

*Appendix No. 1 to the Resolution No 67/IX/2017
of the Supervisory
Board of Mining Tools and Equipment
Factories
Capital Group Fasing Plc.
from 18th December 2017*

REGULATIONS OF THE SUPERVISORY BOARD OF THE COMPANY

**MINING TOOLS AND EQUIPMENT FACTORIES
CAPITAL GROUP FASING joint-stock company**

**with the registered seat in Katowice
(unified text)**

*Adopted by the resolution of the Supervisory Board No 67/IX/2017 of
18th December 2017*

I. GENERAL PROVISIONS

§ 1.

The Supervisory Board (hereinafter also referred to as the Board) is a permanent body supervising the Company's activity in all its fields.

§ 2.

The Supervisory Board acts on the basis of the Code of Commercial Companies, the company's Articles of Association, these Regulations and binding regulations of law. These regulations are adopted by the Supervisory Board in accordance with art. 18 point 3 of the Company's Articles of Association.

II. COMPOSITION, APPOINTING AND TERM OF OFFICE OF THE SUPERVISORY BOARD

§ 3.

1. The Supervisory Board consists of five to nine members appointed by the General Assembly for a joint term of office, given:
 - 1) at least one member of the Supervisory Board shall have knowledge and skills in accounting or audits of financial statements,
 - 2) at least one member of the Supervisory Board shall have knowledge and skills in the field of industry in which the Company operates,
 - 3) at least two members of the Supervisory Board shall be independent of the Company under the provisions of Article 129 item 3 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight.
- 1¹. Candidate who will perform duties in the Supervisory Board shall submit a declaration that one:
 - 1) has knowledge and skills in accounting or audits of financial statements,
 - 2) has knowledge and skills in the field of industry in which the Company operates,
 - 3) is independent of the Company under the provisions of Article 129 item 3 of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight.
2. Term of office of the member of the Supervisory Board lasts 3 years.
3. Mandate of the member of the Supervisory Board expires the latest on the day of the General assembly meeting approving the financial report for the last full financial year of performing a function of the member of the Supervisory Board. Mandate of the member of the Supervisory Board, appointed before the Supervisory Board's term of office expiry date, expires simultaneously with the expiry date of the mandates of the remaining members of the Supervisory Board.
4. Mandate of a member of the Supervisory Board expires before its term of office expired as a result of :
 - a) death of the member of the Supervisory Board,
 - b) resignation of the member of the Supervisory Board from the mandate,
 - c) dismissal of the member of the Supervisory Board from the composition of the Supervisory Board,

5. Submitting a resignation by the member of the Supervisory Board may occur at any time. However, if the member of the Supervisory Board receives remuneration and the resignation occurred without any important reasons, he or she is responsible for the arisen damage.
6. The member of the Supervisory Board should not make a resignation from his duty during the term of office, if this could make it impossible for the Board to function, particularly if this could make it impossible to pass an important resolution on time.

§ 4.

In case the composition of the Supervisory Board is reduced during the term of office, caused by the expiry of the mandate of the member of the Supervisory Board, the company's Board of Directors shall immediately take essential action aiming at supplementing the composition of the Supervisory Board. Supplementing of the composition of the Supervisory Board is carried out by the General Assembly.

§ 5.

1. The Board elects from within its members a Chairman, a Deputy Chairman and a Secretary of the Supervisory Board. The first meeting of the Supervisory Board is chaired by the oldest member of the Board.
2. The Chairman, the Deputy Chairman and the Secretary of the Board may be recalled from their functions at any time.
3. Voting over recalling the members of the Board shall be secret.
4. To the meetings of the Supervisory Board are invited the members of the Board of Directors, except for examining cases concerning the members of the Board of Directors directly, in particular remunerations, recalling or responsibility.
At least one meeting per year takes place without the participation of the members of the Board of Directors.

III. SCOPE OF ACTIVITIES OF THE SUPERVISORY BOARD

§ 6

1. The Supervisory Board permanently supervises the company's activities in all its fields.
2. Competences of the Supervisory Board specified in the law and the articles of association are in particular:
 1. assessment of the report of the Board of Directors from the company's business activity, both in the scope of conformity with the books and documents, and the actual state;
 2. assessment of the financial report for the past financial year, both in the scope of conformity with the books and documents, and the actual state;
 3. annual analysis and approval of business activity, financial and marketing plans, and requesting from the Board of Directors to present detailed reports on the realization of these plans;
 4. assessment of the motions of the Board of Directors as to profit distribution or loss coverage;
 5. submitting a written report to the General Assembly on the results of the activities described in points 1 to 4 and the assessment of the Board on the situation of the

