PGNiG Upstream International

New financing for the Norwegian operations

13.08.2015

PGNiG
Polskie Górnictwo Naftowe
i Gazownictwo SA

New financing for the Norwegian operations

- On 13 August 2015 PGNiG Upstream International („PGNiG UI") signed a **400 million USD** credit facility with eight banks:
  - Societe Generale
  - BNP Paribas
  - ING
  - HSBC
  - Citibank
  - CACIB
  - SEB
  - Natixis

- This is the second financing in the reserve based loan formula in the history of PGNiG and one of the first such credit in Central Europe.
- Reserve based loan is a specific type of the project finance where the lenders' claims are secured primarily by specific crude oil or natural gas res. The financing has no recourse to PGNiG and therefore Norwegian operations will not limit any other investment options of the PGNiG Group.
- Financing secures the funding needs for further investments in Norway and enables **accelerated return** from the Norwegian operations for PGNiG.

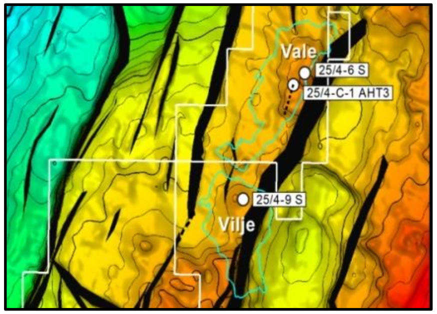
Oil offloading from the Skarv FPSO

Jacket installation on the Gina Krog field (July 2015)

Main features of the Reserve Based Loan

RBL is an financing facility for upstream projects, which is based on value of an individual asset

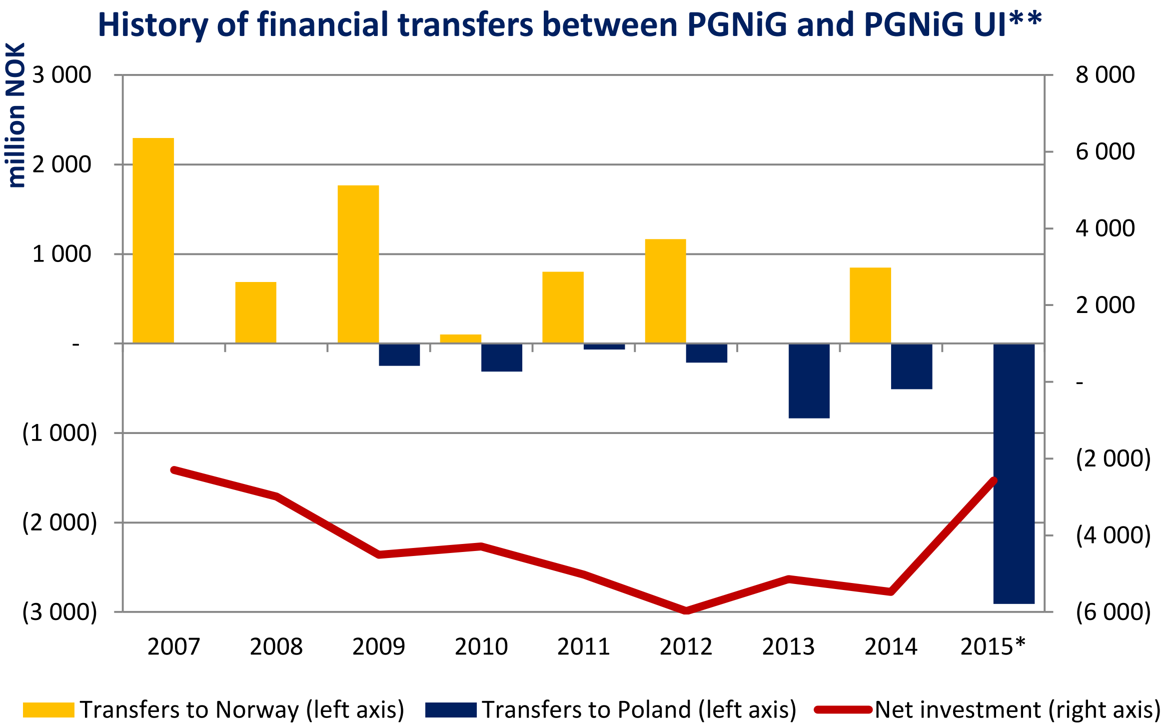
- RBL **increases a debt capacity** of the PGNiG Group:
  - RBL – debt capacity is based on a valuation of individual assets (NPV), and not on financial reports. This way RBL may increase the debt capacity of the PGNiG Group.
  - Due to this fact, investments in Norway will not have any negative impact on investment activities in Poland.
- RBL is provided by banks **specialised in an oil & gas sector** (employing technical experts). In reference to each facility, so called Technical Banks are chosen, which are responsible for periodical valuations of assets.
- When providing a RBL facility, the biggest emphasis are put on **technical and commercial risks**, therefore not all projects can be financed in RBL form.
- Both a level of RBL and its conditions depend on **projects' quality**, instead of a credit rating or financial results of the entity:
  - During last months banks positively assessed PUI's fields, confirming this way high quality of the assets.
  - Banks estimated that the break-even price for the current level of financial indebtedness is at the level of 34 USD/bbl (for oil) and 11 EUR/MWh (for gas).
  - The high quality of the upstream portfolio of PUI positively influenced financing costs.



