

Warsaw, August 17th 2017

**Polish Oil and Gas Company (PGNiG SA)**  
Head Office

**Draft resolutions for the General Meeting of PGNiG SA convened  
for September 13th 2017**

Current Report No. 65/2017

The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA ("PGNiG" or the "Company") publishes draft resolutions to be submitted for consideration to the Extraordinary General Meeting of PGNiG convened for September 13th 2017.

**Resolution No. / 2017  
of the General Meeting of  
Polskie Górnictwo Naftowe i Gazownictwo SA  
of Warsaw  
dated September 13th 2017**

concerning: approval of the agenda for the Extraordinary General Meeting of PGNiG SA

### Section 1

The Extraordinary General Meeting of PGNiG SA resolves to adopt the following agenda:

1. Opening of the Meeting.
2. Appointment of the Chairperson of the Meeting.
3. Confirmation that the Meeting has been duly convened and has the capacity to pass resolutions.
4. Preparation of the attendance list.
5. Adoption of the agenda.
6. Resolution to amend the Company's Articles of Association.
7. Resolution to grant consent to seek redress from members of the Management Board for damage caused to the company by their unlawful action or omission.
8. Resolution to approve acquisition of an item of property, plant and equipment in the form of 3D seismic data.
9. Resolution to approve purchase of an item of property, plant and equipment, namely a complete 2000KM-class drilling rig with accessories.
10. Closing of the Meeting.

### Section 2

This Resolution shall come into force as of its date.

**Resolution No. / 2017  
of the General Meeting of  
Polskie Górnictwo Naftowe i Gazownictwo SA  
of Warsaw  
dated September 13th 2017**

to amend the Company's Articles of Association

Acting pursuant to Art. 430.1 of the Commercial Companies Code and Art. 56.4.6 of the Company's Articles of Association, the Extraordinary General Meeting of PGNiG SA resolves as follows:

SECTION 1

The Extraordinary General Meeting of PGNiG SA amends the Company's Articles of Association as follows:

**1. Art. 17.2.2 shall read as follows:**

"2) implementation of strategic investment projects or Company's involvement in investment projects which may result in a lasting or temporary deterioration of the economic efficiency of the Company's operations but are required to ensure the energy security of Poland."

**2. Art. 22a.1 shall read as follows:**

"1. Any disposal of non-current assets, within the meaning of the Accounting Act of September 29th 1994, whose value exceeds 0.1% of total assets as disclosed in the most recent approved financial statements, shall be made by the Company through an auction, unless the value of assets to be disposed of is equal to or lower than PLN 20,000."

**3. In Art. 22b:**

**- item 3 shall read as follows:**

"3. The following persons may not participate in the auction as bidders:

- 1) members of the Company's Management and Supervisory Boards;
- 2) the business entity conducting the auction and members of its management and supervisory boards;
- 3) persons responsible for handling the auction process;
- 4) spouses, children, parents and siblings of the persons referred to in items 1-3, and
- 5) persons whose legal or factual relationship with the entity which conducts the auction may raise reasonable doubts as to such entity's impartiality."

**- item 6 shall read as follows:**

"6. The Company may elect not to have a non-current asset intended for sale valued by an expert appraiser if:

- 1) the appraisal costs would clearly exceed the asset's market value,

2) the asset's market value has already been established.”

**- item 7 shall read as follows:**

„7. The auction shall be conducted by:

- 1) oral bidding;
- 2) written bidding.”

**4. Art. 24.4.2 shall read as follows:**

“2) A candidate to the position of a Management Board member may not be a person who meets at least one of the following criteria:

- a) performs the function of a social partner or works at the office of a member of the Polish Parliament (Sejm or Senate) or of a member of the European Parliament under an employment, temporary employment or similar contract,
- b) is a member of a political party's body representing the party before third parties and authorised to assume obligations,
- c) works for a political party under an employment, temporary employment or similar contract,
- d) holds an elected position in a trade union operating at the Company or any Group company,
- e) their social or professional activities give rise to a conflict with the interests of the Company.”

