

**ANNOUNCEMENT
OF THE MANAGEMENT BOARD OF PETROLINVESTSPÓŁKA AKCYJNA OF
CONVOCAION OF AN EXTRAORDINARY GENERAL MEETING**

The Management Board of PETROLINVEST S.A. headquartered in Gdynia (the “**Company**”), acting pursuant to Article 398, Article 399 § 1 in conjunction with Articles 402¹ and 402² of the Commercial Companies Code (the “**CCC**”), convenes the Extraordinary General Meeting of the Company (the “**General Meeting**”) for 27 September 2011 at 9.00 a.m. to be held in Gdynia at Podolska 21, 7th floor, in the conference room.

Agenda:

1. Opening of the General Meeting.
2. Drawing up a list of attendees, asserting whether the General Meeting has been properly convened and is able to pass resolutions.
3. Adopting a resolution regarding issue of subscription warrants, a conditional increase of the share capital of the Company, the exclusion of the pre-emptive rights of the existing shareholders of the Company and amendment of the Statutes of the Company.
4. Closing of the General Meeting.

Proposed amendments to the Statutes of the Company

The Management Board of the Company announces the proposed amendments to the wording of the Statutes of the Company. Simultaneously, leaving the possibility to take the decision on the exact amount of the conditional increase of the Company’s share capital to the shareholders, the Management Board recommends that the amount of the conditional increase of the Company’s share capital be fixed between PLN 300,000,000 and PLN 400,000,000. The proposed amendments to the Statutes of the Company presented below relate to the range recommended by the Management Board of the Company, whereas the resolution to be passed by the General Meeting will relate to the exact amount of the conditional increase, fixed by the shareholders at the Meeting.

Proposed amendment to the wording of § 8a of the Statutes of the Company

The current wording of § 8a of the Statutes:

“§ 8a

1. *The conditional share capital of the Company shall amount to no more than PLN 319,942,850 (three hundred and nineteen million, nine hundred and forty-two thousand, eight hundred and fifty) and shall be divided into no more than:
 - (a) 264,285 (two hundred and sixty-four thousand, two hundred and eighty-five) ordinary bearer series E shares of PLN 10 (ten) nominal value each;
 - (b) 1,300,000 (one million, three hundred thousand) ordinary bearer series O shares of PLN 10 (ten) nominal value each;
 - (c) 430,000 (four hundred and thirty thousand) ordinary bearer series P shares of PLN 10 (ten) nominal value each; and
 - (d) 30,000,000 (thirty million) ordinary bearer series C shares of PLN 10 (ten) nominal value each.*
2. *The objective of the conditional share capital referred to in § 8a item 1 (a) above is to grant the right to subscribe for the series E shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. 3 dated 29 April 2008. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the series E shares. The right to subscribe for the series E shares may be exercised until 30 April 2011.*
3. *The objective of the conditional share capital referred to in § 8a item 1 (b) above is to grant the right to subscribe for the series O shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. 1 dated 31 July 2009. The holders of subscription warrants referred to in the preceding sentence will be authorised*

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to subscribe for the Series O Shares. The right to subscribe for the Series O Shares may be exercised until 30 April 2013.

4. *The objective of the conditional share capital referred to in § 8a item 1 (c) above is to grant the right to subscribe for the series P shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. 2 dated 31 July 2009. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the Series P Shares. The right to subscribe for the Series P Shares may be exercised until 30 April 2013.*
5. *The objective of the conditional share capital referred to in § 8a item 1 (d) above is to grant the right to subscribe for the series C shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. 1 dated 9 May 2011. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the Series C Shares. The right to subscribe for the Series C Shares may be exercised until 31 March 2016.*

The proposed wording of § 8a of the Statutes:

“§ 8a

The conditional share capital of the Company shall amount to no more than

PLN [617,300,000–717,300,000] ([six hundred and seventeen million, three hundred thousand–seven hundred and seventeen million, three hundred thousand]) and shall be divided into no more than:

- (a) 1,300,000 (one million, three hundred thousand) ordinary bearer series O shares of PLN 10 (ten) nominal value each;*
 - (b) 430,000 (four hundred and thirty thousand) ordinary bearer series P shares of PLN 10 (ten) nominal value each;*
 - (c) 30,000,000 (thirty million) ordinary bearer series C shares of PLN 10 (ten) nominal value each;*
 - (d) [30,000,000–40,000,000] ([thirty–forty] million) ordinary bearer series D shares of PLN 10 (ten) nominal value each.*
2. *The objective of the conditional share capital referred to in § 8a item 1 (a) above is to grant the right to subscribe for the series O shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. 1 dated 31 July 2009. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the Series O Shares. The right to subscribe for the Series O Shares may be exercised until 30 April 2013.*
 3. *The objective of the conditional share capital referred to in § 8a item 1 (b) above is to grant the right to subscribe for the series P shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. 2 dated 31 July 2009. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the Series P Shares. The right to subscribe for the Series P Shares may be exercised until 30 April 2013.*
 4. *The objective of the conditional share capital referred to in § 8a item 1 (c) above is to grant the right to subscribe for the series C shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. 1 dated 9 May 2011. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the Series C Shares. The right to subscribe for the Series C Shares may be exercised until 31 March 2016.*
 5. *The objective of the conditional share capital referred to in § 8a item 1 (d) above is to grant the right to subscribe for the series D shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. [1] dated 26 September 2011. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the Series D Shares. The right to subscribe for the Series D Shares may be exercised until 30 September 2016.*

Information for shareholders

Right to participate in the General Meeting

The Management Board of the Company announces that pursuant to Article 406¹ of the Commercial

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Companies Code only those who were shareholders of the Company sixteen days before the date of the General Meeting, i.e. on 11 September 2011 (day of registration of the participation in the General Meeting, hereinafter called the “**Registration Date**”), are entitled to participate in the General Meeting, on condition that they provide the entity maintaining their securities account with a request to issue a name certificate of the right to participate in the General Meeting within the period from announcing the convocation of the General Meeting to the first working day following the Registration Date, i.e. until 12 September 2011.

A list of shareholders entitled to participate in the General Meeting will be prepared on the basis of a list made available to the Company by the entity maintaining the depository for securities (The National Depository for Securities) and presented in the registered seat of the Company at Podolska 21 in Gdynia, between 9.00 a.m. and 4.00 p.m., during 3 working days before the General Meeting, i.e. from 22 September 2011 to 26 September 2011. A shareholder of the Company may request to be provided free of charge with the list of shareholders by electronic mail by giving the e-mail address to which the list should be sent. Such a shareholder may send such a request by electronic mail to the address walne.zgromadzenie@petrolinvest.pl.

Selected rights of shareholders regarding the General Meeting

A shareholder or shareholders representing at least one twentieth of the share capital of the Company are entitled to:

- (i) demand to put certain matters on the agenda of the General Meeting; such a request should be submitted to the Management Board of the Company no later than twenty one days before the date of the General Meeting, i.e. until 6 September 2011; the request should include a justification or a draft resolution relating to the proposed item on the agenda; the request may be submitted by electronic mail to the address walne.zgromadzenie@petrolinvest.pl;
- (ii) submit to the Company draft resolutions regarding matters put on the agenda of the General Meeting or matters which are to be put on the agenda before the date of the General Meeting in writing or by electronic mail to the address walne.zgromadzenie@petrolinvest.pl.

During the General Meeting, each shareholder of the Company may present draft resolutions regarding matters put on the agenda.

Way of participating in the General Meeting and of exercising voting rights

A shareholder who is a natural person may participate in the General Meeting and exercise voting rights personally or through a proxy. A shareholder who is not a natural person may participate in the General Meeting and exercise voting rights through a person authorised to make declarations of will on his behalf or through a proxy. A relevant power of attorney should be prepared in writing or granted in an electronic form. A power of attorney granted in an electronic form does not need to bear a safe electronic signature verified with the use of a valid qualified certificate. The Company should be notified of granting a power of attorney in an electronic form by electronic mail to the address walne.zgromadzenie@petrolinvest.pl.

In order to identify the shareholder who grants a power of attorney, the notification of granting a power of attorney in an electronic form should include (as an attachment):

- (i) in the case of a shareholder being a natural person — a copy of the personal ID card, passport or other official ID document of the shareholder; or
- (ii) in the case of a shareholder other than a natural person — a copy of an extract from the relevant register or other document confirming the entitlement of the natural person (natural persons) to represent the shareholder on the General Meeting (e.g. a continuous series of powers of attorney).

