

Material Contingent and Off-Balance-Sheet Liabilities of Grupa LOTOS S.A.

Surety Agreement of February 9th 2004 Concluded with the National Fund for Environmental Protection and Water Management

Under the agreement, the Company issued an irrevocable surety to repay the loan contracted by LOTOS Jasło S.A. (formerly Rafineria Jasło S.A.) with the National Fund for Environmental Protection and Water Management under a loan agreement of December 10th 2003. The surety covers the loan amount of up to PLN 15,000 thousand. In connection with the surety agreement, on February 6th 2004 LOTOS Jasło S.A. and the Company signed an agreement on securing the Company's interests in connection with the issued surety.

As at the date of these financial statements, the security for the loan, subject to Annex of October 20th 2005, is a registered pledge created under the registered pledge agreement of February 18th 2004 on plastics processing units owned by LOTOS Jasło S.A.

Irrespective of the above, the agreement states that LOTOS Jasło S.A. will seek to obtain a bank guarantee or surety to replace the surety issued by the Company. If LOTOS Jasło S.A. is in breach of the agreement, it will pay the Company a contractual penalty of 10% of the surety value, subject to the reservation that if the value of the damage is higher than the contractual penalty, the Company may seek compensation equal to the full value of the damage.

The surety expires on November 30th 2010. As at December 31st 2009 the value of the liability under the loan agreement with respect to which the surety was issued was PLN 3,300 thousand.

Material Contingent Liabilities of the Parent Undertaking

1. The validity of the blank promissory note of March 16th 2006 for PLN 200,000 thousand, issued to secure Grupa LOTOS S.A.'s tax liability connected with the suspended excise duty collection procedure, was extended until July 8th 2010. The original validity term of the blank promissory note expired on March 16th 2007, but was subsequently extended until June 16th 2008 and until June 16th 2009.
2. The validity of the blank promissory note of July 5th 2005 for PLN 200,000 thousand, issued to secure the Grupa LOTOS S.A.'s tax liability connected with the suspended excise duty collection procedure, was extended until July 6th 2010. The original validity term of the blank promissory note, which expired on July 7th 2006, was extended until July 5th 2007 and then until July 7th 2008 and July 7th 2009.
3. On April 27th 2007, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee for the benefit of the Customs

Chamber to secure liabilities under customs-duty debts, taxes and other customs-related charges for the amount of PLN 160,000 thousand. On May 5th 2008, the value of the guarantee [ROSE](#) to PLN 200,000 thousand. Then, on December 17th 2008, the value of the guarantee decreased to PLN 125,000 thousand. The guarantee expired on May 4th 2009, while the guarantor's liability continued until July 3rd 2009.

4. On February 27th 2009, Grupa LOTOS S.A. submitted security for excise duty in the form of a blank promissory note for up to PLN 400,000 thousand, issued for the benefit of the Customs Office in Gdańsk to secure the Company's tax liability in connection with the suspended excise duty collection procedure. The blank promissory note is valid through January 13th 2011.

5. On July 1st 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee for the benefit of the Customs Office of Pruszków for the amount of PLN 1,500 thousand as excise security. The original validity term of the guarantee was to expire on December 31st 2009, but was subsequently extended until September 30th 2010. On November 20th 2009, the validity term of the bank guarantee was extended once again, until October 31st 2010. As the excise security expired, the original guarantee document was returned to the issuer and on February 26th 2010 the liability ceased to exist.

6. On July 6th 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued three bank guarantees for the benefit of the Customs Office of Pruszków for the amounts of PLN 1,700 thousand, PLN 3,300 thousand and PLN 5,000 thousand, respectively, as excise security. The guarantees are valid through July 15th 2010.

7. On November 2nd 2009, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee for PLN 16,000 thousand for the benefit of the Customs Office in Pruszków as excise security. The guarantee was to expire on September 30th 2010. As the excise security expired, the original guarantee document was returned to the issuer and on February 26th 2010 the liability ceased to exist.

8. On January 3rd 2007, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a bank guarantee for the benefit of CB&I LUMMUS GmbH in the form of a documentary letter of credit for the amount of EUR 19,034 thousand (the equivalent of PLN 72,843 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for January 3rd 2007). The original validity term of the guarantee expired on June 30th 2008. The validity term of the letter of credit was extended several times. The most recent extension of its validity term was made on May 29th 2009 – the validity term was extended until June 30th 2009. The guarantee expired with the end of its validity period.