**5. Art. 33.3.5 shall read as follows:**

“5) carry out the recruitment procedure referred to in Art. 25.2 of the Articles of Association to verify and evaluate qualifications of candidates and to select the best candidate for the position of a Management Board member, subject to the following provisions:

- a) The Supervisory Board carries out the recruitment procedure if circumstances arise justifying the appointment of a Management Board member,
- b) When initiating the recruitment procedure, the Supervisory Board shall determine, by way of a resolution, the detailed terms and manner of recruitment proceedings, in particular the position for which a candidate is sought, the time and place for accepting applications, the time and place of the interview, matters to be covered in the interview, as well as the requirements for and method of evaluating the candidate,
- c) Candidates for the position of a Management Board member should meet the requirements laid down in Art. 22 of the Act on state property management,
- d) Announcement of the start of the recruitment procedure shall be published on the Company's website as well as in the Public Information Bulletin of the Polish Ministry of Energy,
- e) The deadline for submission of applications shall not be shorter than 14 days of the date of publishing the announcement of the recruitment procedure,

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- f) The Supervisory Board shall notify the shareholders of the results of the recruitment procedure and shall publish a report on execution and results of the procedure.”

### **6. In Art. 56:**

#### **- item 3.2 shall read as follows:**

“2) disposal of non-current assets within the meaning of the Accounting Act of September 29th 1994, classified as intangible assets, property, plant and equipment or long-term investments, including contribution thereof to a company or cooperative, if the market value of such assets exceeds 5% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements; and granting a third party the right to use such assets for a period of more than 180 days in a calendar year, on the basis of a legal transaction, if the market value of the assets under such legal transaction exceeds 5% of total assets, with the proviso that if the right to use the assets is granted under:

a) lease or rental agreements or other agreements for granting rights to use an asset for consideration by a third party – the market value of the asset shall be construed as the amount of the consideration for:

– one year – if the right to use the asset has been granted under an agreement concluded for an indefinite term,

– the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,

b) lending agreements or other agreements for granting rights to use an asset free of charge by a third party – the market value of the asset shall be construed as the amount of the consideration which would have been payable if a lease or rental agreement was concluded, for:

– one year – if the right to use the asset is to be granted under an agreement concluded for an indefinite term,

– the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,”

#### **- item 3.2a shall be amended to read as follows:**

“2a) acquisition of non-current assets within the meaning of the Accounting Act of September 29th 1994, if the value of such assets exceeds PLN 100,000,000 or 5% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements,”

#### **- item 3.3a shall be amended to read as follows:**

“3a) disposal of shares in another company, if the value of the shares exceeds PLN 10,000,000 or 10% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements, subject to Art. 56.6.”

#### **- item 6 shall read as follows:**

“6. Approval by the General Meeting shall be required for subscription, acquisition or disposal of shares in companies of the PGNiG Group which, pursuant to generally applicable laws, act as the distribution system operator or storage system operator, and such approval shall define the terms and procedure for the disposal.”

### Section 2

This Resolution shall come into force as of its date.

### Grounds

The proposed amendment to Art. 17 of the Company's Articles of Association is intended to make the wording of the existing provisions more precise. In accordance with the current wording, the Minister representing the State Treasury approves *“implementation of strategic investment projects or the Company's involvement in investment projects that result in a lasting or temporary deterioration of the economic efficiency of the Company's operations but are required for ensuring the energy security of Poland”*. Such wording of the provision may lead to the conclusion that the necessary condition for such consent is the assurance that the project will adversely affect the Company's economic performance.

Further, as the Company manages non-current assets whose value exceeds the amount of PLN 10,000,000.00 specified in the current wording of Art. 56.3.2 of the Articles of Association, limiting the Company's ability to dispose of non-current assets whose value exceeds the PLN 10,000,000.00 threshold may be a hindrance to Company's business, as any such disposal would require seeking approval from the General Meeting.

The above amendments are in line with the Act on state property management and, due to the value of the Company's non-current assets and the scope of its business, the current limitations on how the Company may manage and acquire non-current assets may be a hindrance to its business. Hence it is proposed to amend the Articles of Association to reflect the maximum values and amounts indicated in the Act on state property management.

The other amendments are of an editorial nature.

#### **1. Art. 17.2.2, which currently reads as follows:**

“2) implementation of strategic investment projects or the Company's involvement in investment projects which result in a lasting or temporary deterioration of the economic efficiency of the Company's operations but are required for ensuring the energy security of Poland.”

#### **shall be amended to read as follows:**

“2) implementation of strategic investment projects or Company's involvement in investment projects which may result in a lasting or temporary deterioration of the economic efficiency of the Company's operations but are required to ensure the energy security of Poland.”

#### **2. Art. 22a.1, which currently reads as follows:**

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“1. Any disposal of non-current assets, within the meaning of the Accounting Act of September 29th 1994, whose value exceeds 0.1% of total assets as disclosed in the most recent approved financial statements, shall be made by the Company through an auction, unless the value of assets to be disposed of is equal to or lower than PLN 20,000.