- company;
6. appointment an audit firm to audit financial statement of the Company;
 7. stipulating and presenting the rules of profit distribution to the General Assembly, including stipulation of the sum for dividends and dividend payment dates or rules of loss coverage;
 8. approving transactions comprising sale and acquisition of shares or another property or undertaking obligations, except for obligations securing realization of commercial agreements, if the value of one transaction exceeds 15% of the value of net assets of the Company, according to the last balance;
 9. appointing and recalling members of the Board of Directors.
 10. suspending for important reasons individual or all members of the Board of Directors;
 11. delegating a member or members of the Supervisory Board to perform the activities of the Board of Directors temporarily while suspending or removing the Board entirely
or when the Board cannot perform it's activity for other reasons;
 12. taking immediate and proper action to make changes in the composition of the Board of Directors, in case a member of the Board of Directors cannot perform his/her function;
 13. stipulating the number of members of the Board of Directors and rules of remunerating them;
 14. stipulating the remuneration of the members of the Board of Directors employed within a contract of employment or another contract;
 15. expressing consent to the members of the Board of Directors to take up the business of the competition;
 16. representing the company in agreements and disputes with the members of the Supervisory Board;
 17. convening an Ordinary General Assembly, if the Board of Directors fails to convene it within the prescribed term;
 18. convening an Extraordinary General Assembly, if it is recommended to do so;
 19. authorization to bring action to revoke a resolution of the General Assembly;
 20. expressing consent to stipulate by the Board of Directors, in case of increasing the capital, the emitting price of a share and exchanging shares for non-monetary contributions;
 21. making use of expert opinions and opinions of the specialists chosen by itself, from outside the Company at the Company's costs;
 22. other matters put forward by the Board of Directors or examined by the Supervisory Board on its own initiative;

§ 7.

1. The Supervisory Board shall perform its duties jointly, subject to the art. 390 § 1 of the Code of Commercial Companies.
2. If the General Assembly elects the Supervisory Board through voting in separate groups, the members of the Board elected by each group are entitled to delegate one member to the permanent and individual performing of supervisory activities.
3. The member of the Supervisory Board delegated by the group of shareholders to the permanent and individual supervision should submit a detailed report on performing his/her function to the Supervisory Board.

§ 8.

1. The members of the Board perform their duties in person.

2. The member of the Supervisory Board should above all take into account the Company's interest.
3. The members of the Supervisory Board are entitled to demand from the Board of Directors to submit regular and exhaustive information on all essential matters concerning the company's business activity and on a risk connected with the performed activity and on ways of managing this risk
4. The members of the Supervisory Board shall participate in the General Assembly, and should they be absent, they are obliged to present a written justification to the General Assembly.
5. Shall a conflict of interests occur, the member of to the Supervisory Board should inform the remaining members of the Board and refrain from speaking and voting over adopting a resolution in a matter, in which the conflict of interests occurred.
6. The member of the Board is obliged to inform the Company of his/her personal, factual and organizational connections with a specified shareholder, specifically with a majority shareholder. Submitting to the Company the information, as described in the previous sentence, shall be carried out immediately, in a written form, at a time enabling the Company to publicize it properly, as results from the generally binding laws.
7. The member of the Supervisory Board shall be obliged to inform the Company immediately of selling or purchasing the shares of the Company or its dominant company or dependent company, as well as information on all the transactions with such companies.

IV. AUDIT COMMITTEE

§ 9.

1. The Supervisory Board appoints among its members the Audit Committee members.
2. The Audit Committee shall consist of at least three members.
3. Tasks of the Audit Committee include in particular: monitoring a process of financial reporting in the Company, monitoring the effectiveness of the internal inspection systems, internal audit and risk management, monitoring and control of statutory auditor and audit firm independence.
4. Detailed rules governing the Audit Committee, in particular rules of appointing Audit Committee members, including the ones that relate to criteria of independence and Audit Committee members' qualifications, as well as, detailed procedures of Audit Committee activities shall be laid down in the Regulations adopted by the Supervisory Board

V. MANNER OF CONVENING AND HOLDING THE MEETINGS

§ 10.

1. The Supervisory Board shall hold the meetings when necessary, at least once a quarter.
2. The meetings of the Board are chaired by the by the Chairman of the Board or the Deputy Chairman.
3. The persons from outside the Board may participate in the meetings of the Board at the invitation of the Chairman of Deputy Chairman of the Board.

§ 11.