9. On April 1st 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a stand-by letter of credit for EUR 5,195 thousand (the equivalent of PLN 18,240 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for April 1st 2008)

for the benefit of LURGI S.A., valid through June 30th 2008. On July 1st 2008, the amount of the letter of credit was raised to EUR 10,979 thousand (the equivalent of PLN 36,827 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for July 1st 2008) and its validity term was extended until September 30th 2008. The letter of credit was issued to secure the performance of a contract related to the construction of a hydrogen generation unit ([HGU](#)). On October 1st 2008, the validity term of the letter of credit was extended until December 31st 2008 and its value was again increased – to EUR 14,923 thousand (the equivalent of PLN 50,402 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for October 1st 2008). Then, on January 1st 2009, the validity term of the letter of credit was extended until March 31st 2009, and its amount decreased to EUR 14,234 thousand (the equivalent of PLN 59,386 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for January 2nd 2009). From December 17th 2008, the letter of credit was financed under the term loan facility granted by the group of financial institutions (see [Note 30](#)). On March 31st 2009, the letter of credit expired.

10. On April 30th 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a stand-by letter of credit for EUR 7,230 thousand (the equivalent of PLN 25,019 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for April 30th 2008) for the benefit of LURGI S.A., valid through July 31st 2008. The letter of credit was issued to secure the performance of the EPC contract for the crude and [Vacuum distillation](#) units ([CDU/VDU](#)). On July 31st 2008, the validity period of the letter of credit was extended until October 31st 2008. The value of the stand-by letter of credit was increased to EUR 15,356 thousand (the equivalent of PLN 49,179 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for July 31st 2008). On November 1st 2008, the validity term of the letter of credit was extended until January 31st 2009. The value of the stand-by letter of credit was raised to EUR 20,175 thousand (the equivalent of PLN 71,752 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for November 3rd 2008). On February 1st 2009, the validity term of the letter of credit was extended until April 30th 2009 and its value decreased to EUR 15,647 thousand (the equivalent of PLN 69,419 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for February 2nd 2009). Since December 17th 2008, the letter of credit was financed under the term loan facility granted by the group of financial institutions (see [Note 30](#)). On April 30th 2009, the validity term of the documentary letter of credit was extended until June 30th 2009 and its amount decreased to EUR 11,906 thousand (the equivalent of PLN 52,194 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for April 30th 2009). The letter of credit expired with the end of its validity period.

11. On June 2nd 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. issued a documentary letter of credit for EUR 19,034 thousand (the equivalent of PLN 64,403 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for June 2nd 2008) for the benefit of CB&I LUMMUS GmbH. The original validity term of the letter of credit expired on December 31st 2008. The letter of credit was issued to secure the performance of a contract related to a diesel hydrodesulphurisation unit ([HDS](#)). On January 1st 2009, the validity term of the letter of credit was extended, first until January 31st 2009, and then until March 31st 2009. The most recent extension

of its validity term was made on May 29th 2009 – the validity term was then extended until June 30th 2009. The letter of credit expired with the end of its validity period.

12. On October 22nd 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. opened a documentary letter of credit for EUR 19,034 thousand (the equivalent of PLN 70,690 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for October 22nd 2008) under the term loan facility granted by the group of financial institutions (see [Note 30](#)). The letter of credit, issued for the benefit of CB&I LUMMUS GmbH, is valid through June 30th 2009. It was issued to secure the performance of a contract related to a diesel hydrodesulphurisation unit ([HDS](#)). The letter of credit expired with the end of its validity period.

13. On December 19th 2008, at the request of Grupa LOTOS S.A., Bank PKO BP S.A. opened a stand-by letter of credit for EUR 500 thousand (the equivalent of PLN 2,057 thousand, translated at the EUR/PLN mid-exchange rate quoted by the National Bank of Poland for December 19th 2008) under the term loan facility granted by the group of financial institutions (see [Note 30](#)). The letter of credit, issued for the benefit of LURGI S.A., is valid through May 31st 2009. The letter of credit was issued to secure the performance of a contract related to modernisation of a condensate station and construction of a fuel gas terminal. The letter of credit expired with the end of its validity period.