In the case of doubts regarding the authenticity of the above mentioned documents, the Management Board of the Company reserves the right to require the attorney to present the following documents while preparing the attendance list:

- (i) in the case of a shareholder being a natural person — a certified copy of a personal ID card, passport or other official ID document of the shareholder, prepared by a notary or other entity authorised to certify such a copy; or
- (ii) in the case of a shareholder other than a natural person — the original or a certified copy of an extract from the relevant register or other document confirming the entitlement of the natural person (natural persons) to represent the shareholder on the General Meeting (e.g. a continuous series of powers of attorney), prepared by a notary or other entity authorised to certify such a copy.

In order to identify the attorney, the Management Board of the Company reserves the right to require the attorney to present the following documents while preparing the attendance list:

- (i) in the case of an attorney being a natural person — the personal ID card, passport or other official ID document of the attorney; or
- (ii) in the case of an attorney other than a natural person — the original or a certified copy of an extract

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from the relevant register or other document confirming the entitlement of the natural person (natural persons) to represent the attorney on the General Meeting (e.g. a continuous series of powers of attorney) and the personal ID card, passport or other official ID document of a natural person (natural persons) authorised to represent the attorney on the General Meeting, prepared by a notary or other entity authorised to certify such a copy.

Forms mentioned in Article 402³ § 1.5 of the Commercial Companies Code, enabling the attorney to exercise voting rights, are available on the web site of the Company at www.petrolinvest.pl. The Company does not require that power of attorney be granted on the above mentioned form.

Furthermore, the Management Board of the Company announces that if a shareholder grants a power of attorney along with a voting instruction, the Company will not verify whether the attorneys exercise voting rights in accordance with the instructions obtained from the shareholders. In consequence, the Management Board of the Company announces that a voting instruction should be submitted only to the attorney.

The Statutes of the Company do not provide for a possibility to participate in the General Meeting, express one's opinion during the General Meeting or exercise voting rights by electronic means of communication.

The Company does not foresee the possibility to exercise voting rights by mail.

Materials regarding the General Meeting

A person entitled to participate in the General Meeting may find the whole text of documentation which is to be presented to the General Meeting, including draft resolutions or, if no resolutions are expected to be passed, remarks of the Management Board or the Supervisory Board regarding matters put on the agenda of the General Meeting or matters which are to be put on the agenda before the date of the General Meeting, on the web site of the Company, www.petrolinvest.pl, and in the registered seat of the Company at Podolska 21 in Gdynia, between 9.00 a.m. and 4.00 p.m., on working days until the date of the General Meeting.

Attendance registration on the General Meeting

Persons entitled to participate in the General Meeting are requested to register and collect a voting card directly before entering the meeting room, half an hour before the opening of the General Meeting.

Other information

Information on the General Meeting will be available on the Company's website, www.petrolinvest.pl.

Furthermore, the Management Board of the Company announces that in matters not included in this notice the provisions of the Commercial Companies Code and of the Statutes of the Company shall apply; therefore, shareholders of the Company are requested to acquaint themselves with the above mentioned regulations.

Draft resolutions of the General Meeting

RE: item 3 on the agenda:

Resolution No. 1

of the Extraordinary General Meeting of PETROLINVEST Spółka Akcyjna dated 27 September 2011

regarding issue of subscription warrants, a conditional increase of the share capital of the Company, the exclusion of the pre-emptive rights of the existing shareholders of the Company and amendment of the statutes of the Company

The Extraordinary General Meeting of PETROLINVEST S.A. with its registered seat in Gdynia (the "Company") resolves as follows:

§ 1

1. Pursuant to Article 453 § 2 of the Commercial Companies Code (the "CCC") it shall be resolved to issue up to [30,000,000–40,000,000] (*[thirty million–forty million]*) subscription warrants (the "Subscription Warrants") which may be issued as bearer or registered subscription warrants.
2. The Subscription Warrants shall be issued in documentary form and may be delivered in global certificates, or they may be in non-documentary form (book entry form).
3. The Subscription Warrants shall be delivered free of charge or against payment.
4. One Subscription Warrant shall authorise to subscribe for one (1) Series D Share (as defined below).
5. The rights to subscribe for the Series D Shares under the Subscription Warrants may be exercised

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until 30 September 2016. The Management Board of the Company shall be authorised to deliver the Subscription Warrants authorising to subscribe for the Series D Shares within a term shorter than the maximum term stated in this § 1.5 of the Resolution.

