

**“Resolution No. 15/X/2018
of the Management Board of Grupa LOTOS S.A.
dated May 29th 2018**

concerning: share capital increase at LOTOS Upstream Sp. z o.o.

Given the development of the LOTOS Group’s upstream business, the Management Board of Grupa LOTOS S.A., acting pursuant to Art. 9.13, Art. 13.2.6 and Art. 16.3 of the Company’s Articles of Association, as well as in accordance with Section 18.2 of the Rules of Procedure for the Company’s Management Board, resolves as follows:

Section 1.

1. Subject to approval by the General Meeting, Grupa LOTOS S.A., as the sole shareholder of LOTOS Upstream sp. z o.o. of Gdańsk, KRS No. 0000660548, plans to subscribe for up to 3,300,000 (three million three hundred thousand) shares in LOTOS Upstream Sp. z o.o. with a par value of PLN 100 (one hundred złoty) per share, to be paid up in cash, by way of a single increase or a series of successive increases of the share capital of LOTOS Upstream Sp. z o.o. by a total amount of no more than PLN 330,000,000 (three hundred and thirty million).
2. The maximum amount of the share capital increase at LOTOS Upstream sp. z o.o. specified in Section 1.1 includes a reserve of PLN 30,000,000.00 (thirty million złoty) in case the planned increase by PLN 300,000,000.00 (three hundred million złoty) proves insufficient due to exchange rate fluctuations.
3. The rationale for the planned transaction described in Section 1.1 is attached as Appendix 1 to this Resolution.

Section 2.

The Management Board resolves to request the Supervisory Board:

- a) to issue an opinion for the General Meeting concerning the steps referred to in Section 1;
- b) request the General Meeting to approve the steps referred to in Section 1.

Section 3.

The Management Board of Grupa LOTOS S.A. resolves to repeal its Resolution No. 7/X/2018 of May 25th 2018 concerning share capital increase at LOTOS Upstream sp. z o.o.

Section 4.

This Resolution shall become effective as of its date.”

- | | | |
|---------------------------------------|-------------|---------------------------------|
| 1. Votes in favour of the resolution: | _____3_____ | Members of the Management Board |
| 2. Votes against the resolution: | _____0_____ | Members of the Management Board |
| 3. Abstaining votes: | _____0_____ | Members of the Management Board |

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Patrik Demski
Vice President of the
Management Board

.....
Jarosław Kawula
Vice President of the
Management Board

.....
Mateusz A. Bonca
President of the
Management Board

Subject matter of the request

1. Obtaining the opinion of the Supervisory Board of Grupa LOTOS S.A. concerning the request to the General Meeting to give its consent to the subscription and payment for new shares in **LOTOS Upstream sp. z o.o.** The subject matter of the request is setting the limit for increasing the share capital of **LOTOS Upstream sp. z o.o.**, by way of a single increase or a series of successive increases, at **PLN 330,000 thousand**.
2. Requesting the General Meeting of Grupa LOTOS S.A. for its consent to the subscription for new shares in LOTOS Upstream sp. z o.o. and payment for the shares with a cash contribution of up to **PLN 330,000 thousand**.

The maximum amount specified above includes a reserve of **PLN 30,000 thousand** in case the planned increase by **PLN 300,000 thousand** proves insufficient due to exchange rate fluctuations.

Objective:

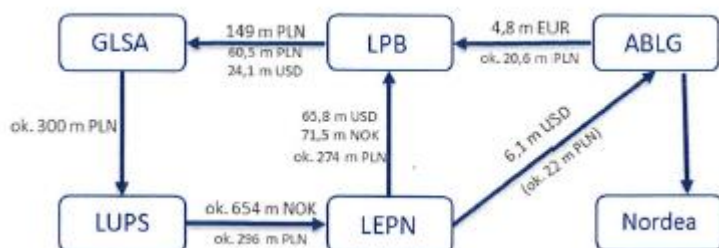
Providing LOTOS Upstream sp. z o.o. with funds allowing a further debt reduction in the upstream business (including, in particular, provision of capital to LOTOS E&P Norge and repayment of loan interest to LOTOS Petrobaltic). The repayment of loan interest and principal will significantly reduce the CIT tax risk related to non-recognition of interest income on loans granted in previous years in the tax calculation. Moreover, the risk of thin capitalisation (classing borrowing costs as tax deductible) will be mitigated at some of the Group companies.

Description of the process:

1. Grupa LOTOS S.A. increases the share capital of LOTOS Upstream by PLN 300m (consent of the General Meeting of Grupa LOTOS S.A. is required) or Grupa LOTOS S.A. grants LOTOS Upstream a short term-loan which will (after obtaining the required corporate approvals) be converted into equity;
2. LOTOS Upstream increases the share capital of LOTOS E&P Norge by NOK 654m (equivalent of approximately PLN 296m);
3. LOTOS E&P Norge repays loan interest to LOTOS Petrobaltic (USD 65.8m and NOK 71.5m; equivalent of approximately PLN 274m) and to AB LOTOS Geonafta (USD 6.1m; approximately PLN 22m);
4. AB LOTOS Geonafta repays the borrowings from LOTOS Petrobaltic (EUR 4.8m; equivalent of PLN 20.6m) and possibly partially repays a borrowing from Nordea;
5. LOTOS Petrobaltic receives a total of approximately PLN 294.6 m, which it uses to repay the borrowings from Grupa LOTOS S.A. (PLN 149m: borrowings denominated in USD (24.1m) and in PLN (60.5m));
6. LOTOS Pretobaltic retains approximately PLN 145m, to be used until 2019 as financial support for the B8 Project and/or in day-to-day operations;
7. In accordance with the CIT prepayment mechanism applicable at LOTOS Group companies, payment of tax on LOTOS Petrobaltic's interest income will be delayed

until March 31st 2019. At the other companies, the issue of tax on interest income will be immaterial.

Process diagram:



Expected effects:

LOTOS Upstream

- ✓ Share capital will increase by PLN 300m, to PLN876m;

LOTOS E&P Norge

- ✓ Equity will increase by approximately NOK 654m, to approximately NOK 750m (i.e. from about 2% to about 15% of total assets);
- ✓ Entire accrued interest on intragroup loans will be settled (tax risk will be eliminated);
- ✓ Debt will be still outstanding under borrowings (principal amount) from the LOTOS Group companies, in amounts of approximately NOK 665.7m and USD 26m (approximately PLN 470m in aggregate);

LOTOS Petrobaltic

- ✓ Debt will decrease by approximately PLN 149m (repayment of borrowings from Grupa LOTOS S.A.);
- ✓ The company will retain cash of approximately PLN 145m (covering the equity required to complete the B8 Project);

AB LOTOS Geonafta

- ✓ Debt will decrease by approximately EUR 5m (repayment of borrowings from LOTOS Petrobaltic);

Grupa LOTOS

- ✓ Grupa LOTOS S.A. commits approximately PLN 300m; as a result of the process approximately PLN 149m will "return" to the Company.

Other matters

Pursuant to Art. 1.1.k and Art. 1.3.2 of the Act on Tax on Civil Law Transactions, a share capital increase in a company, involving an amendment to the articles of association, is subject to tax on civil law transactions. The obligation to pay tax on civil law transactions lies with the

company whose share capital is increased. The rate of tax on civil law transactions is 0.5% of the amount of the share capital increase.

The process is subject to confirmation that the above transactions are feasible at the companies which are parties to binding agreements for external financing and if there is a risk of subordination of the funds, the Companies will obtain relevant bank approvals.