14. On February 2nd 2009, at the request of Grupa LOTOS S.A., Deutsche Bank Polska S.A. issued a guarantee for USD 18,000 thousand (the equivalent of PLN 62,690 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for February 2nd 2009) for the benefit of TOTAL DEUTSCHLAND GmbH. The initial validity term of the guarantee, which was issued to secure payment of amounts due for the delivery of diesel oil and gasoline, was until July 31st 2009. On July 6th 2009, the guarantee validity term was extended until January 29th 2010. Next, with effect from August 1st 2009, the guarantee amount was changed to USD 10,500 thousand (i.e. PLN 30,285 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for August 3rd 2009). The guarantee expired with the end of its validity period.

15. On March 2nd 2009, Grupa LOTOS S.A. created security in the form of four blank promissory notes with a promissory note declaration for up to PLN 191,723 thousand, for the benefit of the Material Reserves Agency, in order to secure its liabilities under a fuel lending agreement. After settlement of successive instalments, the Material Reserves Agency is obliged to release the security in the form of the promissory notes. The original deadline for repayment of the liabilities under the fuel lending agreement (October 31st 2009) was extended until November 30th 2009. The Material Reserves Agency had returned four promissory notes for the amount of PLN 65,956 thousand, PLN 40,269 thousand, PLN 32,858 thousand and PLN 52,640 thousand, respectively. As at December 31st 2009, Grupa LOTOS S.A. had no liabilities under the above agreement.

16. On April 30th 2009, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration, for the benefit of Grupa LOTOS S.A., in order to secure the repayment of a loan in the amount of USD 13,000 thousand (the equivalent of PLN 42,717 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for April 30th 2009) (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement). The loan is intended for financing of the expenditure related to the YME Production Project. The original loan repayment date (July 31st 2009) was extended, initially until September 30th 2009 and subsequently until January 29th 2010. Thereafter, the loan repayment date was extended once again until December 30th 2010. The created security in the form of the blank promissory note with a “protest waived” clause and the promissory note declaration remains valid.

17. On July 21st 2009, at the request of Grupa LOTOS S.A., Bank Pekao S.A. issued a payment guarantee for USD 10,500 thousand (i.e. PLN 31,524 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for July 21st 2009) for the benefit of TOTAL DEUTSCHLAND GmbH in connection with gasoline and Diesel oil supplies. The guarantee was valid through January 31st 2010. The guarantee expired with the end of its validity period.

18. On October 14th 2009, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration, for the benefit of Grupa LOTOS S.A., in order to secure the repayment of a loan in the amount of USD 7,000 thousand (i.e. PLN 19,776 thousand, translated at the USD exchange rate quoted by the National Bank of Poland for October 14th 2009). The loan is intended for financing of the expenditure related to the YME Production Project. The loan principal and interest was repaid on November 16th 2009 in view of the terms and conditions of the notes issued by LOTOS Exploration and Production Norge AS. The agreement provided for repayment of the principal and interest by July 30th 2010. The security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration expired.

19. On December 10th 2009, at the request of Grupa LOTOS S.A., Deutsche Bank Polska S.A. issued a documentary letter of credit in the amount of PLN 7,150 thousand for the benefit of Gunvor International B.V. The documentary letter of credit constituted security under a contract for the supply of a [light fuel oil](#) component, and was valid until January 15th 2010. The letter of credit expired with the end of its validity period.

20. On December 31st 2009, at the request of Grupa LOTOS S.A., Bank Pekao S.A. issued a stand-by letter of credit in the amount of PLN 8,800 thousand for the benefit of Gunvor International B.V. The documentary letter of credit constituted security under a contract for the supply of a [light fuel oil](#) component, and was valid until February 15th 2010. The letter of credit expired with the end of its validity period.

Material Contingent and Off-Balance-Sheet Liabilities of LOTOS Asphalt Sp. z o.o.

On April 30th 2008, LOTOS Asphalt Sp. z o.o issued a blank promissory note for the benefit of BRE Bank S.A., valid through the date of repayment of debt and/or termination or expiry of the overdraft facility agreement. The promissory note was issued as security for repayment of the PLN 80,000 overdraft facility. The original validity term of the overdraft facility agreement expired on November 27th 2008.

On November 28th 2008, the term of the overdraft facility agreement was extended until November 27th 2009, and the amount of the overdraft facility was reduced to PLN 30,000 thousand. The facility is secured with the blank promissory note, valid through the date of repayment of debt and/or termination or expiry of the overdraft facility agreement. The security in the form of the blank promissory note expired due to expiration of the term of the overdraft facility agreement.