Vilje and Vale fields

Subsea template installed on Vilje field

Accelerated return from investment in Norway



- Based on the new credit facility PGNiG UI will repay **1.3 billion PLN** to PGNiG in August 2015.
- The grace period in the new credit facility will enable further transfers of funds to Poland in the upcoming quarters.
- It is expected that until the year 2017 the overall aggregated financial transfers from PUI to PGNiG will exceed the nominal value of the Company's investments in Norway.
- Additionally, in Norway PGNiG established company with substantial resources (around 80 million boe) and production (24 thousand boed), which will be continued by at least ten years.

2007-2009

Financing of acquisition of the Skarv field from Exxon (USD 360 m) and investments in the Skarv development

2010-2012

Limited financing from Poland due to issuance of the first RBL in 2010. Further investments in Skarv

2013-2014

Start-up of production and first significant transfers of funds to Poland. In Dec 2015 – bridge financing for acquisition of assets from Total

2015-

New RBL, PGNiG UI is self-financing

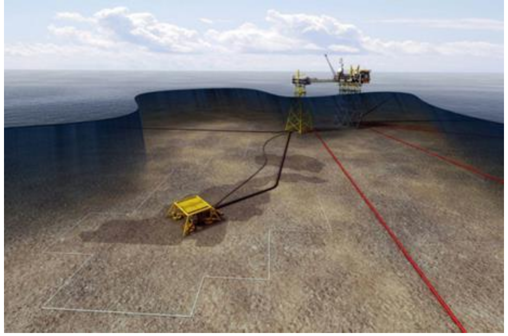
Reduction of the level of indebedtness to PGNiG

* Dane uwzględniają zaplanowaną na 21 sierpnia 2015 spłatę 147.5 mln USD oraz 170 mln EUR do PGNiG SA

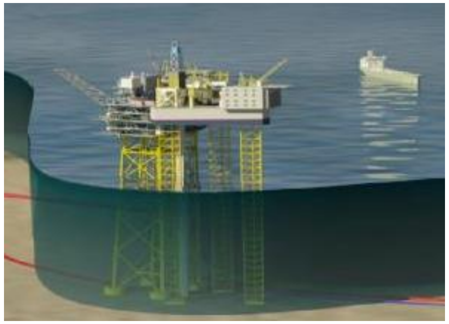
** Wykres uwzględnia wszystkie transfery dotyczące finansowania działalności (dot. pożyczek oraz kapitałów spółki)

Expected benefits for the PGNiG Group

- RBL secures funds necessary for further operations in Norway.
- RBL enables immediate repayment of the substantial part of PUI's debts to PGNiG.
- RBL does not include any guarantee issued by PGNiG or any other direct recourse to PGNiG.
- Banks evaluated PGNiG's Norwegian activity (and its future revenues) for the purpose of issuing financing.
- No impact on the debt capacity of PGNiG (RBL will not directly encumber the Company's business in Poland).
- RBL has built-in flexibility that enables financing of further projects in Norway (and increase in the loan amount).



