

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, December 6th 2018

Current Report No. 61/2018

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Acquisition of rights to explore for, to appraise and to produce hydrocarbons in Ras Al Khaimah emirate, United Arab Emirates (UAE).

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The Management Board of Polskie Górnictwo Naftowe i Gazownictwo SA („PGNiG”, „Company”) announces that on December 6th 2018 the Company was informed that the Company’s offer for acquisition of interests in Block no. 5 in Ras Al Khaimah emirate, United Arab Emirates (UAE), has been recognised as best available as part of a bid round for grant of rights to explore for, to appraise and to produce hydrocarbons organised by Ras Al Khaimah Petroleum Authority.

Following the selection of its bid, PGNiG will be obliged to enter into an Exploration and Production Sharing Agreement (EPSA) and perform exploration work consisting in 3D seismic acquisition and drilling. The EPSA provides for three two-year exploration periods with the possibility of extension for a two-year period and a thirty-year production period. After each exploration period, it is possible to relinquish the interest in the block subject to meeting the obligations set out in the EPSA. The security for each exploration period may amount to approximately USD 7 million.

The project is the exploration project and as such involves a risk of failure to discover a hydrocarbons deposit.

Participation in the bid rounds for the grant of rights to prospect and explore for and to produce hydrocarbons is one of the elements of the ‘PGNiG Group’s strategy for 2017-2022 with an outlook until 2026’ in the Exploration and Production segment, regarding expansion of PGNiG’s resource base and hydrocarbon output.

The announcement of information on submission of an offer to acquisition of rights to explore for, to appraise and to produce hydrocarbons in Ras Al Khaimah emirate in United Arab Emirates was delayed on November 13th 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.

Legal basis:

Article 17(1) 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