Material Contingent and Off-Balance-Sheet Liabilities of Petrobaltic S.A. (currently LOTOS Petrobaltic S.A.)

Liabilities towards Bank Ochrony Środowiska S.A.

In connection with the loans advanced by Bank Ochrony Środowiska S.A. (the "Bank") to Energobaltic Sp. z o.o. (Energobaltic) under (i) the investment loan agreement of September 11th 2001, and (ii) the preferential investment loan agreement of September 11th 2001 for environmental protection purposes, on December 12th 2001 Petrobaltic S.A. made a representation to the Bank, amended by a representation made by the shareholders on November 6th 2006, whereby it agreed (below are presented currently binding terms and conditions):

- to apply a part of net profit (whose amount in a given year may not exceed the amounts shown in the Bank-approved final financial projection for the project financed with the loan) towards share capital increase at Energobaltic Sp. z o.o.;
- not to dispose of or encumber its shares in Energobaltic Sp. z o.o. without prior consent of the Bank, with the proviso that the Bank's consent may not be unreasonably withheld.

Failure to discharge the Shareholders' Obligation may result in termination of the loan agreements by the Bank. Concurrently, Petrobaltic S.A. will be relieved from the Shareholders' Obligation if both of the following conditions are met:

- Petrobaltic S.A. provides the Bank and Energobaltic Sp. z o.o. with a written notification to the effect that oil production from the B-8 reservoir has commenced, and – after the first three months of production from the B-8 reservoir – Petrobaltic S.A. confirms in the same manner that the gas volume estimates for the reserve – contained in the gas supply forecast of December 7th 2005 submitted to the Bank by Energobaltic Sp. z o.o. – were correct,
- the economic and financial standing of Energobaltic Sp. z o.o. poses no threat to timely repayment of the loans.

Liabilities to Stablewood Power Ventures (Wladyslawowo) Ltd. under the Shareholder Agreement

In connection with the reorganisation of the Rolls Royce Group, in Q4 2008 Stablewood Power Ventures (Wladyslawowo) Ltd. assumed the rights and obligations of Rolls-Royce Power Ventures (Wladyslawowo) Ltd.

Under the Shareholder Agreement, in the event that the aggregate amount of waste gas supplied by Petrobaltic S.A. to Energobaltic Sp. z o.o. is lower than the minimum offtake amount provided for in the gas supply agreement for the year, Petrobaltic S.A. was obliged to offer to the other shareholder and lender of Energobaltic Sp. z o.o., that is Stablewood Power Ventures (Wladyslawowo) Ltd., to purchase the claims under the loan advanced by Stablewood Power Ventures (Wladyslawowo) Ltd. to Energobaltic. In connection with the expected reduction of the volume of waste gas supplied to Energobaltic Sp. z o.o. by Petrobaltic S.A. in 2005, on September 22nd 2005, Rolls-Royce Power Ventures (Wladyslawowo) Ltd. (RRPV) sent a letter stating that if Petrobaltic S.A. did not comply with the provisions of Art. 16.1.6 of the Gas Supply Agreement, it would issue a default notice under Art. VIII Section 1 of the Shareholder Agreement.

Following receipt of the notice, under the Shareholder Agreement Petrobaltic S.A. was obliged to offer to Stablewood Power Ventures (Wladyslawowo) Ltd. to purchase the claims under the loan advanced by Stablewood Power Ventures (Wladyslawowo) Ltd. to Energobaltic Sp. z o.o. If Stablewood Power Ventures (Wladyslawowo) Ltd. accepts the offer, Petrobaltic will be obliged to gradually (2012–2016) purchase Stablewood Power Ventures (Wladyslawowo) Ltd.'s claims under the loan, at maturity of each principal instalment, at a 2% discount.

Petrobaltic S.A.'s obligation towards Stablewood Power Ventures (Wladyslawowo) Ltd. under the Shareholder Agreement is no longer valid due to the acquisition by Petrobaltic S.A. of shares in Energobaltic Sp. z o.o. (see [Note 17](#)).

Liability to Stablewood Power Ventures (Wladyslawowo) Ltd. under the Agreement on Acquisition of Shares and Debt Claims by Petrobaltic S.A.

