

**ASSESSMENT BY THE SUPERVISORY BOARD OF PETROLINVEST S.A.
OF THE STANDING OF PETROLINVEST S.A. AND THE PETROLINVEST CAPITAL GROUP IN THE
YEAR 2009 (INCLUDING THE 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 Companies Listed on the Warsaw Stock Exchange”, upon having analysed the financial statements and results of PETROLINVEST S.A. and the PETROLINVEST Capital Group in the year 2009, upon having reviewed the registered auditor’s opinion on audit of the Company’s financial statements and the PETROLINVEST Capital Group consolidated financial statements and as a result of signing in March 2010 agreements assuring the funding for the Company’s continued exploratory and production activity in the area of Kazakhstan licences, and considering the objective market terms and conditions, the phase of the project’s development and alternative sources of business funding, the Supervisory Board positively assesses both the Company’s financial standing and prospects for the Company’s development.

The Supervisory Board, commenting on the Company’s achievements in the year 2009, emphasises in particular:

- obtaining from an independent expert, McDaniel & Associates Consultants, reports concerning contracts and licences for exploration and production of hydrocarbons, controlled by the PETROLINVEST Group, where the expert estimated, among others, the prospective resources of Occidental Resources, Inc at a level exceeding 1.9 billion boe, which represents doubling the production geological potential of that contract compared with the report issued a year and a half previously,
- obtaining from an independent expert, McDaniel & Associates Consultants, the report evaluating the resources controlled by the PETROLINVEST Group (reduced to the risk-weighted level) at the level of more than USD 2.7 billion,
- obtaining the influx of natural gas and oil during the first production tests at the K-3 borehole (OTG contract), confirming the presence of hydrocarbons’ deposits within the Koblada structure,
- noting the manifestation of natural gas and traces of migration of bitumic substances and oil at the Shyrak-1 borehole.
- signing the agreement for strategic co-operation with PGNiG S.A.,
- finalising by the Company of works relating to the acquisition for co-operation during the implementation of the exploratory and production project of a company belonging to the TOTAL Group, being one of the world largest oil concerns; signing the farm-out agreement guarantees much faster operation of the deposit and mitigates operational and financial risks,
- as part of the efforts aimed at seeking funding for the investment activity, the Company signed an agreement with a group of international investment funds, providing the Company with funding of PLN 127.5 million, and with the European Bank for Reconstruction and Development which granted USD 50 million worth of credit facility to the Company.

Analysing the Group's financial results in the year 2009, the Company's Supervisory Board emphasises:

- the Management Board decision on making charges revaluating the Company's assets, of the total value of PLN 101 million, including the investment in TOO Company Profit of PLN 46.7 million and Capital Energy of PLN 43.9 million,
- evaluation of the incentive programme for the Group's employees and associates, resulting in a one-off cashless increase in remuneration costs of PLN 80.7 million,
- evaluation of the warrants issued under the agreement with GEM Investments Advisers, Inc and GEM Global Yield Fund Limited, resulting in a one-off cashless increase in financial costs of PLN 29.6 million.

The abovementioned facts considerably affected the occurrence and amount of the net loss of the PETROLINVEST Capital Group.

Another item which had a considerable impact on the level of the loss incurred was the commission on agreements determining the terms and conditions of use by PETROLINVEST S.A. of assets provided by the entities from the Prokom Group in order to secure the repayment of the loan granted to the Company by PKO Bank Polski S.A. and Bank Gospodarstwa Krajowego. It needs to be underlined that the collaterals put up by the PROKOM Group represented a prerequisite for debt financing, and the terms and conditions of using the aforesaid collaterals are consistent with the arm's length basis. The total liabilities due to the commission accrued for the year 2009 were converted into the Company's share capital and did not cause any outflow of financial funds from the Company.

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

According to the Supervisory Board, the procedures established by the Company in the area of the internal control system and risk management are adequate to the business pursued by the Company in the current phase of its development. The Supervisory Board positively perceives the actions planned the Company with the aim of better identification and quantification of the most important inherent risks in its business.

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