**shall be amended to read as follows:**

“1. Any disposal of non-current assets, within the meaning of the Accounting Act of September 29th 1994, whose value exceeds 0.1% of total assets as disclosed in the most recent approved financial statements, shall be made by the Company through an auction, unless the value of assets to be disposed of is equal to or lower than PLN 20,000.”

**3. Art. 22b**

**- item 3, which currently reads as follows:**

“3. The following persons may not participate in the auction as bidders:

- 1) Members of the Company’s Management and Supervisory Boards;
- 2) the business entity conducting the auction and members of its management and supervisory boards;
- 3) persons responsible for handling the auction process;
- 4) spouses, children, parents and siblings of the persons referred to in items 1–3, and
- 5) persons whose legal or factual relationship with the entity which conducts the auction may raise reasonable doubts as to its impartiality.”

**shall be amended to read as follows:**

“3. The following persons may not participate in the auction as bidders:

- 1) members of the Company’s Management and Supervisory Boards;
- 2) the business entity conducting the auction and members of its management and supervisory boards;
- 3) persons responsible for handling the auction process;
- 4) spouses, children, parents and siblings of the persons referred to in items 1–3, and
- 5) persons whose legal or factual relationship with the entity which conducts the auction may raise reasonable doubts as to such entity’s impartiality.”

**- item 6, which currently reads as follows:**

“6. The Company may elect not to have a non-current asset intended for sale valued by an expert appraiser if:

- 1) the appraisal costs would clearly exceed the asset’s market value
- 2) the asset’s market value has already been established.”

**shall be amended to read as follows:**

“6. The Company may elect not to have a non-current asset intended for sale valued by an expert appraiser if:

- 1) the appraisal costs would clearly exceed the asset’s market value,
- 2) the asset’s market value has already been established.”

**- item 7, which currently reads as follows:**

„7. The auction shall be conducted by:

- 1) oral bidding;
- 2) written bidding.”

**shall be amended to read as follows:**

„7. The auction shall be conducted by:

- 1) oral bidding;
- 2) written bidding.”

**4. Art. 24.4.2, which currently reads as follows:**

“2) A candidate to the position of a Management Board member may not be a person who meets at least one of the following criteria:

- a) performs the function of a social partner or works at the office of a member of the Polish Parliament (Sejm or Senate) or of a member of the European Parliament under an employment, temporary employment or similar contract,
- b) is a member of a political party’s body representing the party before third parties and authorised to assume obligations,
- c) works for a political party under an employment, temporary employment or similar contract,
- d) holds an elected position in a trade union operating at the Company or any Group company,
- e) their social or professional activities give rise to a conflict with the interests of the Company.”

**shall be amended to read as follows:**

“2) A candidate to the position of a Management Board member may not be a person who meets at least one of the following criteria:

- a) performs the function of a social partner or works at the office of a member of the Polish Parliament (Sejm or Senate) or of a member of the European Parliament under an employment, temporary employment or similar contract,



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- b) is a member of a political party's body representing the party before third parties and authorised to assume obligations,
- c) works for a political party under an employment, temporary employment or similar contract,
- d) holds an elected position in a trade union operating at the Company or any Group company,
- e) their social or professional activities give rise to a conflict with the interests of the Company."

### **5. Art. 33.3.5, which currently reads as follows:**

"5) carry out the recruitment procedure referred to in Art. 25.2 of the Articles of Association to verify and evaluate qualifications of candidates and to select the best candidate for the position of a Management Board member, subject to the following provisions:

- a) The Supervisory Board carries out the recruitment procedure if circumstances arise justifying the appointment of a Management Board member,
- b) When initiating the recruitment procedure, the Supervisory Board shall determine, by way of a resolution, the detailed terms and manner of recruitment proceedings, in particular the position for which a candidate is sought, the time and place for accepting applications, the time and place of the interview, matters to be covered in the interview, as well as the requirements for and method of evaluating the candidate.
- c) Candidates for the position of a Management Board member should meet the requirements laid down in Art. 22 of the Act on state property management.
- d) Announcement of the start of the recruitment procedure shall be published on the Company's website as well as in the Public Information Bulletin of the Polish Ministry of Energy,
- e) The deadline for submission of applications shall not be shorter than 14 days of the date of publishing the announcement of the recruitment procedure,
- f) The Supervisory Board shall notify the shareholders of the results of the recruitment procedure and shall publish a report on execution and results of the procedure."

