions taken and referred to in Items 1,2 and 4,
6. giving consent for transactions including sale or acquisition of shares or other property, sale, letting, pledge, hypothecation or other burdens or disposal of property by one action, if its amount exceeds 15% of net assets value, according to the latest annual balance sheet,
7. appointing, suspending and recalling members of the Management Board,
8. delegating members of the Supervisory Board to execute activities of the Management Board in situation of suspending or recalling the whole Management Board or when the Management Board is incapable to act due to other reasons,
9. adopting By-Laws of the Supervisory Board determining its organisation and proceeding.

Besides, the Management Board is obliged to obtain approval of the Supervisory Board prior to taking up any of the activities as follows:

1. raising a credit or a loan if liability amount resulting from a specific action exceeds 15% of net assets value, according to the latest balance sheet,
2. granting a credit or a loan if liability amount 15% of net assets value, according to the latest annual balance sheet.

The Supervisory Board, designates the chartered accountant on the basis of the current rules of law, in particular the regulations contained in the resolution dated 22 May 2009 on chartered accountants and their self-government, entities entitled to audit financial statements and public supervision (Dz. U 2009 nr 77 pos. 649) and on the basis of the provisions of the „By-Laws on the designating the chartered accountant to audit the financial statements, consolidated and unit“, which determines the proceedings of the Management Board and Supervisory Board in designating the chartered accountant.

Uwagi:

- 1) *Change in § 19 of the Articles of Association of the Company was adopted by Resolution No. 5 of NWZA "Kopex" SA on February 20, 2014 and registered by the competent Court. The Issuer in Current Report No. 36 of 02 April 2014, corrected on 10 April 2014, informed on the above-mentioned resolutions appeal by one of the shareholders. Litigation remains pending; On 11 March 2015 a hearing was held before the District Court in Katowice, in the case brought by ING OFE with its seat in Warsaw against the Issuer to repeal resolutions No. 6 and 7 of the Extraordinary General Meeting of Shareholders adopted on February 20, 2014 and brought by Galantine Sp. z o.o. with its seat in Warsaw for annulment, or to repeal resolutions No. 2, 5, 6, 7 and 9 of the Extraordinary General Meeting of Shareholders adopted on 20 February 2014 and on 14 March 2014. The court announced partial verdict concerning the scope of the claim for annulment of the abovementioned resolutions. The court in the interlocutory judgment dismissed the claim of Galantine Sp. z o.o. for the annulment of these resolutions. The objective partial verdict is not final it remains with the right to appeal. After validation of partial judgment in this regard, the Court will recognize the claim of Galantine Sp. z o.o. and ING Otwarty Fundusz Emerytalny on a claim for annulment of the resolutions*

KOMITET AUDYTU

The Supervisory Board of "KOPEX" S.A. at its meeting on 28 June 2013 passed a resolution No. 32 / VII / 2013 concerning incorporation of Audit Committee responsibilities within the scope of competence of the Supervisory Board. In the resolution, the Supervisory Board, acting pursuant to Art. 86, paragraph 3 and section 7 of the Act of 22 May 2009 on auditors and their self-government, entities authorized to audit financial statements and public supervision (Dz. U. of 2009 No. 77, item. 649), stated that:

- 1) The Supervisory Board of "KOPEX" S.A. bearing in mind that The Ordinary General Meeting "KOPEX" SA On 26 June 2013 adopted a resolution decreasing the number of Supervisory Board members of "KOPEX" SA from (7) seven to five (5) and, therefore, consists of no more than 5 members of the Board resolves that in the framework of the Supervisory Board "KOPEX" SA no Audit Committee will operate.

- 2) The tasks of the Audit Committee referred to in Article 86 section 7 of the Act cited above and in § 4 section 4 of the Regulations of the Board of "KOPEX" SA are implemented by the Supervisory Board. These tasks include:
- monitoring the financial reporting process;
 - monitoring the effectiveness of internal control systems, internal audit and risk management,
 - monitoring performance of auditing;
 - monitoring the chartered accountant's independence and the entity authorized to audit financial statements.

5. ADDITIONAL INFORMATION

5.1. ASSESSMENT OF FINANCIAL RESOURCES MANAGEMENT

The financial situation of the Company as at 31.12.2014 is as follows:

- credit liabilities at 31.12.2014 amounted to PLN 82.429 thou,
- capital at 31.12.2014 amounted to PLN 31.195 thou.

Cooperation with the banks financing the Company statutory activities is working correctly. Service of the concluded credit agreements takes place without interference both in terms of timely repayment of credit debt as well as interest and commissions.

In 2014 the Company, through the effective management of financial resources, has secured a liquid financial service of trade liabilities and other financial liabilities.

The Company used its own cash, profit and depreciation, as well as external financing (credits, loan). In 2014, the Company obtained additional cash from dividends received in the amount of PLN 107 989 thousand.

The Company has credit limits in banks in the amount of PLN 300.182 thousand (PKO BP, ING Bank Śląski i Raiffeisen Bank), additionally guarantee lines with various banks for a total amount of PLN 185.737 thousand.

The Group constantly regulates its credit interest liabilities to the banks. There are no overdue trade and public-law liabilities in the Group.

Overdue debt collection was carried out intensively, contract payments were ongoing monitored and recovered.

Occuring excess of the capital were deposited into the banks (overnight deposits).

Liquidity ratio and liability ratio are constantly monitored, in order to keep them at a safe level.

The Group's entities prepares and monthly updates projected cash flow for a period of six months, which allows to respond flexibly to current and future financial needs of members of the Group.

Cost conditions for obtaining credit and guarantee lines are the result of individual negotiations, aimed at the lowest possible financial burdens. In 2014 as a result of negotiations with the banks was achieved a decisive reduction of costs was achieved (interest and bank fees).

Good financial standing of the Group (constantly monitored and evaluated by the financing banks) allows the Group to use external financing at the current level, despite the global economic and financial crisis.

The Group shall be protected against currency risk using forward-type derivatives. The Group manages hedge accounting and natural hedging. Did not apply and does not apply speculative transactions.

The Company secured the right to finance commercial transactions and finance acquisition planned for 2015 by the availability to the unused credit lines and promissory notes granted by the banks.

The Company has many guarantee and insurance lines (required by domestic and foreign clients – bid bonds, advance payment guarantees, performance bonds and payments guarantees).

It should be emphasized that a good financial standing as well as access to bank lines of credit allows the Group to participate in many national and international tenders, in which one of the conditions is sufficiently high revenue potential of the offerer.

Since 2011 Kopex SA Group Financial Centre was established within the company Kopex SA, which in the 2014, its activities included 8 companies.

Od 2011r. w ramach spółki Kopex S.A. powstało Centrum Finansowe Grupy Kopex S.A., which in 2014 covered 8 companies with its activities.

The aim of establishing the center was, among others, financial processes standardization, document flow, optimizing financial personnel management, optimization of financial costs.

5.1.1. INFORMATION ON BANK CREDITS AND LOANS

In the reporting period KOPEX SA financed its activities using the credit overdrafts. State of debt in individual banks as at 31.12.2014 is presented in the table below.

| | | | | | | PLN THOU |
|--------------|---------------------------|--|------------------|------------|--|--------------------------------|
| No. | BANK NAME | TYPE OF CREDIT | PERIOD OF CREDIT | | GRANTED AMOUNT OF CREDIT / LINE (IN ACCORDANCE WITH AGREEMENT) | USE OF CREDIT AS AT 31.12.2014 |
| 1. | PKO BP SA | overdraft | 30.06.2006 | 31.07.2015 | 179.000 | 582 |
| | | revolving credit | 29.05.2012 | | 20.000 | 20.000 |
| | | bank guarantees and letters of credit | 30.06.2006 | | 62.000 | 9.157 |
| 2. | PKO BP SA | not renewable revolving credit in Polish currency (purposeful) | 19.12.2011 | 09.06.2016 | 110.235 | 33.609 |
| 3. | ING BSK SA | overdraft | 28.06.2011 | 20.08.2015 | 42.000 | 27.512 |
| | | bank guarantees and letters of credit | | | 7.950 | 5.318 |
| 4. | RAIFFEISEN BANK POLSKA SA | overdraft | 03.09.2013 | 26.02.2016 | 25.574 ¹⁾ | 724 |
| | | bank guarantees | | | 20.246 ²⁾ | 13.098 |
| TOTAL | | | | | 467.005 | 110.000 |

- 1) The limit on the overdraft facility set as the equivalent of EUR 6 million converted to PLN at the exchange rate of 31.12.2014r.
 2) The limit for bank guarantees fixed as the equivalent of EUR 4.75 million converted to PLN at the exchange rate of 31.12.2014.

