

**ASSESSMENT BY THE SUPERVISORY BOARD OF PETROLINVEST S.A.  
REGARDING THE STANDING OF PETROLINVEST S.A. AND THE PETROLINVEST CAPITAL GROUP  
IN 2010 (INCLUDING AN ASSESSMENT OF THE INTERNAL CONTROL SYSTEM AND THE SYSTEM  
OF MANAGEMENT OF SIGNIFICANT RISK FOR PETROLINVEST S.A. AND THE PETROLINVEST  
CAPITAL GROUP)**

Pursuant to Rule III.1.1 of “Best Practices of WSE Listed Companies”, upon having analysed the financial statements and results of PETROLINVEST S.A. and the PETROLINVEST Capital Group in the year 2010, upon having reviewed the certified auditor’s opinion on audit of the Company’s financial statements and the PETROLINVEST Capital Group’s consolidated financial statements and considering the objective conditions associated with market environment, the phase of the project’s development and possibilities of obtaining financing for the business, the Supervisory Board positively assesses both the Company’s financial standing and prospects for the Company’s development.

The Supervisory Board, referring to the Company’s achievements in 2010, emphasises in particular the conclusion of two important agreements with world-renowned partners – an entity from the Total Group (a farm-out agreement) and with the European Bank for Reconstruction and Development (the agreement on granting financing in the amount of USD 50 million). The engagement of these entities in the cooperation with the Company confirms the high potential and prospectiveness of the exploration and production project in Kazakhstan.

The Supervisory Board positively assesses the resuming of drilling works on the OTG Contract and their progress so far.

The activities resulting in a significant reduction of the Company’s credit debt are also worth noting.

Analysing the Group’s financial results in 2010, the Company’s Supervisory Board emphasises:

- the valuation of the warrants issued under the agreement with Kingsbrook Opportunities Master Fund LP, Iroquois Master Fund Ltd. and GEM Global Yield Fund Limited (concerning the provision of financing to the Company in the amount of PLN 127.5 million), which translated into a non-cash increase of the financial costs of PLN 9 million.
- the financial effects of the implementation of the agreements of 14 May 2009 setting forth the terms of use of the assets made available by Prokom Group companies serving as a security for the repayment of the credit facility extended to PETROLINVEST S.A. parent company by PKO Bank Polski S.A. and Bank Gospodarstwa Krajowego. The total amount of liabilities related to the commission charged for 2010 in the amount of PLN 35.6 million was converted into the Company’s share capital, causing no outflow of funds from the Company.
- decrease of the proportion of liabilities in the financing of the Group’s assets from 75% to 54% with a significant, over 25%, decrease of the interest-bearing debt,

- results of the activities stimulating the growth of the level of sales made by the LPG segment, confirmed by an almost double increase of sales revenue.

The Management Board is responsible for the establishment of an effective internal control system and risk management at the Company.

In the opinion of the Supervisory Board, the procedures established by the Company in the area of internal control system and risk management are adequate to the Company's activity at the current phase of its development. The Supervisory Board, in particular through the efforts of the Audit Committee of the Supervisory Board, cooperates with the Management Board to help the Company undertake activities aimed at better identification and quantification of the most important risk factors in its business.

The Supervisory Board emphasises the engagement of the Company's Management Board in the issues of internal control and positively assesses the Management Board's participation in developing solutions in this area.