### **shall be amended to read as follows:**

"5) carry out the recruitment procedure referred to in Art. 25.2 of the Articles of Association to verify and evaluate qualifications of candidates and to select the best candidate for the position of a Management Board member, subject to the following provisions:

- a) The Supervisory Board carries out the recruitment procedure if circumstances arise justifying the appointment of a Management Board member,
- b) When initiating the recruitment procedure, the Supervisory Board shall determine, by way of a resolution, the detailed terms and manner of recruitment proceedings, in particular the position for which a candidate is sought, the time and place for accepting applications, the time and place of the interview, matters to be covered in the interview, as well as the requirements for and method of evaluating the candidate,

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- c) Candidates for the position of a Management Board member should meet the requirements laid down in Art. 22 of the Act on state property management,
- d) Announcement of the start of the recruitment procedure shall be published on the Company's website as well as in the Public Information Bulletin of the Polish Ministry of Energy,
- e) The deadline for submission of applications shall not be shorter than 14 days of the date of publishing the announcement of the recruitment procedure,
- f) The Supervisory Board shall notify the shareholders of the results of the recruitment procedure and shall publish a report on execution and results of the procedure."

### **6. Art 56:**

#### **- item.3.2, which currently reads as follows:**

"2) disposal of non-current assets within the meaning of the Accounting Act of September 29th 1994, classified as intangible assets, property, plant and equipment or long-term investments, including contribution thereof to a company or cooperative, if the market value of such assets exceeds PLN 10,000,000 or 5% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements; and granting a third party the right to use such assets for a period of more than 180 days in a calendar year, on the basis of a legal transaction, if the market value of the assets under such legal transaction exceeds PLN 10,000,000 or 5% of total assets, with the proviso that if the right to use the assets is granted under:

a) lease or rental agreements or other agreements for granting rights to use an asset for consideration by a third party – the market value of the asset shall be construed as the amount of the consideration for:

- one year – if the right to use the asset has been granted under an agreement concluded for an indefinite term,
- the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,

b) lending agreements or other agreements for granting rights to use an asset free of charge by a third party – the market value of the asset shall be construed as the amount of the consideration which would have been payable if a lease or rental agreement was concluded, for:

- one year – if the right to use the asset is to be granted under an agreement concluded for an indefinite term,
- the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,"

**shall be amended to read as follows:**

- “2) disposal of non-current assets within the meaning of the Accounting Act of September 29th 1994, classified as intangible assets, property, plant and equipment or long-term investments, including contribution thereof to a company or cooperative, if the market value of such assets exceeds 5% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements; and granting a third party the right to use such assets for a period of more than 180 days in a calendar year, on the basis of a legal transaction, if the market value of the assets under such legal transaction exceeds 5% of total assets, with the proviso that if the right to use the assets is granted under:
- a) lease or rental agreements or other agreements for granting rights to use an asset for consideration by a third party – the market value of the asset shall be construed as the amount of the consideration for:
    - one year – if the right to use the asset has been granted under an agreement concluded for an indefinite term,
    - the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,
  - b) lending agreements or other agreements for granting rights to use an asset free of charge by a third party – the market value of the asset shall be construed as the amount of the consideration which would have been payable if a lease or rental agreement was concluded, for:
    - one year – if the right to use the asset is to be granted under an agreement concluded for an indefinite term,
    - the entire term of the agreement – if the right to use the asset has been granted under an agreement concluded for a definite term,”

**- item 3.2a, which currently reads as follows:**

“2a) acquisition of non-current assets within the meaning of the Accounting Act of September 29th 1994, if the value of such assets exceeds PLN 20,000,000 or 5% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements,”

**shall be amended to read as follows:**

“2a) acquisition of non-current assets within the meaning of the Accounting Act of September 29th 1994, if the value of such assets exceeds PLN 100,000,000 or 5% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements,”

**- item 3.3a, which currently reads as follows:**

3a) disposal of shares in another company, if the value of the shares exceeds PLN 10,000,000 or 10% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements, subject to Art. 56.6.”

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**shall be amended to read as follows:**

“3a) disposal of shares in another company, if the value of the shares exceeds PLN 10,000,000 or 10% of total assets within the meaning of the Accounting Act of September 29th 1994, as determined based on the most recent approved financial statements, subject to Art. 56.6.”

**- item 6, which currently reads as follows:**

“6. Approval by the General Meeting shall be required for subscription, acquisition or disposal of shares in companies of the PGNiG Group which, pursuant to generally applicable laws, act as the distribution system operator or storage system operator, and such approval shall define the terms and procedure for the disposal.”

