



**Supplementary information
for Q1 2016 consolidated financial results
of the LOTOS Group
Q1 2016 results**

Supplementary information

Supplementary information required under the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009

Pursuant to Par. 87 and Par. 83.1 of the Minister of Finance's Regulation on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009, as amended (Dz. U. of 2009, No. 33, item 259, as amended), the Parent's Management Board hereby releases the following information:

I. Shareholders holding 5% or more of total voting rights at the General Meeting of Grupa LOTOS S.A. as at this report issue date

As announced in [Current Report No. 6/2016](#) of January 27th 2016, the only shareholder (apart from the State Treasury) holding more than 5% of total voting rights at the Company's General Meeting is Nationale Nederlanden Otwarty Fundusz Emerytalny (formerly ING OFE).

NN OFE announced that as at December 31st 2015 it held 8.6% of total voting rights at the Company's General Meeting, however it did not specify the exact number of Grupa LOTOS shares held.

Shareholders of Grupa LOTOS S.A. as at the date of release of the Q4 2015 and Q1 2016 reports

Shareholders ⁽¹⁾	Number of shares/voting rights equivalent to par value of shares	Share of total voting rights equivalent to percentage of share capital held
State Treasury	98,329,515	53.19%
NN OFE ⁽²⁾	10,584,287	5.73%
Other	75,959,560	41.08%
Total	184,873,362	100.0%

⁽¹⁾ Based on information held by the Company as at the Q1 2016 report date, i.e. April 28th 2016.

⁽²⁾ Based on the number of shares registered by NN OFE at the Extraordinary General Meeting of Grupa LOTOS S.A., held on January 27th 2016.

II. Changes in the number of Company shares or rights to Company shares held by the management and supervisory staff, in accordance with the information available to the Company

	As at the date of release of the previous interim report	Acquisition	Sale	Other	As at the date of release of this interim report ⁽¹⁾
Marek Sokółowski					
<i>Vice-President of the Management Board, Chief Operations Officer</i>	8,636	-	-	-	8,636
Zbigniew Paszkowicz					
<i>Vice-President of the Management Board, Chief Exploration and Production Officer</i>	1,000	-	-	-	1,000
Total	9,636				9,636

(1) Based on representations as at April 25th 2016, made for the purpose of the Q1 2016 report.

To the best of the Company's knowledge, other Management Board and Supervisory Board members did not hold any Company shares or rights to Company shares as at the date of release of this report.

III. Material court, arbitration or administrative proceedings concerning liabilities or claims with a unit or aggregate value equal to or exceeding 10% of the Company's equity, other risks of Grupa LOTOS S.A. or its subsidiaries, and material settlements under court proceedings

There are no pending court, arbitration or administrative proceedings concerning liabilities or claims with a unit or aggregate value for the LOTOS Group companies equal to or exceeding 10% of the Company's equity. Material court, arbitration or administrative proceedings and other risks concerning Grupa LOTOS S.A. or its subsidiaries, and material settlements under court proceedings are described in Note 23.1 to the interim financial statements.

IV. Information on loan sureties or guarantees issued by Grupa LOTOS S.A. or its subsidiaries, or all guarantees issued jointly to one entity or its subsidiary, where the aggregate value of such sureties or guarantees represents 10% or more of the Company's equity

From January 1st to March 31st 2016, Grupa LOTOS S.A. and its subsidiaries issued no loan sureties within the Group or guarantees to any other entity or its subsidiary, where the value of the sureties or guarantees in relation to the LOTOS Group companies would represent 10% or more of Grupa LOTOS S.A.'s equity. Material contingent liabilities are described in Note 23.2 to the interim condensed consolidated financial statements.

V. Information material for the assessment of the personnel, assets, financial standing and financial result of the Group, and their changes, and for the assessment of Grupa LOTOS S.A.'s ability to fulfil its obligations

Apart from the information contained in the interim condensed consolidated financial statements and this Management's Discussion and Analysis, there is no other information material for the assessment of the personnel, assets, financial standing and financial result of the Group, and their changes, or for the assessment of the Group's ability to fulfil its obligations.

VI. Management Board's position regarding the feasibility of meeting forecasts published earlier for a given year in the light of the results presented in this quarterly report in relation to the forecast results

Grupa LOTOS S.A.'s Management Board did not publish any forecasts concerning the Company's financial performance in 2016.

VII. Factors with a bearing on the Group's results in the next quarter or in a longer term, according to Grupa LOTOS S.A.