6. The Subscription Warrants which have not been exercised to subscribe for the Series D Shares within the term stated in § 1.5 shall expire.
7. The Subscription Warrants issued as registered subscription warrants will be offered for subscription through private placement to entities selected by the Management Board of the Company, provided there will be less than a hundred (100) of those entities. The Subscription Warrants issued as bearer subscription warrants in non-documentary form may be offered within the framework of public offering.
8. The Extraordinary General Meeting of the Company shall decide on the possibility to offer all or part of the Subscription Warrants and the Series D Shares within the framework of public offering and on the possibility to pursue the admission and introduction of the Subscription Warrants to trading on the regulated market of the WSE, and shall decide that the Subscription Warrants offered in that manner will be in book entry form.
9. The General Meeting shall authorise the Management Board of the Company to take any and all actions related to the issuance and allocation of the Subscription Warrants in favour of the persons designated in § 1.7 above, including:
 - (a) determining the number of the Subscription Warrants issued in bearer or registered form, the number of the Subscription Warrants issued in documentary or non-documentary form, as well as the number of the Subscription Warrants offered within the framework of public offering; the terms and conditions of public offering proposed by the Management Board of the Company, including its volume and the issue price of the Subscription Warrants and the Series D Shares, shall require the consent of the Supervisory Board of the Company;
 - (b) determining the number of the Subscription Warrants issued against payment or free of charge, as well as the issue price of the Subscription Warrants issued against payment;
 - (c) determining the wording of the Subscription Warrants issued in documentary form, including the detailed contents of the document of a Subscription Warrant and the global certificate of Subscription Warrants, as well as determining the wording of the Subscription Warrants issued in non-documentary form;
 - (d) offering the Subscription Warrants in a number smaller than the maximum number stated in this resolution;
 - (e) issuing Subscription Warrants in different series and defining the detailed dates for the issuance of the Subscription Warrants as well as other terms and conditions of issue as the Management Board of the Company deems necessary, including the exclusion or limitation of the tradability of the Subscription Warrants; and
 - (f) taking any and all actions related to the issuance and allocation of the Subscription Warrants; in particular the Management Board of the Company shall be authorised, if necessary, to enter into an agreement with a selected financial institution on the basis of which such an institution will perform certain actions related to the issuance and registration of the Subscription Warrants in non-documentary form, offered within the framework of public offering, with the National Depository for Securities (the “NDS”), and their admission and introduction to trading on the Warsaw Stock Exchange (the “WSE”).

§ 2

1. Pursuant to Article 432 and Article 449 of the CCC, it shall be resolved to conditionally increase the share capital of the Company by no more than PLN [300,000,000–400,000,000] (*three hundred million–four hundred million*) through the issuance of no more than [30,000,000–40,000,000] (*thirty million–forty million*) ordinary series D bearer shares with the nominal value of PLN 10 (ten) each (the “**Series D Shares**”).
2. The objective of the conditional share capital increase is to grant the right to subscribe for the Series D Shares to the holders of the Subscription Warrants which will be issued by the Company on the basis of this Resolution. The take-up of the Series D Shares by exercising the rights from the Subscription Warrants will take place in the time frame specified in § 1.5 above.
3. The Series D Shares shall be issued exclusively in exchange for cash contributions to the holders of the Subscription Warrants who deliver a written representation on subscription for the Series D Shares in accordance with Article 451 § 1 of the CCC and pay the issue price for the Series D Shares.
4. The Management Board of the Company shall be authorised to establish the issue price of the Series

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D Shares. The establishment of the issue price of the Series D Shares shall require an approval of the Company's Supervisory Board.