**shall be amended to read as follows:**

“6. Approval by the General Meeting shall be required for subscription, acquisition or disposal of shares in companies of the PGNiG Group which, pursuant to generally applicable laws, act as the distribution system operator or storage system operator, and such approval shall define the terms and procedure for the disposal.”

**Resolution No. / 2017  
of the General Meeting of  
Polskie Górnictwo Naftowe i Gazownictwo SA  
of Warsaw  
dated September 13th 2017**

concerning: grant consent to seek redress from members of the Management Board for damage caused to the company by their unlawful action or omission.

### Section 1

Acting pursuant to Art. 56.3.11 of the Company's Articles of Association, and Art. 393.2, Art.17.1 and Art. 17.2 of the Commercial Companies Code, and in view of the positive favourable opinion of the PGNiG Supervisory Board contained in Resolution No. \_\_\_\_\_ of \_\_\_\_\_, the General Meeting resolves to approve:

seeking redress for damage caused in the course of managing the business from members of the PGNiG Management Board, i.e. Radoslaw Dudziński, Sławomir Hinc, Mirosław Szkałuba and Grażyna Piotrowska-Oliwa, including in particular by bringing legal action against these individuals in connection with incorrect settlement of gas supply contracts with gas customers.

### Section 2

This Resolution shall come into force as of its date.

### Grounds

Following an analysis of contracts with gas customers, the Company has been notified of incorrect settlements of the contracts which consisted in failure to charge prices adjusted for gas combustion heat.

Under Art. 483 of the Commercial Companies Code, claims may be brought for redress from management board members who by their act or omission may have caused damage to the company's assets.

According to Art. 393.2 of the Commercial Companies Code and Art. 56.3.11 of the Company's Articles of Association, any decision concerning claims for redress of damage caused in the course of managing the business requires approval from the PGNiG General Meeting.

**Resolution No. / 2017  
of the General Meeting of  
Polskie Górnictwo Naftowe i Gazownictwo SA  
of Warsaw  
dated September 13th 2017**

concerning: approval of acquisition of an item of property, plant and equipment in the form of 3D seismic data.

### Section 1

The Extraordinary General Meeting of Polskie Górnictwo Naftowe i Gazownictwo SA of Warsaw, acting in accordance with Art. 56.3.2a of the PGNiG Articles of Association, hereby resolves to approve acquisition of an item of property, plant and equipment in the form of 3D seismic data related to the "Plan of geological works in Zalesie-Jodłówka-Skopów-Skopo-Kormanice exploration and evaluation licence area and seismic works in non-licensed areas for the Kramarzówka 3D project", for a net amount not more than PLN 59,220,246.83.

### Section 2

This Resolution shall come into force as of its date.

### Grounds

The Kramarzówka 3D project is a continuation of the Rybotycze-Fredropol 3D project which is currently being executed by Goefizyka Toruń.

In order to implement this project, 3D seismic work is to be commissioned, including fieldwork, data processing and interpretation, and preparation of the documentation.

Given the fact that the Kramarzówka-2H borehole is currently being drilled in the area where the seismic data is to be acquired and that further drilling work is planned for the site, the most optimal way to acquire the seismic data would be to continue the Rybotycze-Fredropol 3D project.

In connection with Art. 56.3.2a of the PGNiG Articles of Association, the Management Board requests that approval be granted for the acquisition of the specified items of property, plant and equipment.

**Resolution No. / 2017  
of the General Meeting of  
Polskie Górnictwo Naftowe i Gazownictwo SA  
of Warsaw  
dated September 13th 2017**

concerning: approval of purchase of a complete 2000KM-class drilling rig with accessories.

### Section 1

The Extraordinary General Meeting of Polskie Górnictwo Naftowe i Gazownictwo SA of Warsaw, acting in accordance with Art. 56.3.2a of the PGNiG Articles of Association, hereby resolves to approve purchase of an item of property, plant and equipment in the form of a complete 2000KM-class drilling rig with accessories, for a net amount of not more than PLN 100,427,500.

### Section 2

This Resolution shall come into force as of its date.

### Grounds

Due to the expected relocation of heavy drilling equipment (1700–2000KM) outside the country, it is assumed that the number of units in Poland is insufficient to carry out PGNiG's Investment Plan for exploration in deep and long horizontal boreholes in southern parts of Poland and the Polish Lowlands.

#### Legal basis:

Par. 38.1.1 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz.U. No. 33 of February 28th 2009, item 259).