With a view to securing monetary liabilities related to the acquisition of shares and debt claims under the agreement of November 27th 2009

on acquisition by Petrobaltic S.A. of shares and Stablewood Power Ventures (Wladyslawowo) Ltd.'s claims for payment of principal and interest under a loan advanced to Energobaltic Sp. z o.o. under the Agreement of November 21st 2001, as amended (see [Note 17](#)), Petrobaltic S.A. issued for the benefit of Stablewood Power Ventures (Wladyslawowo) Ltd. three blank promissory notes together with promissory note declarations, for up to a total amount of USD 13,000 thousand (i.e. PLN 36,466 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for November 27th 2009). The last instalment of the price for acquisition of the shares and debt claims from Stablewood Power Ventures (Wladyslawowo) Ltd. is June 30th 2013.

Energobaltic Sp. z o.o.'s Liabilities towards Petrobaltic S.A.

In connection with the transaction of November 27th 2009, concerning acquisition of debt claims from Stablewood Power Ventures (Wladyslawowo) Ltd. under a loan advanced to Energobaltic Sp. z o.o. (see [Note 17](#)), and in connection with the agreement of March 1st 2010 on assignment of debt claims, relating to the Agreement of November 21st 2001, as amended, Petrobaltic S.A. seized the security in the form of a blank promissory note issued by Energobaltic Sp. z o.o. with a "protest waived" clause and a promissory note declaration.

Petrobaltic S.A.'s Liabilities towards the Government of Norway

On June 17th 2008, Petrobaltic S.A. issued an unconditional and irrevocable guarantee for the benefit of the government of Norway covering all the activities undertaken by LOTOS Exploration and Production Norge AS as part of its exploration and production operations on the Norwegian Continental Shelf. In the guarantee, Petrobaltic S.A. confirmed that it undertakes to assume full financial liability which may arise in connection with LOTOS Exploration and Production Norge AS' activities consisting in exploration for and extraction of the natural resources from the sea bottom, including storage and transport on the Norwegian Continental Shelf using means of transport other than ships.

LOTOS Exploration and Production Norge AS's Liabilities towards Petrobaltic S.A.

On August 26th 2008, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a "protest waived" clause and a promissory note declaration, for the benefit of Petrobaltic S.A., in order to secure the repayment of a loan and any other liabilities that may arise as a result of the execution and performance of the loan agreement. The loan agreement expires on December 31st 2012. The promissory note was issued to secure the repayment of the USD 50m loan (PLN 113m, translated at the rate quoted by the National Bank of Poland for August 26th 2008). On December 22nd 2009, an annex to the loan agreement was signed which set a new loan repayment date for June 30th 2011.

On December 19th 2008, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration, for the benefit of Petrobaltic S.A., in order to secure the repayment of a loan, and any other liabilities that may arise as a result of the execution and performance of the loan agreement. The principal amount of the loan was to be repaid by January 31st 2010. The promissory note was issued to secure the repayment of the USD 10m loan (the equivalent of PLN 29m, translated at the rate quoted by the National Bank of Poland for December 19th 2008). On December 22nd 2009, an annex to the loan agreement was signed which set a new loan repayment date for June 30th 2011.

In order to secure the repayment of a loan, on January 15th 2009, LOTOS Exploration and Production Norge AS issued a blank promissory note with a “protest waived” clause and a promissory note declaration for the benefit of Petrobaltic S.A. The loan, amounting to USD 55,000 thousand (the equivalent of PLN 176,605 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for January 15th 2009), is intended for financing of further implementation of the YME Production Project, in particular the capital expenditure on the Project along with the cost of capital, including interest on the loan. The principal amount of the loan will be paid in three instalments and the original date of the last instalment was set for March 31st 2010. On December 22nd 2009, as a result of an annex to the loan agreement, a new repayment schedule was put in place whereby the repayment date of the final instalment was set for December 30th 2011.

In order to secure the repayment of a loan, on March 9th 2009 LOTOS Exploration and Production Norge AS issued a blank promissory note with a “protest waived” clause and a promissory note declaration for the benefit of Petrobaltic S.A. The loan of USD 7,500 thousand (the equivalent of PLN 28,093 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for March 9th 2009) is intended for financing of further implementation of the YME Production Project. The principal amount was to be repaid by January 29th 2010. On December 22nd 2009, as a result of an annex to the loan agreement, a new repayment schedule was put in place whereby the repayment date of the final instalment was set for September 30th 2012.

