

Questions asked at the Annual General Meeting of Grupa LOTOS S.A.

on June 30th, 2014

A request to specify the main reasons for the decrease of net profit in 2013 to (–) PLN 14.8 million against a net profit of more than PLN 834 million recorded in 2012.

(Bogdan Kamola – Individual shareholder)

Mariusz Machajewski, Vice President of the Board, explained that the decrease in the Company's net unit result was mainly due to unfavourable macroeconomic conditions that had negatively affected the amount of refining margins in 2013 compared to 2012. The maintenance shutdown was also significant there as it had stopped work at the Gdańsk refinery for a period of more than one month.

A request to identify opportunities and threats in obtaining a 10% share in the domestic fuel retail market in 2015. What is the percentage share of individual instruments of marketing strategy in reaching the above result.

(Bogdan Kamola – Individual shareholder)

Maciej Szozda, Vice President of the Board, explained that the growth of the share in the domestic fuel market, assumed in the Strategy, should be treated as organic growth, i.e. growth through acquisition of the existing chains and purchase of land for the construction of new petrol stations. He also added that it was difficult to determine by weight how various instruments affected the obtaining of the above market share, because it was some kind of sum of actions taken within the instruments used. The main aim was primarily to obtain the intended position evenly across the whole country. He also said that the nationwide chain of petrol stations was at that time under construction and it was assumed that LOTOS petrol stations would be located in all 49 former provincial cities. Afterwards, a chain of petrol stations would be created around a frame prepared in that way. At that time it was the "grey market" that had a significant negative impact on the retail market and consequently the Company's standing as well. Despite those difficulties, in accordance with the assumptions adopted in the Strategy, it was estimated that the 10% share in the retail market would be reached in 2015. Referring to the above - according to the official information published by the Polish Organisation of Oil Industry and Trade – the "grey market" took over a dozen or so share in the fuel retail market in Poland. However, it was quite probable that the Act regulating that situation, which had just been signed by the President of the Republic of Poland, would significantly contribute to reducing the "gray market" and the market would return to the old realities.

A request for clarification how changes in the organizational structure of Grupa LOTOS S.A., which took place in 2013, influenced, inter alia, minimization of the management costs and improvement of individual business segments efficiency.

(Bogdan Kamola – Individual shareholder)

Paweł Olechnowicz, President of the Board, explained that the changes in the organizational structure constituted a process aiming at improvement of the efficiency and functioning of the LOTOS Group and the effects expected by the Board in the above-mentioned respect had been achieved.

A request to specify the effectiveness of activities taken in 2013 and related to the recovery of the capital invested in the YME project on the Norwegian Continental Shelf.

(Bogdan Kamola – Individual shareholder)

Zbigniew Paszkowicz, Vice President of the Board, explained that thanks to the actions initiated by the Company in 2013, the Company had managed to get out of the stalemate. The main achievement was the agreement concluded with SBM company that delivered the platform. He added that the Company obtained compensation adequate to the expenses incurred and it was at that time implementing the agreement whose main objective was dismantling of the platform assumed for 2015. That process was running smoothly and according to the schedule assumed. Regardless of the activities specified above, there were analyses being performed aiming at confirmation whether alternative development of the YME deposit would be economically justified - as agreed within the Consortium. The result of those activities would be known to the Company by late autumn.

A request to specify the internal rate of return of the project involving the acquisition by the LOTOS Group of Heimdal assets package in the Norwegian Continental Shelf from Centrica Norge for approximately USD 176 million.

(Bogdan Kamola – Individual shareholder)

Mariusz Machajewski, Vice President of the Board, explained that the Company had not made such detailed information public. Any information regarding that project could be obtained from the announcement published by the Company.

A request to explain if it is still possible to improve production efficiency of B3 deposit located on the Baltic Sea.

(Bogdan Kamola – Individual shareholder)

Zbigniew Paszkowicz, Vice President of the Board, explained that the plans set for 2013 had been implemented. He also added that PG1 unmanned platform had been repaired, and its inclusion in the operation increased the production by more than 20%. Whereas in 2014, thanks to proper and very efficient use of that deposit, the Company obtained a document from the Ministry of Environment entitling to continue production from the above deposit for the next 10 years, i.e. until mid 2026. 1 million ton of oil would be extracted during that period.

A request to explain what investment expenditures were incurred by Grupa LOTOS S.A. for the development of natural gas deposits B4 and B6 before signing an agreement with CalEnergy Poland under which LOTOS Petrobaltic sold 50% stake in Baltic Gas to CalEnergy Poland.

(Bogdan Kamola – Individual shareholder)

Zbigniew Paszkowicz, Vice President of the Board, explained that the historical expenditures incurred by LOTOS Petrobaltic had been found to amount to approx. PLN 50 million. After the analyses performed which had not given the expected financial result, the above mentioned expenditures were written off. He also added that the agreement concluded with CalEnergy had opened the Company's access to newer technologies which made it possible to develop deposits on the basis of lower financial outlays. That resulted in the fact that the current analyses showed a positive financial result which would eventually be confirmed at the turn of 2014 and 2015 - after the completion of the FEED phase. Whereas any actions at that moment, pursuant to the agreement concluded, were paid for by CalEnergy.

A request to explain how the shares acquired by CalEnergy were paid for. Was it by cash or obligations related, for example, to performance of geophysical tests or the deposits' development plan?

(Bogdan Kamola – Individual shareholder)

Zbigniew Paszkowicz, Vice President of the Board, explained that the shares had been paid for partly in cash and partly by the obligation to carry out the deposits' seismic tests and the FEED phase of the project.

A request to explain whether it could be stated today that there are minimum 10 billion cubic metres of natural gas in B4 and B6 deposits.

(Bogdan Kamola – Individual shareholder)

Zbigniew Paszkowicz, Vice President of the Board, explained that the documents approved by the Ministry of Environment had confirmed unequivocally that in both of those deposits, which were similar in size, there were 4 billion cubic meters in total. The analyses being performed at that time, on the basis of 3D seismic tests conducted in autumn 2013, confirmed that volume with some possible increase of 15 – 20 %. However, the above required further detailed analyses. He also added that the nominal size of both the deposits confirmed by the Ministry of Environment was 4 billion cubic meters and it was designated as 2P category.

A request to explain if it is possible to determine efficiency of maritime logistics restructuring, carried out in 2011, into the shipping group within LOTOS Petrobaltic as a result of which companies such as, among others, Miliana Shipping and Miliana Shipping Company were established.

(Bogdan Kamola – Individual shareholder)

Zbigniew Paszkowicz, Vice President of the Board, answered that at that stage of the restructuring process, the results of the actions taken had exceeded the assumptions made. He also added that the year before an additional restructuring element had been implemented which strengthened the company's ability to conduct geotechnical tests.

A request to explain why the restructuring process did not involve Afrodita Offshore Service company located in the Netherlands Antilles, Curacao Island - the locality is not specified precisely, which had the same profile of activity as the companies mentioned earlier.

Zbigniew Paszkowicz, Vice President of the Board, explained that the above had resulted from the financial optimization analysis performed.