

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, June 26th 2018

Current Report No. 34/2018

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Conclusion of agreement on LNG deliveries with Port Arthur LNG

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The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. (“PGNiG”, the “Company”) announces that on June 26th 2018 an agreement setting out the key terms of the long-term contract for the supply of liquefied natural gas (“LNG”) was signed with Port Arthur LNG, LLC, a subsidiary of Semptra LNG & Midstream, LLC.

Under the agreement, the parties will negotiate the provisions of the binding 20-year contract for the purchase of 2 million tonnes of LNG annually, which corresponds to the total volume of nearly 2.7 bcm of natural gas after regasification, by the Company. The deliveries may be further traded by the Company on international markets and will be made on a free-on-board basis.

In the opinion of the PGNiG Management Board, the agreed terms and conditions of the agreement, including the competitive price of LNG, are satisfactory in the context of the PGNiG Group’s LNG global trading strategy.

The potential deliveries from Port Arthur LNG, LLC, will be made through its Port Arthur liquefaction unit in Jefferson County, Texas, which is currently underway and is planned for commissioning in 2023.

The signed agreement does not constitute PGNiG’s obligation to sign a final LNG purchase contract.