

INFORMATION REGARDING COMPLIANCE WITH CORPORATE GOVERNANCE RULES

Legal basis: Other regulations

Legal basis: § 29.3 of the Rules of the Warsaw Stock Exchange

In connection with the enactment of the corporate governance rules: “Best Practices of WSE Listed Companies” and the related obligation to publish reports on any non-compliance or breach thereof, the Management Board of PETROLINVEST S.A. (the “Company”) announces that while it shares the ideas and assumptions behind the individual corporate governance rules – in the face of the Company’s established practice and/or statute regulations, which require it to part from the management and supervision model envisaged in some of the rules – it cannot fully and permanently comply with selected corporate governance rules referred to in the attachment to this report.

The Company Management Board would like to reiterate that departing from the model and/or voicing certain reservations with respect to some of the rules does not adversely impact the clarity of supervision and management principles of PETROLINVEST S.A. nor does it adversely affect the implementation of best practices, and so it does not lead to any infringement of the assumptions underlying corporate governance. The Management Board of PETROLINVEST S.A. will continue to assess the management and supervision principles implemented in the Company on an ongoing basis and will also analyse investors’ expectations regarding the Company’s perspective on the best practices not complied with, and if any alteration is required and possible, a decision will be made to adopt such best practices as proposed by the Warsaw Stock Exchange (*Giełda Papierów Wartościowych w Warszawie S.A.*). If compliance with any such rules requires a decision of another Company body, the Management Board will apply to it to make an appropriate decision.

02 January 2008

/-/ Paweł Gricuk – President of the Management Board

/-/ Marcin Balicki – Member of the Management Board

Attachment to current report re. compliance with the “Best Practices of WSE Listed Companies”

Rule identification	Rule that the Company cannot guarantee to apply permanently and to its full extent	Explanation
In respect of Best Practice for Management Boards of Listed Companies:		
rule II.1.	A company should operate a corporate website and publish:	
rule II.1.1.	<ul style="list-style-type: none"> • basic corporate regulations, in particular the statutes and internal regulations of its governing bodies 	Given the Company’s standing on rule IV.2. the Company cannot post the rules of the General Meeting on its website. The Company will publish them if adopted.
rule II.1.4.	<ul style="list-style-type: none"> • the date and place of a General Meeting, its agenda and draft resolutions together with their legal basis as well as other available materials related to the company’s General Meetings, at least 14 days before the set date of the General Meeting 	Given the Company’s standing on rule II.5. the Company cannot post on its website the legal basis for all draft resolutions of General Meetings. The Company will publish the legal bases for draft resolutions of General Meetings that are available to the Management Board.
rule II.5.	Draft resolutions of a General Meeting should have grounds attached, with the exception of resolutions on points of order and typical resolutions adopted in the course of an Ordinary General Meeting. In view of the foregoing, the Management Board should present grounds or request the person motioning for the inclusion of an issue on the agenda of a General Meeting to provide grounds.	The Company shares the need for detailed grounds for the inclusion of certain issues on the agenda. The Company cannot guarantee, however, that all entities authorised to make a motion to include a given issue on the agenda will always provide grounds for draft resolutions. Furthermore, the Company would like to stipulate that it may not always be technically feasible to provide grounds in a timeframe allowing the shareholders to become acquired with them ahead of the General Meeting. In some cases, practical matters may require a General Meeting to be held on short notice.
In respect of Best Practice for Supervisory Board Members:		
rule III.2.	A member of the Supervisory Board should submit to the company’s Management Board information on any relationship with a shareholder who holds shares representing not less than 5% of all votes at the General Meeting. This obligation concerns financial, family, and other relationships which may affect the position of the member of the Supervisory Board on issues decided by the Supervisory Board.	The Company’s position is that it could not guarantee procedures that would enable it to be informed on “other relationships” as the term is ambiguous. The Company believes that the absence of such disclosure does not negatively impact the Company’s transparency as the Company has declared its willingness to comply with the corporate governance rule stating that a member of the Supervisory Board should notify any conflicts of interest which have arisen or may arise to the Supervisory Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.
rule III.6.	At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.	Adoption of this rule would be premature given the Company’s current shareholding structure. The Company will consider compliance with this rule in the future.

rule III.7.	The Supervisory Board should establish at least an audit committee. The committee should include at least one member independent of the company and entities with significant connections with the company, who has qualifications in accounting and finance. In companies where the Supervisory Board consists of the minimum number of members required by law, the tasks of the committee may be performed by the Supervisory Board.	See explanation to rule III.6
rule III.8.	Annex I to the <i>Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors...</i> should apply to the tasks and the operation of the committees of the Supervisory Board.	See explanation to rule III.6
In respect of Best Practices of Shareholders:		
rule IV.1.	Presence of representatives of the media should be allowed at General Meetings.	The Company acknowledges the assumptions underlying this rule in principle and considers it good corporate practice. The Company continually strives to have good relations with the media and to have an effective information policy. There is no assurance, however, that a situation does not occur in which the Company will not allow representatives of the media to be present at a General Meeting to ensure that the meeting progresses effectively.
rule IV.2.	The rules of General Meetings should not restrict the participation of shareholders in General Meetings and the exercising of their rights. Amendments of the rules should take effect at the earliest as of the next General Meeting.	The Company's practice to date, as well as the practices of many public companies, do not support the need to lay down the rules of General Meetings. The Company believes, therefore, that relevant regulations of the Commercial Companies Code provide a sufficient basis to ensure effective progress of the Company's General Meeting, including voting in separate groups.