

Current Report CR No 3 - Confidential information regarding the judgement of the Court of Appeal in Kraków in the matter of compensation for mining damages caused by the subsidiary (published on 13.03.2020 at 15:45)

The Management Board of Stalprodukt S.A. ("Issuer") publicly discloses confidential information received today, i.e. on 13 March, 2020 from the ZGH "Bolesław" S.A. subsidiary ("Company") regarding the judgement of the Court of Appeal in Krakow in the matter of the appeal against the judgement of the Regional Court in the case brought in by the Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. in Olkusz ("PWiK sp. z o.o.") against the Company for the payment of mining damages and in the case brought in by the Company against PWiK sp. z o. o.

According to the information received, on 13.03.2020 the Court of Appeal in Kraków issued the judgement in the case with ref.no AGa 527/18, between ZGH "Bolesław" S.A. and Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o. o. in Olkusz, in which it dismissed the appeal of ZGH "Bolesław" S.A. against the judgement of the Regional Court in Krakow of 25.04.2018 to the case with reference number IX GC 543/13, as well as ordered that the ZGH "Bolesław" S.A. shall pay the costs of proceedings at law in the amount of PLN 8,100 for the benefit of Przedsiębiorstwo Wodociągów i Kanalizacji sp. z o.o. Consequently, the ruling of the Regional Court is final and binding.

It should be recalled that in the cited judgement of the Regional Court in Kraków of 25.04.2018 the following has taken place:

- dismissal of the case brought in by the ZGH "Bolesław" S.A. for establishing the lack of liability of the Plants for the consequences associated with the liquidation of the Olkusz Pomorzany mine and the resulting groundwater pollution, if any;
- recognition of the claim of Przedsiębiorstwo Wodociągów i Kanalizacji as justified in principle.

The above status means that at the moment it has been ruled by a legally-binding decision that ZGH "Boleslaw" S.A. is liable for damages to the Przedsiębiorstwo Wodociągów i Kanalizacji for the consequences in terms of water relations, connected to the future exclusion of the Mine Olkusz Pomorzany drainage and due to this, the discontinuation of water supply to their channels and for possible groundwater pollution.

As indicated above, the interlocutory judgement is final, determining the fact of liability. The amount of compensation has not been determined, which shall be the subject of further proceedings. At the moment, the Przedsiębiorstwo Wodociągów i Kanalizacji is claiming the sum of PLN 64,604,143.05 and this is the highest amount of the principal liability amount that may be charged to the Company. The amount of compensation, if any, is influenced by the value of expenditures for alternative sources of water supply, which amount to approx. PLN 30 million. Another problem is the issue of Community co-funding, which, in the Company's opinion, shall reduce the amount claimed. At this stage the amount of any damages awarded cannot be currently determined in detail.

ZGH "Boleslaw" S.A. shall consider bringing cassation appeal against the judgement described above, about which it shall inform in a separate notice, having received a written justification from the Court of Appeal.

Legal basis: Art. 17 par. 1 of the Market Abuse Regulation of the European Parliament and the (EU) Council No 596/2014 as of 16 April 2014 r. (Market Abuse Regulation MAR) repealing the Directive 2003/6/EC of the European Parliament and the Council as well as Directives of the EU Commission 2003/124/EC, 2003/125/EC and 2004/72/EC.