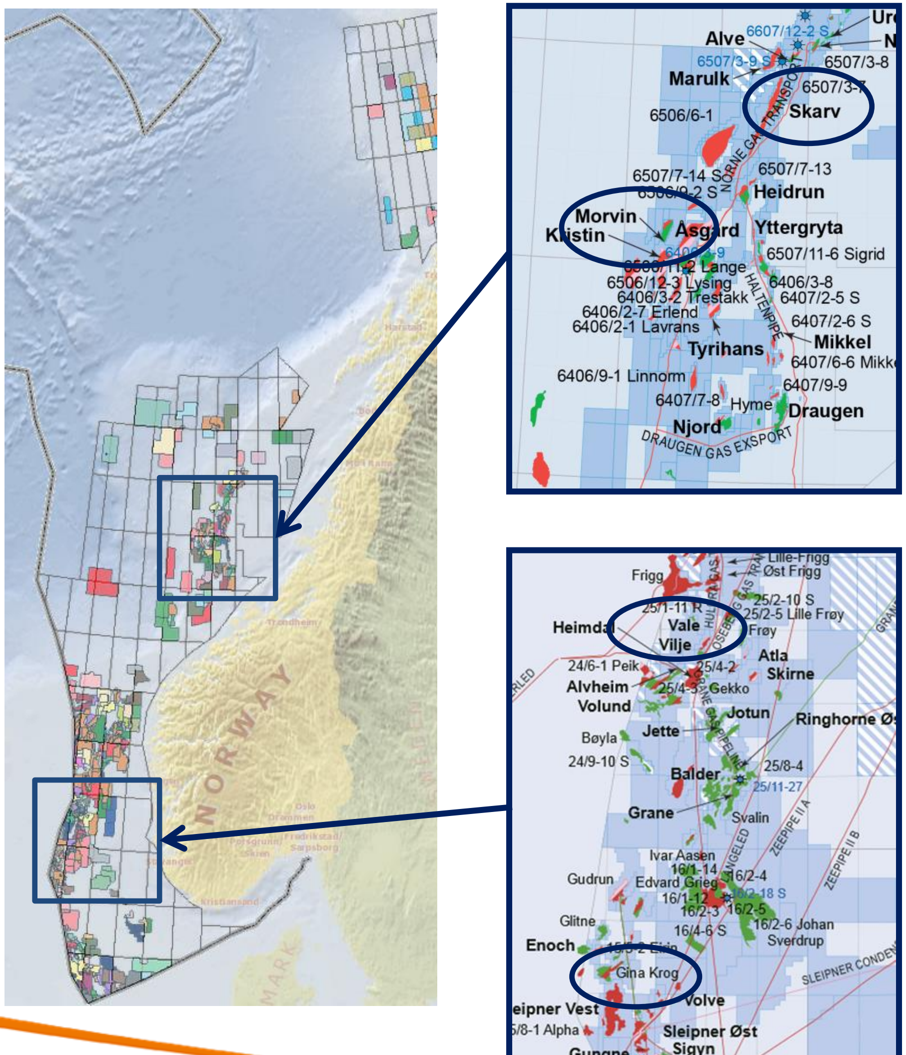
The Vale development model



The Gina Krog platform model

- Revolving facility enables efficient cash management for PGNiG UI.
- RBL is tailored to PUI's needs (7 years tenor, loan cash flow meeting PUI's production profile, ability to draw funds in USD and EUR which limits currency risk – PGNiG UI is generating revenues in these currencies).
- RBL secures additional cost savings for the PGNiG Group (tax deductibility of interests in Norway, low currency risk, low base interest rate and margin).
- PGNiG's risk exposure for Norwegian operations is reduced.

PGNiG Upstream International (company information)



PGNiG UI

- Four producing fields on the Norwegian Continental Shelf with low production costs.
- Two fields in the development phase.
- Eight exploration projects.
- Operator of two exploration licenses
- Documented reserves (2P) of **81 million barrells of oil equivalent*** (10.8 tones of oil equivalent) – as of 31.12.2014.
- Production in the first half of 2015 of **350 thousand tones of oil and 278 million m³ of gas** (24 thousand boed)**
- Stable production profile for the next ten years which secures financing of operations.
- Cooperation with the leading oil companies (for example Statoil, BP, Total, Eni).

* Resources in Norway account for over 10% of the overall resources of the PGNiG Group
** in the first half of 2015, production in Norway accounted for 22% of the overall PGNiG's production (in boe equivalent)

PGNiG