

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, October 18th 2018

Current Report No. 51/2018

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PGNiG Upstream Norway AS signs agreement to purchase interest in Tommeliten Alpha field from Equinor Energy AS

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The Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG", the "Company") announces that on October 18th 2018 the Management Board of PGNiG Upstream Norway AS ("PUN"), a subsidiary of the Company, signed an agreement to purchase an interest in a licence on the Norwegian Continental Shelf from Equinor Energy AS ("the Agreement").

The Agreement comprises the purchase of a 30% interest in license PL044 from Equinor Energy AS what is equivalent to 42.38% interest in the Tommeliten Alpha field. The operator of the field is ConocoPhillips Norway AS (28.26% interest) and the other licence partners are Total (20.23% interest) and Eni Norge (9.13% interest).

Tommeliten Alpha is a gas and condensate field located in the North Sea in the immediate vicinity of the Ekofisk field. According to the Norwegian Petroleum Directorate ("NPD") data, the field has documented recoverable resources of 12.8 bcm of natural gas, 5.9 mcm of oil (approx. 5 million tonnes) and 0.5 million tonnes of NGL. According to NPD's data the aggregate resources corresponding to the interest purchased by PUN from Equinor Energy AS amount to approximately 52 mboe. The Tommeliten Alpha field gives the possibility to further increase in resources and the licence PL044 has a potential for further works in fields exploration.

Current license plans assume start-up of production in 2024 by hooking up the field to the existing production infrastructure of the Ekofisk field.

The purchase price of the interest is USD 220 million at the contractual date of transaction on January 1st 2018.

The Company expects an average net yearly gas output for PGNiG exceeding 0.5 bcm for the first 6 years of production, subsequently decreasing to around 0.3 bcm yearly. Moreover the Company expects the production of oil and NGL to reach up to 500 ths tonnes at the peak of production. According to the operator data, the production will be continued for over 20 years. It is planned that produced gas will be routed to the Baltic Pipe, for which PGNiG has made a long-term capacity reservation.

The licence has been purchased in the performance of the PGNiG Group Strategy for 2017–2022 (with an outlook until 2026), announced in Current Report No. 19/2017 of March 13th 2017.

The Agreement provides for conditions precedent, including obtaining the required administrative consents in Norway and approval of the Supervisory Board of PGNiG. The conditions precedent must be met by July 1st 2019. PGNiG will publish separate reports to announce their fulfilment.

The announcement of information on intention to purchase interest in licence on the Norwegian Continental Shelf from Equinor Energy AS was delayed on June 14th 2018 until today pursuant to Article 17(4) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16th 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.