



Petrolinvest

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Management Board of PETROLINVEST S.A. I am pleased to present you with the third Annual Report of PETROLINVEST Group.

This report, like the other annual reports, describes the most significant achievements of PETROLINVEST Group in 2009, our future development prospects and the challenges that we will be facing.

2009 required a lot of hard work and struggle, still the effects of our efforts came later than we had all expected.

The key 2009 event—which provided a new perspective for our Group and the Project we are involved in—was the completion of the K-3 well, the deepest and most significant well drilled on Koblandy, the largest geological structure in our portfolio. We managed to confirm the presence of hydrocarbons in this structure at a depth of over 6km, which was crucial from the perspective of all further negotiations. It is worth underlining that we have obtained natural flow of gas, oil and condensate while testing the well, all of very high quality. What we did not manage to finalise, due to technical difficulties, was a full production test that would allow an independent auditor to qualify the discovery as an official confirmation of reserves in place. Hence, Koblandy in the McDaniel report is still classified as 'prospective', although now with unusually high probability ratios.

We reconsidered our options from that point. We could have revitalised the well and completed the production test or, alternatively, we could gather all positive information coming from the tests completed to date, reinterpret seismic and logs data and drill a new well in the best possible location given the spatial characteristics of the field. We made our final decision during negotiations with TOTAL Group that will become our partner on the OTG concession this year, once all formal conditions have been met.

Simultaneously, we started drilling a new Shyrak-1 well to another sub-salt formation on the OTG concession. We believe that once the drilling is completed, we will be looking at geological results at least as attractive as K-3 but with a considerably more satisfying end result with respect to its technical condition, the progress of testing of the well, the progress of production and the classification of the reserves and resources by the independent expert.

Another area of our activity, which was parallel to our work on the Kazakhstan concessions, were negotiations to provide finance for the Company and strategic support from an industry partner.

We succeeded in both. For the large part the success came after the end of the year but it was still the effect of many months of struggle that was our day-to-day reality throughout 2009.

We managed to obtain finance from GEM Global Yield Fund in the most difficult financial times. The agreement was criticised; however, it helped our liquidity in a way that cannot be underrated from our perspective and the perspective of the goals we had set for ourselves previously.

In October, we successfully completed share issues to Polish and foreign investment funds, which we believe was a display of trust that the market has in us, and also the people who decided to believe us at that point.

Another important highlight from our perspective was the strategic partnership agreement signed with PGNiG S.A. that provided us not only with professional support for prospecting work but also opened doors to many new opportunities for future partnership in other projects in the oil&gas sector.

Finally, throughout the period we devoted a lot of time to the due diligence carried out by the European Bank for Reconstruction and Development and to talks with potential strategic partners. As you are now well aware, both of those projects were successfully finalised just days before the publication of our Annual Report.

Last year in my Letter to Shareholders I wrote that the most important goals we had set for 2009 were finding financing for exploration and extraction work, starting to sell crude oil, gaining additional cash flows from operating activities, and acquisitions of companies with stable levels of production and confirmed hydrocarbon deposits. We have successfully achieved the first of those goals. Due to prolonged negotiations of our financing, the delivery of the remaining goals was delayed to both your and our disappointment. We are now all the more eager to make up for the delays, together with our partners from TOTAL and with the support of the European Bank for Reconstruction and Development, and to deliver what remains to be delivered—to confirm the reserves in place and start production.

On behalf of the Management Board, I would like to thank you for your patience and trust in 2009. I am confident that by delivering on our earlier declarations we did not fail your trust. That trust is our most precious asset in difficult times. Therefore, we also want to thank the financial institutions and business partners of PETROLINVEST GROUP for it.

I would also like to thank the Managers and Employees of the Companies of PETROLINVEST Group for their impressive commitment, loyalty and effort and our Kazakh Partners and the entire Supervisory Board for professional help and strategic support in developing PETROLINVEST as the leading oil prospecting and production company in Kazakhstan.

Paweł Gricuk

Chairman

Warsaw, 22 March 2010