In the year 2014 the following events occurred:

- KOPEX SA has a credit agreement with PKO BP SA in the form of multipurpose credit limit from 30.06.2006. In 2014, several annexes were signed. Term of use and repayment of the aforementioned credit fall on a day 07.31.2015. At the end of 2014 the total credit limit amounted to PLN 261,000 thousand. Within the limit, KOPEX SA uses:
 - overdraft facility in the amount of PLN 179.000 thousand,
 - working capital revolving credit in the amount of PLN 20.000 thousand,
 - limit for bank guarantees and letters of credit in domestic and foreign markets in the amount of PLN 62.000 thousand

Given the specificity of the Company's operations it is extremely beneficial to use flexible and individual adjustment of the structure of banking instruments (various types of loans, guarantees, letters of credit) under "multi-purpose credit." The interest rate on the loan is WIBOR 1M plus a bank margin.

- As of 28.06.2011, the company uses multi-product agreement concluded with ING Bank Slaski SA. In 2014 several annexes to the Agreement were signed. Under the agreement with ING Bank Slaski company KOPEX SA uses a credit limit in the amount of PLN 42,000 thousand, and with limit for bank guarantees and letters of credit in the amount of PLN 7,950 thousand. The credit line can be used for current economic activity in the form of working capital credit in a credit account, revolving credit in the a bank account or as a limit to use in order to secure the bank's claims under guarantees or letters of credit. The loan bears interest at a variable interest rate WIBOR 1M plus the bank margin. The credit limit is available until 20/08/2015.
- KOPEX SA also uses non-revolving working capital credit, which was made available by Bank PKO BP SA under the agreement concluded on 19.12.2011. The credit amounts to PLN 110 235 thousand. The agreement was concluded for the day 09/06/2016. Funds obtained under the above mentioned credit were used to finance the contract signed with KHW S.A. for the delivery of scrap conveyors, section of roof support, crushers and electrical equipment for use in the longwalls for KHW S.A. KWK Myslowice-Wesoła. The loan bears interest based on variable WIBOR 1M plus the bank margin.

- On 03.09.2013 an agreement was concluded with Raiffeisen Bank Poland SA on multipurpose credit limit. The credit limit in the current account is the equivalent of EUR 6,000 thousand and the amount of the allocated limit for bank guarantees is equivalent to EUR 4,750 thousand. The loan bears interest at a variable interest rate WIBOR 1M plus the bank margin. The repayment date is the date 26.02.2016.

Under the current KOPEX SA policy terms of bank loans and credit costs were in each case negotiated with banks. Among the offers made by banks the best offers for the company were selected for implementation both in terms of price, as well as the legal safeguards required by the banks to repay and the specificity of the Company's operations.

5.1.2. INFORMATION ON GRANTED AND RECEIVED LOANS SECURITIES AND GUARANTEES – AS AT 31.12.2014

- Loans taken by KOPEX S.A.**

As at 31.12.2014 Kopex SA repaid all received loans.

- Loans granted by KOPEX S.A.**

At the end of 2014 balance of loans granted by KOPEX SA (without interest) was respectively:

- The loans granted in PLN → PLN 141.886 thousand,
- The loans granted in EUR → EUR 12.037 thousand,
- The loans granted in USD → USD 2.100 thousand.

PLN THOU

| no. | BORROWER | DATE OF LOAN | LOAN AMOUNT | DEBT BALANCE AS AT 31.12.2014 | REPAYMENT DATE |
|-----|--|--------------|-------------|----------------------------------|----------------|
| 1. | AUTOKOPEX | 10.04.2012 | 3.000 | 3.000 | 31.08.2018 |
| 2. | AUTOKOPEX | 22.05.2012 | 17.962 | 16.619 | 31.08.2018 |
| 3. | PROMACK | 09.10.2014 | 17.000 | 5.200 | 31.03.2015 |
| 4. | PROMACK | 13.10.2014 | 9.000 | 9.000 | 31.03.2015 |
| 5. | PROMACK | 20.12.2012 | 300 | 150 | 31.03.2015 |
| 6. | PROMACK | 28.12.2012 | 1.800 | 1.300 | 31.03.2015 |
| 7. | PROMACK STA-ODLEWNIE (currently HSW ODLEWNIA) | 03.12.2012 | 4.300 | 4.300 | 30.12.2015 |
| 8. | PROMACK | 17.01.2013 | 450 | 450 | 31.03.2015 |
| 9. | PROMACK | 30.01.2013 | 2.000 | 2.000 | 31.03.2015 |
| 10. | KOPEX-EKO | 28.03.2013 | 1.973 | 1.973 | 31.03.2015 |

| no. | BORROWER | DATE OF LOAN | LOAN AMOUNT | DEBT BALANCE AS AT 31.12.2014 | REPAYMENT DATE |
|--------------|----------------|--------------|----------------|----------------------------------|----------------|
| 11. | KOPEX- EX COAL | 23.05.2013 | 5.000 | 5.000 | 30.06.2018 |
| 12. | KOPEX-FAMAGO | 18.07.2013 | 13.000 | 13.000 | 31.12.2016 |
| 13. | PROMACK | 10.10.2013 | 1.100 | 1.100 | 31.03.2015 |
| 14. | KOPEX- EX COAL | 18.04.2014 | 7.500 | 7.500 | 30.06.2018 |
| 15. | KOPEX- EX COAL | 12.11.2014 | 3.500 | 2.400 | 30.06.2018 |
| 16. | KOPEX-FAMAGO | 29.04.2014 | 8.750 | 6.172 | 31.12.2016 |
| 17. | KOPEX-FAMAGO | 12.05.2014 | 13.000 | 9.407 | 31.12.2016 |
| 18. | KOPEX-FAMAGO | 12.05.2014 | 16.300 | 16.300 | 31.12.2016 |
| 19. | KOPEX-FAMAGO | 15.07.2014 | 37.015 | 37.015 | 01.04.2018 |
| TOTAL | | | 162.950 | 141.886 | |

EUR THOU

| no. | BORROWER | DATE OF LOAN | LOAN AMOUNT | DEBT BALANCE AS AT 31.12.2014 | REPAYMENT DATE |
|-----|-----------|--------------|-------------|----------------------------------|----------------|
| 1. | KOPEX MIN | 31.10.2007 | 1.900 | 1.900 | 31.12.2015 |
| 2. | KOPEX MIN | 25.05.2009 | 1.100 | 1.100 | 31.12.2015 |
| 3. | KOPEX MIN | 15.07.2009 | 126 | 126 | 31.12.2015 |
| 4. | KOPEX MIN | 27.01.2010 | 60 | 60 | 31.12.2015 |
| 5. | KOPEX MIN | 17.08.2010 | 600 | 600 | 31.12.2015 |

| | | | | | |
|--------------|--------------------|------------|---------------|---------------|------------|
| 6. | KOPEX MIN | 17.08.2010 | 300 | 300 | 31.12.2015 |
| 7. | KOPEX MIN | 17.08.2010 | 200 | 200 | 31.12.2015 |
| 8. | KOPEX MIN | 04.11.2011 | 5.500 | 5.500 | 31.12.2015 |
| 9. | KOPEX MIN LIV A.D. | 10.04.2008 | 500 | 500 | 31.12.2015 |
| 10. | KOPEX MIN LIV A.D. | 25.05.2009 | 35 | 35 | 31.12.2015 |
| 11. | KOPEX MIN | 15.07.2009 | 40 | 40 | 31.12.2015 |
| 12. | KOPEX MIN | 14.08.2013 | 1.100 | 1.100 | 31.12.2015 |
| 13. | KOPEX MIN | 21.01.2014 | 93 | 93 | 31.12.2015 |
| 14. | KOPEX MIN LIV A.D. | 10.02.2014 | 100 | 100 | 31.12.2015 |
| 15. | KOPEX MIN | 17.12.2014 | 200 | 200 | 31.12.2016 |
| 16. | KOPEX MIN LIV A.D. | 17.12.2014 | 183 | 183 | 31.12.2016 |
| TOTAL | | | 12.037 | 12.037 | |

USD THOU

| no. | BORROWER | DATE OF LOAN | LOAN AMOUNT | DEBT BALANCE AS AT 31.12.2014 | REPAYMENT DATE |
|--------------|------------------------------------|--------------|--------------|-------------------------------|----------------|
| 1. | KOPEX MINING CONTRACTORS INDONEZJA | 11.04.2011 | 2.000 | 2.000 | 30.06.2015 |
| 2. | KOPEX MINING CONTRACTORS INDONEZJA | 17.08.2012 | 500 | 100 | 31.01.2015 |
| TOTAL | | | 2.500 | 2.100 | |

Following loan repayment terms were prolonged:

- „KW” Promack S.K.A. loans in the total outstanding amount of PLN 19,200 thousand were prolonged until 31.12.2015
- „KW” Promack STA-Odlewnie loans in the total outstanding amount of PLN 4.300 thousand were prolonged until 30.12.2015
- KOPEX-Famago loans in the total outstanding amount of PLN 44.879 thousand were prolonged until 31.12.2016,
- Kopex Mining Contractors Indonezja – loan from 17.08.2012. Negotiations are currently underway concerning the prolongation agreement.
- Kopex Mining Contractors Indonezja - loan from 11.04.2011, was prolonged until 30.06.2015
- Autokopex – loan in the amount of PLN 3.000 thousand, was prolonged until 31.08.2018
- KOPEX Min – loans in the total amount of EUR 10.926 thousand were prolonged until 31.12.2015

LIST OF SURETIES GRANTED

PLN THOU

| No. | SURETY DATE | ENTITY FOR WHICH SURETY WAS AWARDED | ENTITY FOR WHOM SURETY WAS GIVEN | AMOUNT OF SURETY OR GUARANTEE | AMOUNT REMAINING FOR SETTLEMENT | PURPOSE OF AMOUNTS COVERED BY THE SURETY | SURETY VALIDITY DATE |
|-----|-------------|-------------------------------------|----------------------------------|-------------------------------|---------------------------------|--|----------------------|
| 1. | 22.02.2011 | KOPEX MACHINERY | PKO BP SA | 19.743 | 6.513 | Contract surety | 31.07.2016 |
| 2. | 01.03.2011 | KOPEX-FAMAGO | mLEASING | 3.715 | 875 | Contract surety | 15.06.2016 |
| 3. | 21.04.2011 | KOPEX-FAMAGO | mLEASING | 1.589 | 627 | Contract surety | 16.04.2016 |
| 4. | 17.08.2011 | KOPEX MACHINERY | PKO BP SA | 10.939 | 509 | Contract surety | bezterminowo |
| 5. | 16.09.2011 | KOPEX MACHINERY | ING LEASE | 12.682 | 1.928 | Contract surety | 31.10.2015 |
| 6. | 31.01.2012 | ELGÓR + HANSEN | mBank | 11.000 | 11.000 | Contract surety | 20.03.2016 |
| 7. | 04.08.2011 | KOPEX MACHINERY | WFOŚiGW | 1.500 | 734 | Contract surety | 15.12.2015 |
| 8. | 22.05.2012 | KOPEX-PBSz | ING LEASE | 10.150 | 4.171 | Contract surety | 22.05.2016 |
| 9. | 28.05.2012 | KOPEX MACHINERY | ING LEASE | 8.300 | 3.137 | Contract surety | 31.08.2016 |
| 10. | 23.07.2012 | KOPEX-FAMAGO | mLEASING | 836 | 307 | Contract surety | 28.08.2017 |

| No. | SURETY DATE | ENTITY FOR WHICH SURETY WAS AWARDED | ENTITY FOR WHOM SURETY WAS GIVEN | AMOUNT OF SURETY OR GUARANTEE | AMOUNT REMAINING FOR SETTLEMENT | PURPOSE OF AMOUNTS COVERED BY THE SURETY | SURETY VALIDITY DATE |
|--------------|-------------|-------------------------------------|----------------------------------|-------------------------------|---------------------------------|--|----------------------|
| 11. | 31.07.2012 | KOPEX EKO | ING LEASE | 1.047 | 339 | Contract surety | 17.09.2016 |
| 12. | 17.05.2010 | KOPEX FAMAGO | Ergo Hestia | 615 | 615 | Surety for Ergo Hestia | 29.02.2016 |
| TOTAL | | | | 82.116 | 30.755 | | |

EUR THOU

| No. | SURETY DATE | ENTITY FOR WHICH SURETY WAS AWARDED | ENTITY FOR WHOM SURETY WAS GIVEN | AMOUNT OF SURETY OR GUARANTEE | AMOUNT REMAINING FOR SETTLEMENT | PURPOSE OF AMOUNTS COVERED BY THE SURETY | SURETY VALIDITY DATE |
|--------------|-------------|-------------------------------------|----------------------------------|-------------------------------|---------------------------------|--|----------------------|
| 1. | 17.11.2011 | KOPEX MACHINERY | ING BSK SA | 500 | 500 | Treasury transactions | 30.10.2018 |
| 2. | 01.03.2010 | KOPEX-FAMAGO | ALTA | 3.003 | 425 | surety to secure any obligations, orders | 30.06.2015 |
| 3. | 14.10.2010 | KOPEX-FAMAGO | ALTA | 293 | 54 | surety to secure any obligations, orders | 30.10.2015 |
| 4. | 01.06.2011 | KOPEX-FAMAGO | ALTA | 853 | 319 | surety to secure any obligations, orders | 30.06.2016 |
| TOTAL | | | | 4.649 | 1.298 | | |

LIST OF SURETIES RECEIVED BY KOPEX SA

PLN THOU

| No. | SURETY DATE | ENTITY THAT MADE SURETY FOR KOPEX SA | ENTITY FOR WHOM SURETY WAS GIVEN | AMOUNT OF SURETY OR GUARANTEE | AMOUNT REMAINING FOR SETTLEMENT | PURPOSE OF AMOUNTS COVERED BY THE SURETY | SURETY VALIDITY DATE |
|--------------|-------------|--------------------------------------|----------------------------------|-------------------------------|---------------------------------|--|----------------------|
| 1. | 19.12.2011 | KOPEX MACHINERY | PKO BP SA | 110.235 | 33.608 | poręczenie umowy kredytowej | 09.06.2017 |
| TOTAL | | | | 110.235 | 33.608 | | |

EUR THOU

| No. | SURETY DATE | ENTITY THAT MADE SURETY FOR KOPEX SA | ENTITY FOR WHOM SURETY WAS GIVEN | AMOUNT OF SURETY OR GUARANTEE | AMOUNT REMAINING FOR SETTLEMENT | PURPOSE OF AMOUNTS COVERED BY THE SURETY | SURETY VALIDITY DATE |
|--------------|-------------|--------------------------------------|----------------------------------|-------------------------------|---------------------------------|--|----------------------|
| 1. | 25.02.2011 | KOPEX MACHINERY | ING BSK SA | 1.500 | 1.500 | transakcje pochodne | 30.10.2018 |
| TOTAL | | | | 1.500 | 1.500 | | |

In 2014 sureties were granted in favor KOPEX SA, by Mr. Krzysztof Jędrzejewski for:

- loans granted to the company KW SP z o.o. Promack S.K.A on 09.10.2014 until 13.10.2014 in the total amount of PLN 26.000 thousand.

GUARRANTIES

State of guarantees granted by KOPEX SA at the date of 31.12.2014 amounted to PLN 88,622 thousand. These are tender guarantee, contractual (for the return of advance payments and performance bonds). Guarantees are issued in the following banks and insurance companies: Raiffeisen Bank Polska S.A.; PKO BP S.A.; ING Bank Śląski S.A.; BNP Paribas Bank Polska S.A.; Citi Bank Handlowy S.A.; Deutsche Bank Polska S.A.; TU Allianz Polska S.A.; Deutsche Bank Niemcy; BZ WBK S.A.

5.1.3. ASSESSMENT OF FEASIBILITY OF INVESTMENT PLANS, INCLUDING CAPITAL INVESTMENTS, IN COMPARISON TO THE FUNDS AVAILABLE, INCLUDING POSSIBLE CHANGES IN THE STRUCTURE OF ACTIVITIES FINANCING IN 2015

In 2015, KOPEX SA provides for the implementation of investment plans such as:

- taking up new shares,
- technical protection of information, modernization of disk storage, expansion of the monitoring system, development of Lotus/Connections, deployment of BI, purchase of computer equipment and means of transport.

These investments will be financed mainly from KOPEX SA own resources and external sources of funding.

5.2. INSURANCE AGREEMENTS - AS AT 31.12.2014

- property insurance – TUiR WARTA S.A.
- liability insurance of business and property - TUiR WARTA S.A.
- Members of company Authorities liability insurance – AIG Europe Limited Oddział w Polsce
- liability insurance for entities authorized to perform service activities in the field of bookkeeping and tax advisory services - Powszechny Zakład Ubezpieczeń PZU S.A.
- construction and assembly insurance - TUiR WARTA S.A.; Uniqa TU S.A.
- medical expenses and accident insurance for the employees on delegations and on foreign contracts - ERGO HESTIA S.A.
- accident insurance NNW on the territory of Republic of Poland – ERGO HESTIA S.A.
- insurance of goods in transport (cargo) - ERGO HESTIA S.A.
- motor insurance - TUiR WARTA S.A., TUiR ALLIANZ POLSKA S.A. BENEFIA TU S.A. VIENNA INSURANCE GROUP

5.3. INFORMATION ON TOTAL VALUE OF WAGES AND AWARDS PAID OR PAYABLE IN 2009 FOR MANAGERS AND SUPERVISORS OF THE ISSUER AND INFORMATIONS ON VALUE OF WAGES AND AWARDS RECEIVED FOR PERFORMING THEIR FUNCTIONS IN THE AUTHORITIES OF THE SUBSIDIARIES, CORRELATIVES AND AFFILIATED) IN 2014

Remuneration of Supervisors and Management at the Issuer are set out in section 20 of Financial Statements of Kopex S.A.

