

**Execution of a significant contract – CONSORTIUM OF INTERNATIONAL INVESTMENT FUNDS IS SECURING FINANCING PLN 127,5 MILLION CONVERTIBLE BOND AND WARRANT PROGRAM**

*Legal basis: Art. 56.1.2a) of the Act on public offering in connection with Par. 5.1.3 of the Regulation of the Minister of Finance dated February 19th 2009 on current and periodic information to be published by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state*

The management board of PETROLINVEST S.A. (the “Company”) hereby announces that on 18 March 2010 the Company signed an agreement with Kingsbrook Opportunities Master Fund LP, Iroquois Master Fund Ltd. and GEM Global Yield Fund Limited (collectively, the “Investors”) under which financing of up to PLN 127.5 million is to be made available to the Company, through the issue by the Company of unsecured convertible bonds or pre-paid subscription warrants with a total value of up to approximately PLN 112.5 million and further pre-paid subscription warrants for a total amount of approximately PLN 15 million with an exercise price of PLN 19 per share (together with other agreements entered into pursuant to it, the “Agreement”), and, furthermore, the delivery to the Investors of up to 2,400,000 subscription warrants issued based on Resolution No. 1 of the Extraordinary General Meeting of the Company of 30 December 2009 (the “EGM Resolution”) entitling their holders to subscribe for up to 2,400,000 shares in the Company issued for PLN 35 per share (for the first tranche consisting of 1,200,000 warrants) and PLN 47.5 per share (for the second tranche consisting of 1,200,000 warrants), with a total value of PLN 99 million (the “Warrants”). Each of the Investors is entitled to acquire a relevant part, as specified in the Agreement, of the bonds and warrants to be issued under the Agreement (the “Relevant Part”).

The Agreement permits the Company, subject to certain conditions, to issue up to four tranches of convertible bonds or pre-paid subscription warrants with a total issue price of PLN 22.5 million (the first tranche), and PLN 30 million (each of the remaining tranches). The Investors also have the right to demand that the Company issue the remaining tranches and accordingly to purchase bonds or pre-paid subscription warrants issued under such tranches. The price at which bonds from the particular tranches can be converted into the Company’s shares is PLN 19 (the first tranche), PLN 22 (the second tranche), PLN 30 (the third tranche) and PLN 36 (the fourth tranche) for one share in the Company, provided, however, that if the mean of the three lowest closing prices (determined based on the exchange listing prices of the Company’s shares) of the Company’s shares over 20 consecutive trading days immediately preceding the date on which the bondholder submits a notice converting his bonds into the Company’s shares is lower than the basic conversion price applicable to the relevant tranche, as stated above, then the conversion price for the bonds referred to in the conversion notice will be equal to that mean price. The possibility of reducing the conversion price based on the aforementioned rule does not apply to bonds issued in the first tranche. The conversion price is subject to adjustment in accordance with agreed formulae upon certain corporate events affecting the Company.

If, during the effective term of the Agreement, the closing price of the Company’s shares remains, for any 15 trading days out of any 30 consecutive trading days, above the price levels specified for the relevant bond tranches (i.e. PLN 26 for the second tranche, PLN 36 for the third tranche, and PLN 42.5 for the fourth tranche) following the issue of the previous tranche, the Company will, subject to certain conditions, be entitled to issue the relevant bond tranche and demand that the Investors purchase such

bonds.

Assuming that the agreement is performed in its entirety in terms of the issue of the convertible bonds and the warrants, and the conversion of all these instruments into shares at a price equal to the base conversion price applicable to the convertible bonds or the exercise price applicable to the warrants, the weighted average issue price of the shares subscribed for by the Investors would be PLN [29.92] per share.

