



GRUPA PBG

**CURRENT REPORT FILED WITH THE POLISH FINANCIAL SUPERVISION
AUTHORITY**

DATE: October 31st 2017

Subject: Termination of significant agreement by RAFAKO S.A.'s subsidiary

Contents:

Current Report No. 40/2017

Further to Current Report No. 24/2016 of July 14th 2016, concerning the execution by E003B7 sp. z o.o., a wholly-owned subsidiary of RAFAKO S.A. ("E003B7"), and Polimex Energetyka Sp. z o.o. of Warsaw ("Polimex") of a significant conditional agreement for assembly of the boiler's pressurised section, performance of tests and participation in the start-up (the "Agreement") in connection with the project 'Development of new coal-fired generation capacities at Tauron Wytwarzanie S.A. - Construction of supercritical 910 MW generating unit at the Jaworzno III Power Plant - Power Plant II' carried out by RAFAKO and E003B7, the Management Board of Rafako S.A. (the "Company", "RAFAKO") announces that on October 31st 2017 E003B7 and Polimex entered into an arrangement to terminate the Agreement (the "Arrangement").

The Arrangement will come into force on condition that E003B7 obtains appropriate consents from the Guarantors (PKO BP S.A., PZU S.A., BGK, and mBank), RAFAKO, and the Investor on the first day of the calendar month immediately following the month in which all these consents are obtained. As at the date of this Current Report, E003B7 had RAFAKO's consent to enter into the agreement.

The Company's Management Board believes that the termination of the Agreement does not give rise to any negative consequences for E003B7 or the Company as the Agreement was terminated at Polimex's request and on the date of termination of the Agreement agreements providing for replacement of Polimex by E003B7 were signed by Polimex and E003B7 with Polimex's subcontractors (Przedsiębiorstwo Modernizacji Urządzeń Energetycznych REMAK S.A. and JWW Invest S.A.). The agreements with the subcontractors are not significant agreements.

Legal basis: Art. 17.1 of the Market Abuse Regulation - inside information.

Agnieszka Wasilewska-Semail, President of the Management Board

Jarosław Dusiło, Vice President of the Management Board