

Polish Oil and Gas Company (PGNiG SA)
Head Office

Warsaw, December 19th 2018

Current Report No. 63/2018

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Execution of LNG supply contract with Port Arthur LNG, LLC

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Further to the Current Report No. 34/2018 of June 26th 2018, the Management Board of Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG", the "Company") announces that after obtaining the required corporate approvals, binding long-term contract (the "Contract") for the supply of liquefied natural gas ("LNG") was signed on December 19th 2018 with Port Arthur LNG, LLC., a subsidiary of Semptra LNG & Midstream, LLC.

The Contract provides for the purchase by PGNiG of approximately 2 million tonnes of LNG (i.e. approximately 2.7 bcm of natural gas after regasification) annually for 20 years. The deliveries will be made on a free-on-board basis and may be further traded by the Company on international markets.

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

In the opinion of the PGNiG Management Board, the terms and conditions of the Contract are satisfactory in the context of the PGNiG Group's strategy to expand LNG trading on global markets. The price formula in the Contract is based on the LNG price quoted on the US Henry Hub index.