1. The Chairman of the Supervisory Board shall be obliged to convene the meeting of the Board on the motion of the Board of Directors or a member of the Supervisory Board, stipulating a proposed agenda.
2. The agenda should not be altered or supplemented in a course of the meeting, which it concerns. The above requirement is not applied, when all the members of the Supervisory Board are present and they express their consent to make changes or supplement the agenda, and also when taking specific action by the Supervisory Board is necessary to rescue the Company from the damage and also in case of a resolution, whose subject is an assessment, if there is a conflict of interests between a member of the Supervisory Board and the Company.
3. The Chairman of the Board shall convene a meeting within two weeks of the date of submitting the motion.
4. The Secretary of the Board is authorized to convene the meeting of the Board by the Chairman of the Board or the Deputy Chairman.
5. The Chairman or the Deputy Chairman may assign the leadership of the meeting of the Board to a person indicated during the meeting after it is opened.

§ 12.

1. A notice of holding a meeting of the Board and the materials for the meeting should be sent to the members of the Supervisory Board by the registered letter with a receipt confirmation, at least 7 days prior to the meeting date. In special cases, this term may be shortened, however in a manner ensuring receipt of the notice by all members of the Board.
2. The notice, as specified in p. 1, should stipulate:
 - a) addressee name and surname
 - b) date, time and place of the meeting
 - c) agenda
3. The notice, as specified in p. 1, is unnecessary when the Board stipulated the next date, place and agenda of the meeting on a given meeting of the Board, but it is necessary in case of changing this date, place or agenda.

§ 13.

1. The Supervisory Board adopts resolutions, if at least a half of the members is present on the meeting and all its members were invited.
2. The resolutions of the Supervisory Board are adopted with the absolute majority of votes. The votes are understood as given "in favour", "against" or "refraining". In case of the even number of the votes, the vote of the Chairman of the Supervisory Board is decisive.
3. The resolutions of the Supervisory Board may be adopted only in the matters included in the agenda, unless all members of the Supervisory Board are present on the meeting and with the majority of votes they express their consent to extend the agenda.
4. The resolutions of the Supervisory Board may be adopted in a written manner, or by means of direct communication facilities, provided that all members of the Board were notified of the content of draft resolution.
5. Members of the Supervisory Board may participate in adopting resolutions of the Board, voting in a written form through another member of the Supervisory Board, on issues under the agenda of the meeting of the Supervisory Board.
6. Adopting resolutions in a manner stipulated in p. 4 and 5 does not concern the election of the Chairman, Chairman Deputies, the Secretary of the Supervisory Board, appointing the members of the Board of Directors, recalling and suspending the members of the Board of Directors.

§ 14.

1. Voting on the meetings is by open ballot, with the following exceptions:
 - a) appointing and recalling the members of the Board of Directors,
 - b) suspending the members of the Board of Directors for important reasons,
 - c) appointing and recalling from the post a deputy chairman or a secretary.

§ 15.

1. There are taken minutes from the meetings of the Board.
2. The minutes should include:
 - a) date and place of the meeting,
 - b) subsequent number in a given term of office,
 - c) names and surnames of the present members of the Board and other persons present,
 - d) agenda and course of the meeting,
 - e) adopted resolutions,
 - f) number of the votes given on the specific resolutions and separate opinions.
3. The minutes are written down by the secretary of the Board or another person designated by the person presiding over the meeting.
4. The minutes shall be signed by all present members of the Board.
5. the minutes originals together with the appendixes shall be stored in the Book of the Minutes, which is kept by the secretary of the Board.

§ 16.

1. The resolutions are the appendixes of the minutes and shall be kept together with them.
2. The resolutions shall be signed at least by the Chairman of the Supervisory Board and another member of the Board delegated to perform this activity on a one-off basis or permanently.
3. The resolutions should include the subsequent number stroke the year, in which they are adopted.

§ 17.

A reporter may be designated by the Chairman to present a given matter. Plans, reports, motions and other materials being the subject of the meeting of the Board should be enclosed to the minutes.

§ 18.

1. Remuneration of the members of the Supervisory Board are stipulated in the resolution of the General Assembly.
2. The members of the Supervisory Board are entitled to the return of the expenses connected with his/her participation in the Board's works.

§ 19.

1. The costs of the activity of the Supervisory Board shall be covered by the Company.
2. The Supervisory Board shall use the office space, appliances and materials of the Company.
3. The Company ensures office staff services of the Supervisory Board.

§ 20.

1. The Regulations shall take effect as of the date of being adopted by the Supervisory Board.
2. The Regulations are publicly available.