

REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD OF PETROLINVEST S.A. FOR 2010

The report has been prepared for submission to the ordinary general meeting of PETROLINVEST S.A., pursuant to rule III.1.2 included in the document "Best Practices of WSE Listed Companies".

Pursuant to the Commercial Companies Code, the Supervisory Board supervises the activities of the Company in all the areas of its operation. Apart from the Commercial Companies Code, the Supervisory Board's activities are based on the provisions of: the Company Statute, the resolutions of the General Meeting and the By-Laws of the Supervisory Board adopted by the Supervisory Board.

Composition of the Supervisory Board

As at 31 December 2009, the Supervisory Board of PETROLINVEST S.A. consisted of:

- Ryszard Krauze — Chairman of the Supervisory Board,
- Maciej Grelowski — Member of the Supervisory Board,
- Krzysztof Wilski — Member of the Supervisory Board,
- Marek Modecki — Member of the Supervisory Board,
- Tomasz Buzuk — Member of the Supervisory Board.

During the period covered by the Report, the following changes in the composition of the Management Board of the Company took place:

1. In view of the expiry of the current term of office, the Ordinary General Meeting of the Company held on 30 June 2010, acting pursuant to § 17 section 4 of the Company's Statutes, set the number of members of the Supervisory Board at eight and appointed the following persons to the Supervisory Board for a term of three years: Mr Tomasz Buzuk, Mr Maciej Grelowski, Mr Bartosz Jałowiecki, Mr Rafał Juszczak, Mr Krzysztof Wilski.
The remaining members of the Supervisory Board were appointed in exercise of personal rights: Prokom Investments S.A., acting pursuant to § 17 section 2 item 1) of the Company's Statutes, appointed Mr Ryszard Krauze as the Chairman of the Supervisory Board and Mr Andre Spark as the Deputy Chairman of the Supervisory Board. Also, on the same day, Mr Ryszard Krauze, acting pursuant to § 17 section 2 item 2) of the Company's Statute, appointed Mr Bertrand Le Guern as member of the Supervisory Board.
2. On 9 September 2010, in connection with the resignation of Mr Bertrand Le Guern from the post of a member of the Supervisory Board and his appointment as President of the Management Board, acting in exercise of his personal rights and pursuant to § 17 section 2 item 2) of the Company's Statute, Mr Ryszard Krauze appointed Mr Marcin Dukaczewski as member of the Supervisory Board.
2. On 30 October 2010, the Extraordinary General Meeting, pursuant to § 17 item 4 of the Statutes of the Company, set the number of members of the Supervisory Board at nine and simultaneously appointed Mr Andrzej Osiadacz to the Supervisory Board for the current term.

As at 31 December 2010, the Supervisory Board of PETROLINVEST S.A. consisted of:

- Ryszard Krauze — Chairman of the Supervisory Board,

- Andre Spark — Deputy Chairman of the Supervisory Board,
- Tomasz Buzuk — Member of the Supervisory Board,
- Marcin Dukaczewski — Member of the Supervisory Board,
- Maciej Grelowski — Member of the Supervisory Board,
- Bartosz Jałowiecki — Member of the Supervisory Board,
- Rafał Juszcak — Member of the Supervisory Board,
- Andrzej Osiadacz — Member of the Supervisory Board,
- Krzysztof Wilski — Member of the Supervisory Board.

All Members of the Supervisory Board have the appropriate qualifications, educational background and professional experience enabling them to effectively perform their duties.

In order to improve the efficiency of management over the Company and PETROLINVEST Group, certain changes have been introduced in the scope of activities performed by the Supervisory Board.

During the meeting held on 8 July 2010, the Supervisory Board of the Company, aiming to enhance the effectiveness and accelerate the work on the performance of strategic agreements ensuring financing and implementation of exploration and production projects, resolved to grant its members individual supervisory powers over the key areas of the Company's operations.

The Supervisory Board has delegated:

- Mr Ryszard Krauze, Chairman of the Supervisory Board, to individually perform acts of supervision in the entire area of Company operations, with particular emphasis on its strategic investments,
- Mr Andre Spark, Deputy Chairman of the Supervisory Board, to individually perform acts of supervision in the area of co-operation with the European Bank of Reconstruction and Development,
- Mr Bertrand Le Guern to individually perform acts of supervision in the area of co-operation between Petrolinvest S.A. and the Total Group with regard to, among others, the agreement providing the rules of joint continuation of works within the OTG contract area in Kazakhstan,
- Mr Rafał Juszcak to individually perform acts of supervision in the area of relations between Petrolinvest S.A. and financial institutions.

As of 7 July 2010, an Audit Committee functions within the Supervisory Board. The Committee's composition is the following:

- Maciej Grelowski — Chairman,
- Rafał Juszcak — Deputy Chairman,
- Bartosz Jałowiecki.

The member of the Audit Committee who meets the independence requirements set forth in the Act on Statutory Auditors of 7 May 2009 and is a qualified accountancy specialist and financial auditor is Mr Rafał Juszcak.

The Committee has the status of an advisory, consultative body to the Supervisory Board and has been appointed in order to increase the effectiveness of the Supervisory Board's activities in the field of examining the correctness of the Company's financial reporting, its financial results, effectiveness of the internal control system including internal audit and risk management system. Within the scope of the Committee's responsibilities are advisory and consultancy tasks connected with the Supervisory Board's areas of competence in relation to the Company's fields of operation specified below, as well as those of the Company's capital group – to the extent permitted by the law:

- Financial reporting;
- Annual and quarterly financial planning;
- Implementation of financial plans submitted to the Supervisory Board;
- Review of financial statements by a statutory auditor;
- Internal and external quality control system, including internal audit;
- Risk management system.

Activities performed by the Supervisory Board

In the year 2010, the Supervisory Board fully performed its statutory duties connected with the supervision of the Company's operations, attaching particular attention to the effectiveness of the growth strategy under implementation in that period. All of the Members of the Supervisory Board maintained contacts with the Management Board of the Company, discussing the strategic aspects of the Company's and PETROLINVEST SA Group's activities.

In 2010 the Supervisory Board adopted 18 resolutions. All of the resolutions were subsequently performed.

In compliance with the applicable Statutes, the resolutions concerned:

- the approval of the issue price of shares issued to the holders of subscription warrants,
- the approval of transactions with related parties,
- the acceptance of assessments and report for 2009,
- the appointment of an auditor,
- the definition of the levels of compensation of Management Board members,
- the appointment of Management Board members,
- the issuing of an opinion on the changes in the Management Board of the Company,
- the issuing of an opinion on the appointment of a Company's Proxy,
- the delegation of the member of the Supervisory Board to individually perform supervisory duties,
- the appointment of the Audit Committee.

Furthermore, the Board discussed the current situation of the Company with the Management Board, placing particular emphasis on the operating activities in the area of oil and gas exploration as well as talks held with investors.