Key factors which, in the Company's opinion, may affect performance in Q1 2016 include:

- Macroeconomic environment; in particular, prices of crude oil and petroleum products and the USD/PLN exchange rate, which has a bearing on the Group's financial performance as the prices of crude oil and of some products are quoted in the US dollar and Grupa LOTOS S.A. has US dollar-denominated debt,
- Changes in the supply of and demand for petroleum products in Poland and in Europe; the demand for diesel oil is expected to rise in the long run, while the demand for motor gasolines is expected to weaken; these trends are reflected in the strategy implemented by the LOTOS Group,

- Continuation of projects in the downstream segment (EFRA Project) and upstream segment (development of the B8 field, production of hydrocarbons from the Sleipner assets),
- Optimisation measures in the downstream segment to maximise the refining margin of Grupa LOTOS S.A.,
- Further consolidation of the LOTOS Group's market position, with special emphasis on the improvement of profitability in the retail segment.

VIII. Reportable contracts with a value exceeding 10% of equity

- In a current report, the Company announced that in the twelve months to March 18th 2016 Grupa LOTOS executed contracts with Varo Energy Supply Trading B.V. for an aggregate amount of approximately USD 193m, VAT-exclusive (ca. PLN 731m translated at the USD/PLN mid rate quoted by the National Bank of Poland for March 18th 2016), which meets the reporting threshold for significant agreements of 10% of Grupa LOTOS' equity. On November 26th 2015, Grupa LOTOS S.A. and Varo Energy Supply Trading B.V. signed a contract for sale of unleaded petrol to Varo Energy (the highest-value transaction from among the above contracts). Its value is estimated at approximately USD 102m, VAT-exclusive (ca. PLN 386m translated at the USD/PLN mid rate quoted by the National Bank of Poland for March 18th 2016).
For more information, see [Current Report No. 11/2016](#).
- From January 29th 2015 to January 27th 2016, Grupa LOTOS S.A. entered into contracts with Petraco Group companies for an aggregate value of approximately PLN 759m, i.e. the value of a significant agreement (more than 10% of Grupa LOTOS S.A.'s equity). On July 17th 2015, Grupa LOTOS S.A. and Petraco Oil Company LLP of Lugano concluded a spot contract for the supply of crude oil to Grupa LOTOS S.A. (the highest-value contract from among the contracts with Petraco Group companies). Its value is estimated at PLN 149m. The contract does not include any condition or date precedent or provide for any contractual penalties, and its terms and conditions do not differ from the terms and conditions commonly applied in contracts of this type.
For more information, see [Current Report No. 4/2016](#).
- Further to [Current Report No. 36/2013](#) of December 20th 2013, the Company announced that on January 22nd 2016 Grupa LOTOS S.A. and Rosneft Oil Company of Moscow, signed an annex ("Annex") to the term contract of December 20th 2013 for crude oil supplies to Grupa LOTOS S.A. The Annex covers supplies to be delivered in 2016–2017, providing that they should reach 5.4m–6.0m tonnes of crude oil. Pursuant to the Annex, the supplies will be transported via the Druzhba pipeline or by sea. The value of supplies covered by the Annex is estimated at approximately PLN 5.0bn as at the Annex date. The contract provides for compensation in the event of failure to deliver or accept the crude oil, in an amount not exceeding approximately PLN 2.8m on an average monthly basis relative to the agreed annual volumes. Payment of the above amounts does not preclude the possibility of seeking damages in excess of those amounts. The terms and conditions of the contract do not differ materially from the terms and conditions commonly applied in contracts of such type.
For more information, see [Current Report No. 2/2016](#).

IX. Material developments subsequent to the reporting date

- On April 13th 2016, the Supervisory Board of Grupa LOTOS S.A. of the ninth joint term of office removed Paweł Olechnowicz (President of the Management Board) (with effect from April 13th 2016), Marek Sokołowski (Vice-President of the Management Board, Chief Strategy and Development Officer), and Zbigniew Paszkowicz (Vice-President of the Management Board, Chief Exploration and Production Officer) (with effect from the end of the notice period under their respective employment contracts), from the Company's Management Board. The Supervisory Board further resolved to temporarily delegate its Chairman, Robert Pietryszyn, to act as President of the Management Board in the interim period until a new President is appointed, which may not be longer than three months.

For more information, see [Current Report No. 14/2016](#).