5.4. SIGNIFICANT RISK FACTORS. CHARACTERISTICS OF INTERNAL AND EXTERNAL FACTORS WHICH ARE IMPORTANT FOR THE COMPANY'S DEVELOPMENT. EVALUATION OF ATYPICAL FACTORS AFFECTING THE OUTCOME ON ACTIVITIES FOR THE FISCAL YEAR 2014

Significant risks and threats are presented in SWOT analysis below:

| CHANCES | THREATS |
|--|--|
| <ul style="list-style-type: none"> • Persistent demand for complex supplies and services resulting from the development of underground mining in Poland and abroad; • Interest in underground and open-cast mining in several global markets; • Interest in feasibility study projects for mining industry; • Demand for mining services, also associated with mining of extraction of salt and other minerals; • A significant increase in quality of Polish industrial products and their attractive price; • Greater openness of Polish enterprises to activities in the global markets; • Increase in expenditures and requirements for environmental protection; • Implementation of the program to optimize asset management and production processes; | <ul style="list-style-type: none"> • Rapid consolidation processes of the major competitors of the Company; • Severe lack of specialists in typical industrial occupations; • Necessity of significant pre-financing, resulting from a very long time of return of investment in manufacture, supply and commissioning of the systems sold • Strengthening positions of competitive Polish and foreign companies; • Increasing competition in the world and domestic markets • Risks related to the current geopolitical situation in Ukraine and in Russia; • Risks related to the economic situation in Argentina; • Risk of executing works in the changing mining and geological conditions; |

| CHANCES | THREATS |
|--|--|
| <ul style="list-style-type: none"> Further decline in NBP reference rate. | <ul style="list-style-type: none"> Delays in execution of certain contracts; High demands to enter certain markets; Increased costs associated of renewal of the machinery fleet Limits of use of the manufacture capacities; Significant and unpredictable fluctuations in exchange rates; The decline in financial standing and liquidity of Mining Companies. |
| STRENGTHS | WEAKNESSES |
| <ul style="list-style-type: none"> Access to production facilities providing complex commercial offers Recognised position and trademark of the Company in Poland and abroad Entry new sales markets, requiring advanced technologies Geographical diversification of products and services offered Stability of cooperation with customers Stable financial situation Vast experience in running large investment projects all over the world; Diversified portfolio of products and services offered Good orientation in demand of foreign customers and in manufacture capabilities of the Polish mining engineering industry Experience in obtaining financing and building of trade finance for investment projects; Experience in effective reducing exchange rate risk.; Favourable ratio of debt to assets; Diversification of financial institutions dealing with the Group. | <ul style="list-style-type: none"> Dissipation of the Company's assets Too low potential of the reserve personnel of the projects executed abroad Significant dependence of the revenues from demand in the coal mining industry. The relatively long time of inventory and trade receivables turnover. |

THE ISSUER - INTEREST RATE RISK

KOPEX S.A. finances its operations using loans bearing interest at a variable interest rate WIBOR 1M + margin. In order to minimize interest rate risk Kopex SA transformed variable interest cash flows on a permanent basis, comprising on 07.02.2013 an IRS transaction. Denomination transactions of PLN 100 mln, transaction completion period 30.06.2014. As at 31.12.2014, the Company had no instruments hedging interest rate risk and used the current decrease reference rate WIBOR 1M and monitored the Monetary Policy Council decisions in this regard on an ongoing basis.

THE ISSUER - CURRENCY RISK

The Company is exposed to currency risk mainly due to core activities such as sale and purchase of goods and services in foreign currencies (primarily in EUR and USD).

Foreign exchange forward contracts are the main financial instruments hedging currency risk.

To reduce the currency risk in accordance with the strategy adopted by the Board, the procedure of actual cash flow hedge is applied.

The Company does not conclude speculative transactions

In 2005 KOPEX S.A. adopted the " Currency risk and interest rate hedging strategies ", according to which signing a commercial contract, currency risk hedging transactions are concluded, i.e.in relation to the exchange rate adopted in the offer's calculation. In case of contracts for trading in coal, they are concluded upon placing an order shipment.

The Company applies hedge accounting (detailed description in accounting policies), and natural hedging.

As at 31.12.2014 the Company had open hedging foreign currency items in the following amounts:

- USD 2.584 thousand;
- EUR 66.068 thousand.

As at 31.12.2014 the fair value of the aforesaid transactions was estimated at a total amount of PLN: -31 thousand (negative value), of which PLN 850 thousand were realised hedging transactions held in equity until the hedged forecast transaction incident, and PLN -881 thousand were unrealized transactions according to valuation models used by the banks in which the transactions were carried out.

The fair value of PLN -31 thousand consist of:

- the amount of PLN -393 thousand (This amount includes PLN 850 thousand of the realised transactions and PLN -1.243 of the unrealised transactions) was recognised as revaluation of equity,
- the amount of PLN 362 thousand in profit and loss account (This amount includes PLN 38 thousand of the transactions for which hedge accounting is conducted).

As at 31.12.2014 valuation of the Company's hedging transactions made by the banks was based on the following spot rates:

: USD: 3,5072; EUR: 4,2623.

5.5. DEVELOPMENT PROSPECTS OF THE ISSUER AND THE CAPITAL GROUP

The factors that, in the opinion of the Issuer may have a significant impact on the financial results to be earned within at least one year are:

- The deepening recession in the global coal markets. Drastic declines in oil prices, coal import restrictions in the Chinese market, shale revolution in the US, increase the availability of coal in international trade which translates in Polish mining further regress of capital expenditure, which in 2015 will remain at a limited level, determined level of current and foreseeable future coal prices. Funds for investment in 2015 will not increase in both domestic and foreign markets, particularly in Russia and China.
- Risks related to the current geopolitical situation in Ukraine and Russia. Russia is one of the important markets of the Group. Recent geopolitical and economic turbulence observed in the region, especially the events in Ukraine, could have had and could have a negative impact on the Russian economy, including the weakening of the Russian currency, rising interest rates and limited liquidity. These events, including current and future international sanctions with regard to Russian companies and citizens associated with the uncertainty and variability in the supply chain may affect the Group's operations. The Management of the Group closely observes the development of events and adjusts strategic intentions in order to minimize currency risk and potential fluctuations in demand.
- Risks associated with profound restructuring of the mining industry on the financial sphere. Polish mining companies waive the pre-planned purchases of operating and investing further in the public procurement extending payment terms to 120, and even 150 days.
- Risks related to the economic situation in Argentina - the third largest economy in Latin America. Kopex Group involved in several mining projects in Argentina constantly analyzes the risks arising from the presence in this market.
- The long-term prospect of a gradual increase in demand for coal in the global commodity markets, although sharpened climate policy of the European Union today is not conducive to the formation of a viable alternative to coal power, and thus the demand for energy coal.
- Further diversification of the Company's activities, both in geographical and product terms. Leaving the tasks associated insignificantly with core activity of KOPEX S.A. or tasks of a low profitability, building new competences.
- Conducting further intensive research and development efforts for greater modularization of machines and equipment for mining. The Kopex Group is actively working on new types of machinery and equipment, which would meet previously unmet needs of customers both domestic and abroad. In order to increase sales volume group promotes and encourages customers to purchase complete longwall systems. Technological possibilities of Kopex Machinery in conjunction with the potential of companies TAGOR and Elgór + Hansen (formerly Kopex Electric Systems) allow to offer a complete longwall mining equipment also allowing an opportunity to improve profitability at such a sale. The works on a system for automated exploitation of thin and extremely thin seams named MIKRUS moved from test phase to the operational/excavation phase. Taking into consideration the fact that over 30% of carbon is in arrears in the corrugated board, inclined and overgrown with hard rock, where the efficiency of very expensive plow system is very low. MIKRUS in the these circumstances, is surely a promising alternative, not only in the domestic market
- Further continuation of the program of optimizing the use of assets of the Group and the program of optimization of production processes. The incorporation processes, sales and liquidation will reduce the number of entities in the Group to 22 in 2016, and the optimization of production processes will limit the technical manufacturing cost in all aspects of cost.
- Dynamizing the after-market services and service operations by building competencies in China (creating Kopex Taian), expansion of Company Kopex Sibir in Russia, and developing aftermarket facilities in the region of Vorkuta.