In connection with the fact that in order for the Company to issue the bonds, the Company needs to obtain the prior consent of its financing banks, the bonds may only be issued after such required consent has been procured. Before such consent has been obtained, each of the Investors is entitled to demand that the Company issues, for such Investor's benefit, pre-paid subscription warrants in a number not exceeding the quotient of the value of the given Investor's Relevant Part for the given bond tranche and the basic bond conversion price for the given tranche, which will enable the given Investor to become entitled to subscribe for the same number of shares as he would be entitled to if an equivalent amount of bonds of the same tranche were issued, and at an exercise price corresponding to the conversion price which would apply to the given bond tranche, if such were issued. Moreover, the Company may, subject to certain conditions, require the Investors to subscribe for such pre-paid warrants on such terms in the circumstances in which it would, if the financing banks' consent had been obtained, be re entitled to require them to subscribe for convertible bonds. If subscription warrants are issued in place of the bonds, the Company will, on such issue date, receive funds equal to the funds it would obtain if a relevant part of the bond tranche were issued. Pre-paid subscription warrants issued by the Company in place of the bonds will entitle their holders to subscribe for shares by 31 December 2014. Upon exercising the warrant the pre-paid amount will be credited towards the issue price of the shares subscribed for in the exercise of the warrant. Furthermore, if the issue price of the shares subscribed for in the exercise of the warrant is lower than the issue price applicable on the date such warrant is issued, the Company will be required to issue additional warrants to such warrant holder, whose total number shall be the quotient of (i) the difference between the total amount pre-paid towards the warrants being exercised by the given holder at the given time and the total issue price of the shares subscribed for in the exercise of the warrants, and (ii) the share issue price applicable to the warrants on their relevant exercise date.

The Agreement requires the Company to pay to the warrant holder who exercises his share subscription right a contractual penalty in an amount determined in accordance with a formula provided in the Agreement if, within the timeframe specified in the Agreement, shares in the Company are not recorded in such warrant holder's securities account in a number stated in the warrant exercise notice. The amount of the contractual penalty depends on how many shares to be subscribed for in the exercise of the warrants failed to be recorded in such warrant holder's securities account and on the time by which such entry was delayed compared to the timeframe provided for recording such shares in such warrant holder's securities account. If a contractual penalty is paid in the manner stated above, the given warrant holder may not seek damages for the relevant delay in excess of such contractual penalty paid.

On the Agreement execution date, the Company received from the Investors requests to issue, in lieu of convertible bonds of the first tranche, the relevant number of pre-paid subscription warrants. In consequence of the receipt of such request, on the Agreement execution date, the Company issued to the Investors 1,973,681 pre-paid subscription warrants (consisting 1,184,209 subscription warrants in lieu of convertible bonds of the first tranche and the separate pre-paid subscription warrants with a pre-paid amount of PLN 15 million mentioned above), which entitle their holders to subscribe for 1,973,681 V series shares in the Company at a per-share issue price of PLN 19. As a result of the issue the Company received the amount pre-paid of PLN 37,499,939 in aggregate. If the holders exercise the abovementioned warrants, the amount pre-paid by the warrant holder on the warrant issue date will be credited towards the issue price of the shares subscribed for in the exercise of the warrants.

Furthermore, the Company issued to the Investors 1,200,000 subscription warrants, issued gratuitously, which entitle their holders to subscribe for 1,200,000 V series shares in the Company at a per-share issue price of PLN 35.

The Company's shares issued based on the Agreement will be subscribed for in return for cash contributions. Immediately after the date on which the shares were issued in connection with the bonds being converted or the warrants being exercised, the Company will take all necessary steps to introduce the shares to trading on the WSE.

The Agreement meets the criteria of a significant contract because its value exceeds 10% of the Company's equity.

The Company's management board would like to emphasize that the execution of the Agreement, which has been previously announced by the Company, together with the resolution of the management board of the European Bank for Reconstruction and Development, which the Company has announced in current report No. 14/2010 dated 9 March 2010 and the farm-out agreement with the Total Group, which the Company has announced in current report No. 16 dated 17 March 2010, closes the financing of another stage of the development of the Petrolinvest Capital Group with respect to the licenses held by OilTechnoGroup and Emba Jug Niefert.

Furthermore, pursuant to Article 57 of the Act on Public Offerings, the Company's management board announces that the negotiations between the Company and the Investors entered into the firm arrangements stage on 12 March 2010.

*18 March 2010*

*/-/ Paweł Gricuk – President of the Management Board*

*/-/ Marcin Balicki – Vice President of the Management Board*