5. The Series D Shares shall participate in the dividend on the following terms:
 - (a) The Series D Shares issued no later than on the dividend date established in the resolution of the General Meeting with respect to distribution of profit shall participate in the profit starting with the profits for the previous financial year, i.e. since 1 January in the financial year directly preceding the year in which the shares have been issued;
 - (b) The Series D Shares issued after the dividend date established in the resolution of the General Meeting with respect to distribution of profit shall participate in the profit starting with the profits for the financial year in which the shares were issued, i.e. since 1 January in that financial year.
6. The Management Board of the Company shall hereby be authorised to take any and all actions related to the issuance and allocation of the Series D Shares to the holders of the Subscription Warrants, in particular the Management Board of the Company shall be authorised, if necessary, to enter into an agreement with a selected financial institution on the basis of which such an institution will perform certain actions related to the issuance and registration of the Series D Shares with the NDS and their admission and introduction to trading on the WSE.
7. The Extraordinary General Meeting of the Company shall resolve to pursue the admission and introduction of the Series D Shares to trading on the regulated market of the WSE and shall decide that the Series D Shares will be in book entry form.
8. The Management Board of the Company shall be authorised and obliged to take any and all actions necessary to perform this Resolution, including filing proper motions or notices with the Polish Financial Supervision Authority, apply for admission of the Series D Shares to trading on the regulated market, register the Series D Shares with the NDS and file an application for the introduction of the Series D Shares to trading on the regulated market of the WSE.

§ 3

1. In the Company's best interest, the pre-emptive rights of the Company's existing shareholders to the Subscription Warrants and the Series D Shares shall be fully and completely excluded. We shall acknowledge the written opinion of the Company's Management Board presenting the grounds for the exclusion of the pre-emptive rights to the Subscription Warrants and the Series D Shares, as such an opinion is attached as Schedule No. 1 to this Resolution.
2. Adopting this Resolution regarding issue of subscription warrants, a conditional increase of the share capital of the Company, the exclusion of the pre-emptive rights of the existing shareholders of the Company and amendment of the statutes of the Company results, among other things, from the need to: (i) secure funds for works on the Shyrak 1 well, in particular works carried out in order to prepare the well for testing and for industrial production of hydrocarbons; (ii) secure funds for commencing industrial production in the Emba Contract, in particular as regards drilling new wells, in order to commence industrial production of hydrocarbons; (iii) secure funds for investments and development of projects relating to shale gas and shale oil; (iv) make it possible to fulfil conditions precedent of the agreement concluded with the French concern Total regarding common investments on the Koblandy field within the largest contract area of the Petrolinvest Group in Kazakhstan — OTG; (v) secure liquidity needs of the Company in relation to the reduction of its indebtedness and make it possible to settle payables to financing entities. The Company assumes the possibility of conducting one or more public offerings of the Subscription Warrants and the Series D Shares subscribed for as a result of their execution, directed at individual and institutional investors on preferential market conditions. A public offering would be conducted in order to enable a wide group of investors to build the market value of the Company, nevertheless, in order to ensure the flexibility and possibility of the Company to adapt to the market conditions, it will be necessary to exclude the pre-emptive rights of the Company's existing shareholders.

§ 4

In reference with the conditional share capital increase made on the basis of this Resolution of the Extraordinary General Meeting of the Company, it shall be resolved to amend § 8a of the Company Statute by giving it the following new wording:

“§ 8a

1. *The conditional share capital of the Company shall amount to no more than PLN [617,300,000–717,300,000] ([six hundred and seventeen million, three hundred thousand–seven hundred and seventeen million, three hundred thousand]) and shall be divided into no more than:*

- (d) 1,300,000 (one million, three hundred thousand) ordinary bearer series O shares of PLN 10 (ten) nominal value each;
 - (e) 430,000 (four hundred and thirty thousand) ordinary bearer series P shares of PLN 10 (ten) nominal value each;
 - (f) 30,000,000 (thirty million) ordinary bearer series C shares of PLN 10 (ten) nominal value each;
 - (d) [30,000,000–40,000,000] ([thirty–forty] million) ordinary bearer series D shares of PLN 10 (ten) nominal value each.
2. *The objective of the conditional share capital referred to in § 8a item 1 (a) above is to grant the right to subscribe for the series O shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. 1 dated 31 July 2009. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the Series O Shares. The right to subscribe for the Series O Shares may be exercised until 30 April 2013.*
 3. *The objective of the conditional share capital referred to in § 8a item 1 (b) above is to grant the right to subscribe for the series P shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. 2 dated 31 July 2009. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the Series P Shares. The right to subscribe for the Series P Shares may be exercised until 30 April 2013.*
 4. *The objective of the conditional share capital referred to in § 8a item 1 (c) above is to grant the right to subscribe for the series C shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. 1 dated 9 May 2011. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the Series C Shares. The right to subscribe for the Series C Shares may be exercised until 31 March 2016.*
 5. *The objective of the conditional share capital referred to in § 8a item 1 (d) above is to grant the right to subscribe for the series D shares to the holders of subscription warrants issued by the Company on the basis of the resolution of the Extraordinary General Meeting No. [1] dated 27 September 2011. The holders of subscription warrants referred to in the preceding sentence will be authorised to subscribe for the Series D Shares. The right to subscribe for the Series D Shares may be exercised until 30 September 2016.*