Furthermore Kopex together with Shandong Machinery Group creates a research and development center in Beijing. Centre facilities will constitute technological solutions for products intended for the Chinese market.

- In the Polish market, the primary form of distribution of longwall shearers is a lease of such equipment, where Kopex Machinery and ZZM - Maszyny Górnicze has more than 40% of share.
- Further stabilization in the field of mining services provided by the company Kopex – PBSz and Dalbis. The results of this sector in the context of a slowdown in the mining industry, are particularly good. The Companies regularly participates in tenders announced by the investors, acquiring new contracts.
- Maintaining a good level of performance in the mining sector - electrical and electronic equipment. Elgór+Hansen is a leader in the studies, production and implementation of electrical equipment in explosion-proof enclosures, providing maneuvering kits for power supply and haulage for shearers and longwall systems, boxes of apparatus and explosion-proof equipment for road headers, as well as electrical equipment for longwall systems. Elgór+Hansen is also a supplier of electrical equipment for plow system produced by company CATERPILLAR, delivered to the Polish mines. In many subsets of the product in the field of power systems and power distribution in Polish mines Elgór+Hansen will in subsequent quarters have a dominant position.
- Further enhancement of product offerings of Kopex Africa - specializing in the production of power distribution stations in explosion-proof and fire-proof housing. High quality products means that the Company's key customers are the world's largest mining companies such as Sasol Mining, BHP Biliton, Glencore Xtrata.

5.6. INFORMATION ON BASIC PRODUCTS AND SERVICES OF THE CAPITAL GROUP

Product structure of sales income for 2014 compared to 2013 is presented in Section 2.1. of this report and in section 14 of the Financial Statements of Kopex SA.

5.7. KOPEX SA SALES MARKETS

KOPEX SA MAIN SALES MARKETS:

ABROAD:

- Argentina - export of machinery and mining equipment,
- Austria - coal export.
- Bosnia and Herzegovina - export of machinery and mining equipment,
- China - export of machinery and mining equipment,
- France - mining services,
- Spain - coal export.
- Russia - export of machinery and mining equipment,
- Romania - export of machinery and mining equipment,
- Serbia - export of machinery and mining equipment,
- Slovakia - export of coal,
- Sweden - export of coal,
- Turkey - mining services and export of machinery and mining equipment,
- Ukraine - export machinery and mining equipment.

DOMESTIC: services: information technology, accounting, leasing, financial, lease, rental and sale of commodity, including: machinery and equipment for underground mining.

The largest customers of the Issuer in 2014 b were companies operating in the segment of sales: mining. The customers are located in Argentina, Russia, Bosnia and Herzegovina, China, Turkey, France, Poland, Serbia, Ukraine and Romania. In the segment of coal sales the companies were located in Spain, Sweden, Slovakia, Austria and Poland.

During the 2014 quantitative criterion defining the main customer has been achieved with two contractors. Revenues from the first contractor amounting to PLN 137.825 thousand were realized in the segment: mining; there is no capital link between the recipient and Kopex SA.

Revenues from the second contractor amounting to PLN 43. thousand were realized in the segment: mining; there is no capital link between the recipient and Kopex SA.

Major suppliers of the Company in 2014:

KOPEX SA act as central coordinator of the supply of materials for the whole Capital Group. The Group has developed network of supply, mainly based on domestic market.

The Issuer's largest suppliers in 2014 in the segment: mining and sales of coal are companies operating in the domestic market.

The share of four of the suppliers exceeded 10% share in sales revenues in 2014.

In the first case it was a company operating in the segment sales: mining, whose share in sales amounted to 24.9%; above supplier is a direct subsidiary of Kopex SA

In the second case it was a company operating in the segment: mining, whose share in sales amounted to 13.2%; above supplier is a an indirect subsidiary of Kopex SA

In the third case it was a company operating in the segment: mining, whose share in sales amounted to 10.1%; above supplier is a direct subsidiary of Kopex SA

In the fourth case it was a company operating in this segment: sales of coal, whose share in sales amounted to 10.0%; there is no capital link between the supplier and Kopex SA.

5.8. ZNACZĄCE UMOWY – ZDARZENIA DLA DZIAŁALNOŚCI SPÓŁKI ORAZ GRUPY KAPITAŁOWEJ

During the reporting period the Issuer and its subsidiaries has conducted statutory business activity.

Kopex Group's companies during the reporting period signed several trade agreements, including:

- On 4 February 2014 two contracts were signed with the company Zakłady Mechaniczne Bumar - Łabędy S.A. based in Gliwice, with Parties: KOPEX S.A. – as a Seller and Zakłady Mechaniczne Bumar - Łabędy S.A. – as the Buyer. The subject of the agreement is "Supply of complete longwall system, as well as spare parts, trainings and technical assistance during the assembly and commissioning of the equipment and on its operation during the first 6 months, as well as delivery of technical documentation for the final recipient in Argentina". The contract amounts to EUR 33.950.000,00 gross i.e. PLN 143.863.125,00 according to the average exchange rate published by the NBP on 03 February 2014. The subject of second contract is: „Delivery of two roadheaders type KTW-200/1 with together with the power supply equipment and transporting equipment as well as spare parts, trainings and technical assistance during the assembly and commissioning of the equipment and on its operation during the first 6 months, as well as delivery of technical documentation for the final recipient in Argentyna". The Contract amounts to: EUR 22.490.000,00 gross i.e., PLN 95.301.375,00 according to the average exchange rate published by the NBP on 03 February 2014. The final recipient of both deliveries is coal mine Yacimiento Carbonifero Rio Turbio in Argentina.
- On 14 February 2014 there has been an annex signed to the agreement with the French company Mines de Potasses d'Alsace S.A. based in Wittelsheim, France (hereinafter referred to as MDP), concluded on 26 January 2007 which subject was: „Post-excavation maintenance of mining installations and mining plant closure." Implementation of the agreement currently covers: - operation maintenance of underground and surface mining installations of mining plant, currently under closure, in Wittelsheim as well as maintenance of mining equipment given at the disposal of the Issuer by the MDP, - building insulation dams in the operation area and liquidation of shafts Joseph and Else. The annex signed on 14 February 2014 extends the period of its implementation to 30 June 2021 with the possibility of renewal for further annual periods. Value of works covered by the annex amounts to: net EUR 21.732.291,99 i.e. PLN 90.254.208,63 according to the average exchange rate published by the NBP on 14 February 2014.
- On February 19, 2014 the Issuer has received information on the basis of which it states that the Issuer and the Issuer's subsidiaries during the period from 20 February 2013 concluded number of contracts with Jastrzębska Spółka Węglowa S.A. based in Jastrzębie-Zdrój which total value exceeds 10% of the equity of the Issuer as of the last quarterly report published by the Issuer (QSR-4 on 26 February 2014). The value of the Issuer's equity underlying criterion is PLN 1.429.024 thousand. The total value of contracts concluded with Jastrzębska Spółka Węglowa S.A., of which the Issuer received information, in the period from 20 February 2013 to 20 February 2014 amounts to PLN 165.444.039,14 net. The highest value contract of the contained in the aforementioned period is the contract dated 26.04.2013 received on 30.04.2013, parties to the agreement are: Jastrzębska Spółka Węglowa S.A.; Kopalnia Węgla Kamiennego „Budryk” – the Purchaser and the Consortium which includes KOPEX - Przedsiębiorstwo Budowy Szybów S.A. (Issuer's subsidiary) as the Leader and Przedsiębiorstwo Robót Specjalistycznych „Wschód” S.A. as a consortium member - appearing together as a Contractor.

The subject to the aforementioned agreement are: Mining operations associated with the implementation of the storage reservoir, the reservoir chamber, reconstruction of the chute trench to the skip and the loading chamber on the level 1090 in JSW SA KWK „Budryk”. The The contract value is: PLN 32.995.003,09 net + VAT. Estimated salary of the company KOPEX - Przedsiębiorstwo Budowy Szybów S.A. under the terms of the Consortium Agreement is approximately 50% of the amount PLN 32.995.003,09 net, i.e. PLN 16.497.502 net, plus a commission of about PLN 329.950 net, i.e. ca. PLN 16.827.452 net +VAT.