On April 1st 2009, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration, for the benefit of Petrobaltic S.A., in order to secure the repayment of a loan in the amount of USD 2,500 thousand (the equivalent of PLN 8,805 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for April 1st 2009). The loan is intended for financing of further implementation of the YME Production Project. The loan principal was to be repaid by June 30th 2010. On December 22nd 2009, as a result of an annex to the loan agreement, a new repayment schedule was put in place whereby the repayment date of the final instalment was set for December 31st 2012.

On May 19th 2009, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration, for the benefit of Petrobaltic S.A., in order to secure the repayment of a loan in the amount

of USD 11,000 thousand (the equivalent of PLN 35,355 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for May 19th 2009). The loan is intended for financing of further implementation of the YME Production Project. Originally, the loan principal was to be repaid in two instalments, with the second instalment payable by December 31st 2010. On December 22nd 2009, as a result of an annex to the loan agreement, a new loan repayment date was set for December 31st 2012.

On June 9th 2009, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration, for the benefit of Petrobaltic S.A., in order to secure the repayment of a loan in the amount of USD 10,500 thousand (the equivalent of PLN 34,004 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for June 9th 2009). The loan is intended for financing of further implementation of the YME Production Project. Originally, the loan principal was to be repaid in three instalments, with the last instalment payable by December 31st 2012. On December 22nd 2009, as a result of an annex to the loan agreement, a new repayment date for the entire loan was set for December 31st 2012.

On July 13th 2009, in order to secure the repayment of a loan (including principal, interest and default interest, if any, as well as any other liabilities that may arise in connection with the execution and performance of the loan agreement), LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a “protest waived” clause and a promissory note declaration for the benefit of Petrobaltic S.A. The loan in the amount of USD 6,000 thousand (i.e. PLN 18,960 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for July 13th 2009) is intended for financing of the expenditure related to the YME Production Project. Originally, the principal amount of the loan was to be repaid in two instalments, with the second instalment payable by June 30th 2012. On December 22nd 2009, as a result of an annex to the loan agreement, a new loan repayment date was set for December 31st 2012.

Petrobaltic S.A.’s Liability towards Nordea Bank Polska S.A.

On May 19th 2009, Petrobaltic S.A. concluded an agreement on assignment of claims with Nordea Bank Polska S.A. to secure the Bank’s claims which arise or might arise under the agreements of May 19th 2009, i.e. agreement on an overdraft working-capital facility with a limit of up to PLN 50,000 thousand and framework agreement on a revolving working-capital facility, bank guarantees and letters of credit with a limit of up to PLN 50,000 thousand and a limit of up to PLN 100,000 thousand. These agreements are also secured by two blank promissory notes with promissory note agreements (see [Note 30](#)).

Petrobaltic S.A.’s Liabilities towards Banks under Issued Sureties and Guarantees for Repayment of Liabilities by LOTOS Exploration and Production Norge AS

In order to secure the repayment of liabilities of LOTOS Exploration and Production Norge AS under a loan contracted by the company with Nordea Bank Norge ASA to finance its day-to-day operations and investment activities, under an agreement of August 18th 2009 Petrobaltic S.A. undertook to instruct Nordea Bank Polska S.A. to issue a bank guarantee for the repayment of the loan for the benefit of Nordea Bank Norge ASA. On August 19th 2009, Nordea Bank Polska S.A., acting on the instructions of Petrobaltic S.A., issued a guarantee for the repayment of the liabilities of LOTOS Exploration and Production Norge AS towards Nordea Bank Norge ASA. The bank guarantee was issued for the amount of USD 8,000 thousand (i.e. PLN 23,716 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for August 19th 2009). In order to secure Petrobaltic S.A.'s claims against LOTOS Exploration and Production Norge AS under the agreement of August 18th 2009, as well as any other liabilities that may arise in connection with the execution and performance of the agreement, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a "protest waived" clause for the benefit of Petrobaltic S.A. and a promissory note agreement. On December 14th 2009, an annex was executed to the Agreement of August 18th 2009, pursuant to which Petrobaltic S.A. agreed to order Nordea Bank Polska S.A. to extend the validity term of the guarantee issued by Nordea Bank Polska S.A. for the benefit of Nordea Bank Norge ASA until August 31st 2010. On December 29th 2009, the validity term of the above guarantees was extended until August 31st 2010.