Schedule No. 1 to the Resolution No. 1 of the Extraordinary General Meeting of PETROLINVEST S.A. dated 27 September 2011

Acting pursuant to Article 433 § 2, fourth clause, and § 6 of the Commercial Companies Code, the Management Board of PETROLINVEST S.A. (the “**Company**”), in light of the proposed conditional increase of the Company’s share capital by no more than between PLN 300,000,000 (three hundred million) and PLN 400,000,000 (four hundred million) through the issuance, respectively, of no more than between 30,000,000 (thirty million) and 40,000,000 (forty million) ordinary series D bearer shares of PLN 10 (ten) nominal value each (the “**Series D Shares**”) to the exclusion of all the pre-emptive rights of the existing shareholders in relation to the subscription for Series D Shares, and the issuance of between 30,000,000 (thirty million) and 40,000,000 (forty million) of subscription warrants to the exclusion of all the pre-emptive rights of the existing shareholders, hereby presents the Extraordinary General Meeting of the Company convened for 27 September 2011 with the following opinion:

**Opinion of the Management Board
of PETROLINVEST Spółka Akcyjna
dated 30 August 2011**

**presenting the grounds for the exclusion of the pre-emptive rights to the series D shares and the
subscription warrants authorising to subscribe for the series D shares in their entirety, and the
method of establishment of the issue price of the shares and the subscription
warrants**

The Extraordinary General Meeting of PETROLINVEST S.A. (the “**Company**”) was convened for 27 September 2011 in order to pass i.a. a resolution related to the conditional increase of the Company’s share

capital by no more than between PLN 300,000,000 (three hundred million) and PLN 400,000,000 (four hundred million) through the issuance of no more than between 30,000,000 (thirty million) and 40,000,000 (forty million) ordinary series D bearer shares of PLN 10 (ten) nominal value each (the “**Series D Shares**”) to the exclusion of all the pre-emptive rights of the existing shareholders in relation to the subscription for Series D Shares, and the issuance of no more than between 30,000,000 (thirty million) and 40,000,000 (forty million) of subscription warrants to the exclusion of all the pre-emptive rights of the existing shareholders (the “**Subscription Warrants**”).

The conditional increase of the share capital through the issuance of the Series D Shares and the issuance of the Subscription Warrants authorising to subscribe for the Series D Shares is related to the implementation and fulfilment of the new strategy of the Company aiming at the Company achieving positive cash flows and a positive result on operating activities in the shortest time possible. The capital increase aims at, above all, the Company acquiring an effective tool which will enable it to acquire funds needed, above all, to: (i) secure funds for works on the Shyrak 1 well, in particular works carried out in order to prepare the well for testing and for industrial production of hydrocarbons; (ii) secure funds for commencing industrial production in the Emba Contract, in particular as regards drilling new wells, in order to commence industrial production of hydrocarbons; (iii) secure funds for investments and development of projects relating to shale gas and shale oil; (iv) make it possible to fulfil conditions precedent of the agreement concluded with the French concern Total regarding common investments on the Koblandy field within the largest contract area of the Petrolinvest Group in Kazakhstan — OTG; (v) secure liquidity needs of the Company in relation to the reduction of its indebtedness and make it possible to settle payables to financing entities.

In the opinion of the Company’s Management Board, taking into account the situation of the Company, the increase of the share capital through the issuance of shares still constitutes an optimum source of capital, decrease of Company indebtedness in a manner which does not threaten its liquidity, execution of new investment projects and incentive programmes. The current conditions on capital markets, the existing and future financial requirements of the Company and the intentions related to the improvement of its financial results through a decrease of its indebtedness justify the exclusion of the pre-emptive rights of shareholders with respect to the Series D Shares. The issue of the Subscription Warrants authorising to subscribe for the Series D Shares is aimed at facilitating and accelerating the introduction of the Series D Shares to public trading on the Warsaw Stock Exchange (the “**WSE**”). In the opinion of the Management Board, ensuring liquidity through quick listing on the WSE makes the instrument attractive to its purchasers and increases the probability of success of the offering, thus increasing the probability of procuring the means necessary for the Company or effectively decreasing the Company’s debt in a manner which does not have any negative impact on financing its current investment activities. The Subscription Warrants will be offered to investors who express interest in investing in the Company, and also with the goal to obtain new capital assets, including other companies’ shares, convert the Company’s indebtedness, as well as execute new investment projects and incentive programmes.