- On 20 February 2014 the Issuer has received information about the signing by KOPEX - Przedsiębiorstwo Budowy Szybów S.A. in Bytom (Issuer's subsidiary) Annex dated 02.18.2014 to the significant agreement dated 30.07.2009 concluded between: KOPEX - Przedsiębiorstwo Budowy Szybów S.A. – Contractor and Jastrzębska Spółka Węglowa S.A. - Purchaser, the subject of which is implementing the shaft pipe and bilateral shaft inlet in 1 BZIE in JSW S.A. The Annex applies to changes in unit prices sinking and the implementation of additional and complementary works. Accordingly, the parties agreed that the total value of the contract, was increased by the amount of PLN 3.115.412,04 net i.e. to the total value of PLN 240.740.793,59 net + VAT.
- On March 4, 2014 the Issuer has received information according to which it states that the Issuer and the Issuer's subsidiaries, in the period from 2 August 2013 concluded number of contracts with Kompania Węglowa S.A. based in Zdrój which total value exceeds 10% of the equity of the Issuer as of the last published by the Issuer's quarterly report QSr-4 on 26 February 2014). The value of the Issuer's equity underlying criterion is PLN 1.429.024 thousand. The total value of contracts concluded with Kompanią Węglową S.A. of which the Issuer received information, in the period from 2 August 2013 to 4 March 2014 amounts to PLN 161.872.028,55 net. The highest value contract of the concluded in the aforementioned period is the contract dated 20.11.2013 signed on 12.9.2013 which parties are: Kompania Węglowa S.A. - as Purchaser andz KOPEX MACHINERY S.A. (Issuer's subsidiary) - as Contractor. The subject of the aforementioned agreement is the supply of spare parts for scraper conveyors produced by RYFAMA to Oddziały Kompanii Węglowej S.A. in the years 2013-2014. The value of the agreement amounts to: PLN 22.923.455,62 net + VAT.
- On 27.03.2014r. the Issuer has received information according to which it states that the Issuer and the Issuer's subsidiaries, in the period from 21 November 2013 concluded number of contracts with ING Lease (Polska) Sp. z o.o. based in Warsaw which total value exceeds 10% of the equity of the Issuer as of the last published by the Issuer's quarterly report QSr-4 on 26 February 2014). The value of the Issuer's equity underlying criterion is PLN 1.429.024 thousand. The total value of contracts concluded with ING Lease (Polska) Sp. z o.o., of which the Issuer received information, in the period from 22 November 2013 to 27 March 2014 amounts to PLN 171.753.829,61 net. The highest value contract of the concluded in the aforementioned period is the financial lease agreement, dated 21.03.2014, and received on 27.03.2014 of which the parties are: ING Lease (Polska) Sp. z o.o. - as the Financing party and KOPEX MACHINERY S.A. (Issuer's subsidiary) – as the Beneficiary. The subject of the aforementioned agreement is the lease of the complete mining complex with equipment. Net value of the equipment is: PLN 84.253.829,61 (entry fee, payments of principal + interest). Object of the lease will be purchased by the Financing Party from KOPEX MACHINERY S.A.
- On 10 April.2014 the Issuer has received information about the signing by KOPEX Machinery S.A. in Zabrze (Issuer's subsidiary) an Annex dated 03.03.2014 to the significant agreement concluded with Kompania Węglowa S.A. for „lease of mining shearer type KSW-880EU in KWK Knurów-Szczygłowice, along with protection warranty service and maintenance throughout the service life”, of which the Issuer informed in current report No 127/2012 dated 12.10.2012. The parties of the signed Annex are KOPEX Machinery S.A. as the Lessor and Kompania Węglowa S.A. „Oddział KWK „Knurów-Szczygłowice” as the Lessee. Under this Annex the value of the contract was changed and it increased from the amount of PLN 1.956.178,86 net up to the amount of PLN 2.406.403,86 net, also the lease period was extended from 487 days to 602 days. Other terms and conditions remain unchanged.
- On 19 April 2014 the Issuer has received information about the signing by KOPEX - Przedsiębiorstwo Budowy Szybów S.A. in Bytom (Issuer's subsidiary) an Annex dated 03.04.2014 to the significant agreement dated 30.07.2009, concluded between: KOPEX - Przedsiębiorstwo Budowy Szybów S.A. – Contractor and Jastrzębska Spółka Węglowa S.A. - Purchaser, the subject of which is implementing the shaft pipe and bilateral shaft inlet in 1 BZIE in JSW S.A.. KWK Borynia-Zofiówka-Jastrzębie Ruch Zofiówka. The Annex applies to changes in the value of the contract in relation to the indexation of wages. Accordingly, the parties agreed that the total value of the contract, was increased by the amount of PLN 924.902,66 net i.e. to the total value PLN 241.665.696,25 net + VAT.
- The Management Board of KOPEX S.A. in Katowice (the Issuer) informs that the Issuer and the Issuer's subsidiaries during the period from 16.04.2013 to 15.04.2014 concluded number of contracts with Katowicki Holding Węglowy S.A. in Katowice which total value exceeds 10% of the equity of the Issuer as of the last quarterly report published by the Issuer (QSr-4 on 26 February 2014). The value of the Issuer's equity underlying criterion is

PLN 1.446.993 thou. The total value of contracts concluded with Katowicki Holding Węglowy S.A., of which the Issuer received information, in the period from 16.04.2013 to 15.04.2014 amounts to PLN 160.128.105,85 net. The highest value contract of the concluded in the aforementioned period is the Framework agreement for the sale of coal dated 11.04.2014, received on 15.04.2014, to which the parties are Katowicki Holding Węglowy S.A. – as the Seller and KOPEX S.A. – as the Buyer. The object of the above-mentioned agreement is the sale of coal, which the Issuer buys with the intention of resale, both domestically and outside the Polish territories to domestic and foreign customers. In the Annexes no 1 and no 2 to the aforementioned agreement dated 11.04.2014 and received together with the agreement on 15.04.2014 the Parties agreed conditions of resale of coal by the Buyer for an agreed recipient of the national and foreign market. The total value of the contract in terms of the amount of coal contracted in the content of the agreement and the above-mentioned Annexes 1 and 2 relating to deliveries in the period from April to August 2014 amounts to PLN 26.999.942,00 net + VAT, including the amount for the domestic recipient PLN 22.884.962,00 and for the foreign market: PLN 4.114.980,00. Pursuant to the provisions of the framework agreement, this value can be increased in the event of receipt of further orders by the Purchaser during the period from September to December 2014 - after obtaining further customers.

- The Board of Kopex SA with its seat in Katowice (the Issuer) announces that on 21 July 2014 it received an information on extending the term of the agreement dated 20.11.2013 r. whose parties are Kompania Węglowa S.A. - as the Contracting Authority and KOPEX MACHINERY S.A. (a subsidiary of the Issuer) - as a Contractor. The subject of the above agreement is: Delivery of spare parts for scraper conveyors produced by RYFAMA to branch of Kompania Węglowa S.A. in 2013-2014. The original agreement was valid until 30.06.2014. However, as a result of failure to submit an Order by the Purchaser during the agreement validity during its term contracts with a total value of at least 50% of the total value of the Contract, according to the provisions of Agreement, the duration of its validity was extended until 30.09.2014. remaining provisions of the Agreement remain unchanged.
- The Board of Kopex SA with its seat in Katowice (the Issuer) announces that on 29 August 2014 2014 it received an information about the signing by KOPEX - Przedsiębiorstwo Budowy Szybów S.A. in Bytom (subsidiary) an Annex dated 26.08.2014 to the significant agreement dated 30.07.2009, concluded between: KOPEX - Przedsiębiorstwo Budowy Szybów S.A. – Contractor and Jastrzębska Spółka Węglowa S.A. - Purchaser, the subject of which is to implement the shaft pipe and double-sided shaft inlet in the shaft 1 BZIE in Jastrzębska Spółka Węglowa S.A. KWK Borynia-Zofiówka-Jastrzębie Ruch Zofiówka. An annex applies changes to the scope of physical and financial contracts (additional work). Accordingly, the parties agreed that the total value of the contract was increased by the amount of PLN 16.968.962,85 net i.e. to the total amount of PLN 258.634.659,10 net + VAT.
- The Board of Kopex SA with its seat in Katowice (the Issuer) announces that on 10 October 2014 it received a signed Agreement dated 01 October 2014, concluded between: KGHM Polska Miedź S.A. based in Lubin (Purchaser) and the Issuer subsidiary: KOPEX Machinery S.A. based in Zabrze (Contractor). Subject of agreement is execution work entitled: "Development of a prototype mining complex" in the framework of the Project: "Determination of the technical-technological and economic capabilities of mechanical mining excavation of the copper ore with use of mechanized mining longwall system and participation in service testing of a designed and built prototype." The agreement is an expression of the will of the parties that have expressed their intention to cooperate in the development and implementation of a prototype mechanized longwall system for excavating copper ore, which can be used in KGHM Polska Miedź S.A. underground copper ore mines.
The total value of the Contractor's remuneration is set at a flat rate and amounts to 47,822,336.00 zł net + VAT. The agreement will be implemented in three stages: Stage I - 20 months, the second stage - 16 months, Stage III - 7 months. Getting Started will take place after approval by the Purchaser of the project results implemented by the AGH in Krakow and the Contractor: "Design, construction and testing of the model of body for mechanical mining of copper ore."
The Issuer's subsidiaries, in the period from 16 December 2013 concluded number of agreements with KGHM Polska Miedź S.A. based in Lublin and its subsidiaries. The total value of these contracts exceeds 10% of the equity of the Issuer.
The total value of contracts concluded with KGHM Polska Miedź S.A. and its subsidiaries, of which the Issuer received information during the period from 16 December 2013 to 10 October 2014 amounts to PLN 175.762.336,00.
- The Management Board of KOPEX SA with its registered seat in Katowice (the Issuer) announces that on 27.11.2014 it received an information on signing an agreement dated 25.11.2014 concluded between Jastrzębska Spółka Węglowa SA with its seat in Jastrzębie Zdrój (Purchaser) and a Consortium of companies: Fabryka Maszyn i Urządzeń TAGOR S.A. (Issuer's subsidiary) – Leader of Consortium, Przedsiębiorstwo Hydromel S.A. and BECKER – WARKOP Sp. z o.o. occurring together as a Contractor. The subject of the agreement is: " Delivery of 159 pieces of roof support sections type TAGOR-14/32-POz and 6 pieces of outer sections type TAGOR-14/32-POz/S for JSW S.A. KWK "Budryk". The agreement amounts to PLN 30.906.504,06 net + VAT.