Moreover, upon confirming the value of the Company’s assets related to its main projects, i.a. upon new estimation of the value of the Shyrak structure, the Company assumes the possibility of conducting one or more public offerings of the Subscription Warrants and the Series D Shares subscribed for in their execution, directed at individual and institutional investors on preferential market conditions. A public offering would be conducted in order to enable a wide group of investors to build the market value of the Company, nevertheless, in order to ensure the flexibility and possibility of the Company to adapt to the market conditions, it will be necessary to exclude the pre-emptive rights of the Company’s existing shareholders. The terms and conditions of public offering proposed by the Management Board of the Company, including its volume and the issue price of the Subscription Warrants and the Series D Shares, shall require the consent of the Supervisory Board of the Company.

The decision on the non-gratuitous or gratuitous nature of the issuance of the Subscription Warrants and the amount of the possible issue price will be taken by the Management Board taking into account the conditions on the capital market and the current price of the Company’s shares.

The issue price of the Series D Shares will be set by the Company’s Management Board depending on the objectives of the issue, primarily by reference to the market value of the shares or the value arrived at using comparative methods of valuation and/or the discounted cash flow method, as well as the Company’s projected financial results. Other methods of determining the value of shares will also be taken into consideration while determining the issue price of the Series D Shares if those methods can help to match the issue price to the level of demand for the shares or the requirements of the incentive programmes or the investment programme that the Company has in place. The issue price of the Series D Shares, fixed by the Management Board, will need an approval of the Company’s Supervisory Board.

In light of the circumstances above and in order to ensure that the Company has necessary flexibility as regards the possibilities of acquiring financial means, the full and complete exclusion of the pre-emptive rights of the existing shareholders to the Series D Shares and the Subscription Warrants is justified for economic reasons and is in the Company’s best interest. The manner of establishment of the issue price of the Series D Shares and the possible issue price of the Subscription Warrants are also justified.

In light of the above, the Management Board recommends that the Extraordinary General Meeting of the Company vote in favour of adoption of the resolution on the conditional share capital increase and the issuance of the Subscription Warrants.

GROUNDS

Adopting a resolution regarding a conditional increase of the share capital of the Company by no more than between PLN 300,000,000 (three hundred million) and PLN 400,000,000 (four hundred million) through the issuance, respectively, of no more than between 30,000,000 (thirty million) and 40,000,000 (forty million) ordinary series D bearer shares of PLN 10 (ten) nominal value each to the exclusion of all the pre-emptive rights of the existing shareholders, and the issuance of between 30,000,000 (thirty million) and 40,000,000 (forty million) of subscription warrants to the exclusion of all the pre-emptive rights of the existing shareholders and amendment of the Statutes of the Company results, among other things, from the need to: (i) secure funds for works in the Shyrak 1 well, in particular works carried out in order to prepare the well for testing and for industrial production of hydrocarbons; (ii) secure funds for commencing industrial production on the Emba Contract, in particular as regards drilling new wells, in order to commence industrial production of hydrocarbons; (iii) secure funds for investments and development of projects relating to shale gas and shale oil; (iv) make it possible to fulfil conditions precedent of the agreement concluded with the French concern Total regarding common investments on the Koblandy field within the largest contract area of the Petrolinvest Group in Kazakhstan — OTG; (v) secure liquidity needs of the Company in relation to the reduction of its indebtedness and make it possible to settle payables to financing entities. The Company assumes the possibility of conducting one or more public offerings of the Subscription Warrants and the Series D Shares subscribed for as a result of their execution, directed at individual and institutional investors on preferential market conditions. A public offering would be conducted in order to enable a wide group of investors to build the market value of the Company, nevertheless, in order to ensure the flexibility and possibility of the Company to adapt to the market conditions, it will be necessary to exclude the pre-emptive rights of the Company's existing shareholders.