The share of the Fabryka Maszyn i Urządzeń TAGOR S.A. in the value of the contract is according to the preliminary findings of approx. 38%. The participation of individual members of the consortium contract value will be determined in a separate agreement between the parties of the consortium.

The contract will be financed by PKO Bankowy Leasing Sp. z o.o. in Łódź (with the Purchaser limit granted under the lease agreement), based on a tripartite agreement between the Purchaser, the Contractor and the PKO Bankowy Leasing Sp. z o.o.

The term of delivery of the contract: up to 16 weeks from the date of the agreement.

The Issuer's subsidiaries, in the period from 28 February 2014 concluded number of contracts with Jastrzębska Spółka Węglowa SA with its seat in Jastrzębie Zdrój. The total value of the contracts exceeds 10% of the equity of the Issuer (as of the last published by the Issuer's quarterly report QSR-3/2014 on 13.11.2014). Equity Issuer's underlying criterion is PLN 1.549.025 thousand. The total value of contracts concluded with Jastrzębska Spółka Węglowa SA, of which the Issuer received information, in the period from 28 February 2014 to 27 November 2014 amounts to net PLN 169.868.535,66.

The highest value of the contained in the above mentioned period is the agreement dated 08.08.2014, received on 19.08.2014. The parties to the agreement are: Jastrzębska Spółka Węglowa S.A. based in Jastrzębie Zdrój - The Purchaser and the Consortium of companies which includes BECKER – WARKOP Sp. z o.o. – Leader, Fabryka Maszyn i Urządzeń TAGOR S.A. (Issuer's subsidiary), Hydrotech S.A. as consortium members - occurring together as a Contractor. The subject of the aforementioned agreement is " Delivery of 159 pieces of roof support sections type BW 13/29 POz and 6 pieces of outer sections type BW 13/29 POz/S for JSW S.A. KWK "Budryk". The value of the agreement amounts to net PLN 35.987.000,00 + VAT, including Fabryka Maszyn i Urządzeń TAGOR S.A. salary of net PLN 14.339.047,50 + VAT. The term of delivery of the contract: up to 11 weeks from the date of the agreement.

- The Management Board of KOPEX SA with its registered seat in Katowice (the Issuer) announces that on 12.01.2015 it received an information from its subsidiary KOPEX – Przedsiębiorstwo Budowy Szybów S.A based in Bytom, on signing an Annex dated 02 January 2015 to the significant Agreement dated 05 June 2012 concluded between: KOPEX – Przedsiębiorstwo Budowy Szybów S.A (the "Contractor") and KGHM Polska Miedź S.A. (the "Purchaser") regarding performing of roadway excavations in Oddziały ZG Polkowice – Sieroszowice and ZG Rudna. Under the annex the contract period was extended to 2020 (formerly to 31.12.2016.). Also the remuneration was established in the amount of the estimated PLN 427,500,000.00 net for the execution of the works in 2015 - 2020. The final amount of compensation depends on the scope of work actually executed. Until 31.12.2014 works were made with a total value of net PLN 230,540,591.00.
- The Management Board of KOPEX SA with its registered seat in Katowice (the Issuer) announces that on 25.02.2015 it received information on the basis of which it states that the Issuer and the Issuer's subsidiaries, in the period from 4 March 2014 concluded number of contracts with Kompania Węglowa SA with its seat in Katowice. The total value of the contracts exceeds 10% of the equity of the Issuer (as of the last published by the Issuer's quarterly report QSR-4 2014 on 25 February 2015). Equity Issuer's underlying criterion is PLN 1,538,273 thousand. The total value of contracts concluded with Kompania Węglowa SA, of which the Issuer received information, in the period from 4 March 2014 to 25 February 2015 amounts to net PLN 172.562.952,18. Pursuant to § 2 section 1 point 44) and § 2 of 2 of the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws . Laws of 2009., No. 33, item. 259, as amended) - RMF, met the criteria for significant agreement. The highest value of the contained in the above mentioned period is the agreement dated 03.02.2015, received on 25.02.2015. The parties to the agreement are: Kompania Węglowa S.A. - The Purchaser and Kopex Machinery S.A. (a subsidiary of the Issuer) as a Contractor. The subject of the aforementioned agreement is "Financial leasing and delivery of three new belt conveyors type WAMAG PTD 1400 produced by KOPEX MACHINERY S.A. for KOMPANIA WĘGLOWA S.A. Branch KWK "Marcel". Each of the conveyors is a subject of a separate lease. The value of the agreement amounts to net PLN 24.199.999,98 (capital installments + interest). Payment for the use of each of the leased asset is spread over 36 monthly installments. The interest portion will be determined based on the WIBOR 1M increased by the fixed margin. Every last 36 installment may be for a different amount in order to compensate for differences in rounding calculation - the so-called leveling installment. Lease payments will be made monthly starting from the last day of the following month after the date on which the Purchaser accepts the use of the leased item based on handover protocol. At the time of the last installment of the lease arrangements and all fees due under the contract, the leased asset will be sold to the Purchaser for an amount of net PLN 1,00.
- The Management Board of KOPEX SA with its registered seat in Katowice (the Issuer) announces that on 02.04.2015 it has become aware of concluding by KOPEX – Przedsiębiorstwo Budowy Szybów SA with its registered seat in Bytom (the Issuer's subsidiary) another annex to a significant agreement dated 30.07.2009

concluded between: KOPEX - Przedsiębiorstwo Bydowy Szybów SA – Contractor and Jastrzębska Spółka Węglowa SA – Orderer. The subject of the agreement is execution of the shaft tube and double sided shaft inlet of the BZIE shaft 1 in Jastrzębska Spółka Węglowa SA, Borynia – Zofiówka – Jastrzębie Coal Mine, Area Zofiówka. An annex applies to additional works performed and changes in unit prices. As a result of the above mentioned changes the total value of the agreement has been increased to the total value of PLN net 264.236.419,30..

All significant information for 2014 and 2015 are available on the KOPEX SA website:

<http://www.kopex.com.pl/idm,3336,biezace.html>

5.9. A LIST OF INFORMATION ON SIGNIFICANT TRANSACTIONS CONCLUDED BY THE ISSUER OR ITS SUBSIDIARY WITH RELATED PARTIES ON OTHER CONDITIONS THAN MARKET CONDITIONS, TOGETHER WITH THEIR VALUE AND INFORMATION DEFINING THE NATURE OF TRANSACTIONS

According to our knowledge, KOPEX SA or its subsidiaries or indirect subsidiaries did not sign in 2014 the transactions with related parties on conditions other than the market

5.10. EXPLANATION OF DIFFERENCES BETWEEN THE FINANCIAL RESULTS DISCLOSED IN THE REPORT AND PREVIOUSLY PUBLISHED ESTIMATES OF THE RESULTS FOR 2014

KOPEX SA did not publish the estimates of the results for 2014.

5.11. STATEMENT ON THE NUMBER AND NOMINAL VALUE OF ALL KOPEX SA SHARES HELD BY MANAGEMENT AND SUPERVISORY BOARD OF KOPEX SA

A. DETERMINATION OF THE TOTAL NUMBER OF KOPEX SA SHARES HELD BY THE ISSUER'S MANAGERS AT 31.12. AND ON THE DAY OF THE ANNUAL REPORT

| Name | Function in the Management Board | Total number of KOPEX SA shares held | Total nominal value of KOPEX SA shares held (PLN) | Changes in the shareholding of KOPEX S.A. shares since the latest quarterly report issue |
|-----------------------|---|--------------------------------------|---|--|
| Józef Wolski | Chairman of the Board Chief Executive Officer | No shares held | ----- | no change ¹⁾ |
| Piotr Broncel | Member of the Board Director of Sales | No shares held | ----- | no change ¹⁾ |
| dr inż. Andrzej Meder | Member Of The Board Director of Research and Development | No shares held | ----- | no change ¹⁾ |
| Joanna Węgrzyn | Member Of The Board Chief Financial Officer | No shares held | ----- | no change ¹⁾ |

Source: Company

Note:

¹⁾ no changes in the shareholding of the Issuer's shares since the publication of the latest quarterly report QSr-4/2014 on 25 February 2015.

B. DETERMINATION OF THE TOTAL NUMBER OF KOPEX SA SHARES HELD BY THE ISSUER'S SUPERVISORS AT 31.12.2014 AND ON THE DAY OF THE ANNUAL REPORT.

| Name | Position in the Supervisory Board of „KOPEX” S.A. | Total number of „KOPEX” S.A. shares held | Total nominal value of KOPEX SA shares held (PLN) | Changes in the shareholding of KOPEX S.A. shares since the latest quarterly report issue |
|---------------------------------------|---|--|---|--|
| Krzysztof Jędrzejewski | Chairman of the Supervisory Board | 43.586.675 ¹⁾ | 43.586.675 ,- PLN | no change ²⁾ |
| Michał Rogatko | Vice Chairman of the Supervisory Board | No shares held | ----- | no change ²⁾ |
| Bogusław Bobrowski | Secretary of the Supervisory Board | No shares held | ----- | no change ²⁾ |
| prof. zw. dr hab. inż. Józef Dubiński | Member of the Supervisory Board | No shares held | ----- | no change ²⁾ |
| Daniel Lewczuk | Member of the Supervisory Board | No shares held | ----- | no change ²⁾ |

Source: Company

Uwaga:

¹⁾ Total number of "KOPEX" SA shares held by Mr Krzysztof Jędrzejewski together with a subsidiary in accordance with the notification dated 19.11.2013 received from Mr. Krzysztof Jędrzejewski (Current Report No. 75/2013 of 19 November 2013) and a statement of 31.12.2014, including:

- directly held 43.310.175 shares representing 58,27% of the share capital of KOPEX S.A. and entitling to 43.310.175 votes at the general meeting of KOPEX S.A. which represents 58,27% of the total votes;
- indirectly through „KOPEX” S.A. held 276.500 shares (purchased by "Kopex" S.A. own shares), representing 0,37% of the share capital,

²⁾ the Issuer's shareholding **did not change** in the period since the previous quarterly report QSr-4/2014 on 25 February 2015.

5.12. INFORMATIONS ON THE AGREEMENTS THAT MAY RESULT IN THE FUTURE CHANGES IN THE PROPORTIONS OF SHARES HELD BY PRESENT SHAREHOLDERS

The Management Board of KOPEX SA on 3.01.2014 received a letter from company FAMUR S.A. based in Katowice, dated 3.01.2014, which contained proposals for the initiation of negotiations aiming to develop the concept of merger of Kopex S.A. and FAMUR S.A. by transferring all the assets of KOPEX S.A. on FAMUR S.A. in exchange for new shares of FAMUR S.A.

At the same time the Issuer's Management Board received the information on the fact that today the company FAMUR S.A. published a current report No. 1/2014 dated 03.01.2014, in which it made public their intentions towards KOPEX S.A. to the extent specified in the above-mentioned letter.

The contents of this report shows that FAMUR SA on January 3, 2014 signed an agreement with TDJ SA, which is indirectly a dominant shareholder of FAMUR SA granting the right to purchase from a subsidiary of TDJ 7,433,000 shares of "KOPEX" SA, representing 9.9996% of the total number of votes at the General Meeting of Shareholders of "Kopex" SA. The purchase price of these shares will amount to 10.75 zł per share.

The company FAMUR SA shall be entitled to the right to purchase in the period to 30 June 2014.

The Management Board of KOPEX SA in the in the current report No. 4/2014 of 3 January 2014 made public its position and announced that before receiving the abovementioned letter there were no talks carried out with the company FAMUR S.A. on the merger of the two companies therefore, the subject letter and the above-mentioned current report, the date and manner of their transfer has been adopted by the Issuer with a big surprise. Thus, in the opinion of the KOPEX S.A. Management Board, the unilateral proposition presented by FAMUR S.A. today is unfounded.

On 30 June 2014 FAMUR SA published the current report No. 36/2014 in which it reported that - quote: „ FAMUR SA decided to withdraw from its right to exercise the option to purchase from a subsidiary TDJ SA of 7,433,000 pcs. of "Kopex" S.A. shares representing 9.9996% of the total number of votes at the WZA "KOPEX" SA.", which is connected with the expiry of the above-mentioned agreement and disagreement among FAMUR SA, "KOPEX" SA and their shareholders in the subject line of the merger.

5.13. AGREEMENTS OF KOPEX SA WITH AN ENTITY AUTHORIZED TO STUDY FINANCIAL STATEMENTS

The entity authorized to audit financial statements of KOPEX S.A. for 2014 is PricewaterhouseCoopers Sp. z o.o. based at Al. Armii Ludowej 14, 00-638 Warszawa.

The agreement with PricewaterhouseCoopers Sp. z o.o. was signed on 29.02.2012 and relates to the review and audit of the standalone and the consolidated report of KOPEX SA for 2012. The agreement shall be automatically extended for subsequent years, up until 2016, subject to adoption by the Supervisory Board resolutions making the selection of PricewaterhouseCoopers Sp. z o.o. as the entity authorized to review and audit the reports of the Issuer.

The list of agreements signed with the above mentioned entity and the value of remuneration for 2014 is presented in the table below:

| PLN | |
|---|--------------------------------|
| SUBJECT OF THE AGREEMENT | REMUNERATION FOR THE YEAR 2014 |
| Overview of the semi-annual separate and consolidated half-yearly report and the audit of the annual separate and consolidated financial statements | 90.000,00 |
| Tax consultancy agreement | 19.900,00 |
| Other services | 533.412,16 |
| | 643.312,16 |

The entity authorized to audit financial statements of KOPEX S.A. for 2013 was PricewaterhouseCoopers Sp. z o.o. based at Al. Armii Ludowej 14, 00-638 Warszawa.

The list of agreements signed with the above mentioned entity and the value of remuneration for 2013 is presented in the table below:

| PLN | |
|---|--------------------------------|
| SUBJECT OF THE AGREEMENT | REMUNERATION FOR THE YEAR 2013 |
| Overview of the semi-annual separate and consolidated half-yearly report and the audit of the annual separate and consolidated financial statements | 90.000,00 |
| Tax consultancy agreement | 44.000,00 |
| | 134.000,00 |

5.14. PROCEEDINGS PENDING BEFORE COURT, COMPETENT ARBITRATION OR PUBLIC ADMINISTRATION

On the day of the report, the Issuer, nor any of the Issuer's Capital Group Companies are not the subject of proceedings before a court, competent authority for arbitration or a public authority the value of which constitutes at least 10% of the equity of the Issuer.

5.15. CHANGES IN THE BASIC PRINCIPLES OF MANAGEMENT THE ISSUER'S COMPANY

Changes in the basic management principles of the Issuer and the Group are presented in Section 3 of this report.

5.16. INFORMATION ON CONTROL SYSTEMS FOR EMPLOYEE PROGRAMS

On the day of publication of this Report the Company has no incentive programs for employees based on shares of the Company.

5.17. OTHER IMPORTANT EVENTS AFFECTING THE OPERATIONS OF THE COMPANY

No other significant events occurred in 2014, affecting the company's operations and which are not included in the Management Report.

5.18. STATEMENT OF THE MANAGEMENT BOARD

The Management Board states that the report on the activities of Kopex SA for 2014 contains a true picture of development and achievements of the Issuer and the Capital Group's situation including basic threats and risks.

SIGNATURES:

Member Of The Board

Member Of The Board

Member Of The Board

Chairman Of The Board

Piotr Broncel

Andrzej Meder

Joanna Węgrzyn

Józef Wolski

Katowice, 27.04.2015