On September 15th 2009, Petrobaltic S.A. issued a surety for the benefit of Nordea Bank Norge ASA for the repayment of the liabilities of LOTOS Exploration and Production Norge AS under the loan agreement in the amount of USD 11,000 thousand (i.e. PLN 31,365 thousand, translated at the USD/PLN mid-exchange rate quoted by the National Bank of Poland for September 15th 2009). In order to secure Petrobaltic S.A.'s claims against LOTOS Exploration and Production Norge AS under the surety, as well as any other liabilities that may arise in connection with the surety, LOTOS Exploration and Production Norge AS created security in the form of a blank promissory note with a "protest waived" clause and a promissory note agreement for the benefit of Petrobaltic S.A. On December 17th 2009, an annex was executed to the Agreement of September 15th 2009, pursuant to which Petrobaltic S.A. extended the validity term of the surety issued for the benefit of Nordea Bank Norge ASA until August 31st 2010 and increased the surety amount to USD 12,000 thousand (i.e. PLN 34,926 thousand, translated using the USD mid-exchange rate quoted by the National Bank of Poland for December 17th 2009).

On October 14th 2009, Petrobaltic S.A. issued a surety for the benefit of Nordea Bank Norge ASA for the repayment of the liabilities of LOTOS Exploration and Production Norge AS under the loan agreement in the amount of USD 4,000 thousand (i.e. PLN 11,300 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for October 14th 2009). The surety amount is USD 4,500 thousand (i.e. PLN 12,713 thousand, translated at the USD mid-exchange rate quoted by the National Bank of Poland for October 14th 2009), and the surety expires on August 31st 2010. In order to secure Petrobaltic S.A.'s claims against LOTOS Exploration and Production Norge AS under the surety, as well as any other liabilities that may arise in connection with the surety, LOTOS Exploration and Production Norge AS created security for the benefit of Petrobaltic S.A. in the form of a blank promissory note with a "protest waived" clause.

Material Contingent and Off-Balance-Sheet Liabilities of LOTOS Jasło S.A.

Liabilities under Promissory Notes towards Nafta Polska S.A.

Rafineria Jasło S.A. (currently LOTOS Jasło S.A.) has issued nine blank promissory notes to Nafta Polska S.A. Under the promissory note declarations of January 19th 2000, the promissory notes secure the liabilities of the Rafineria Jasło S.A. under claims concerning environmental damage on the property specified in the agreement of January 19th 2000 between Rafineria Jasło S.A. and Carbon Black Polska Sp. z o.o. The promissory notes may be filled in by Nafta Polska if Rafineria Jasło S.A. fails to perform any of its obligations under the agreement. As provided for in the declarations, each promissory note may be filled in with up to PLN 1,000 thousand.

Under an agreement of January 19th 2000 between Nafta Polska S.A. and Rafineria Jasło S.A., if no obligation arises on the part of Nafta Polska S.A. to provide any performance, in whole or in part, under the performance bond agreement relating to the agreement on environmental issues with Carbon Black Polska Sp. z o.o. by the time Nafta Polska S.A. is removed from the enterprise register, Nafta Polska S.A. will place the unrealised promissory notes in court deposit so that they can be returned after the court's decision on removing Nafta Polska S.A. from the enterprise register becomes final. Similarly, the unrealised promissory notes will be returned to Rafineria Jasło S.A. after 10 years following the agreement date if Nafta Polska S.A. is not removed from the enterprise register and is not obliged to any performance under the surety agreement.

On February 16th 2010, nine blank promissory notes issued for the benefit of Nafta Polska S.A. and valid until January 19th 2010, were returned to LOTOS Jasło S.A.

Liabilities under Promissory Notes towards the Minister of Economy

Rafineria Jasło S.A. (currently LOTOS Jasło S.A.) has also issued a blank promissory note to the Minister of Economy. Under the promissory note declaration issued on November 13th 2002, the promissory note is to secure performance of LOTOS Jasło S.A.'s obligations under an agreement on financial support for a new investment project (a fuel terminal), concluded between the Minister of Economy and LOTOS Jasło S.A. on November 1st 2002. The promissory note may be filled in with an amount of up to PLN 5,675 thousand.

Other Liabilities under Promissory Notes

Furthermore, as at December 31st 2009, LOTOS Jasło S.A. had the following material liabilities:

- a liability under a blank promissory note issued to secure a working capital overdraft facility granted by PKO BP S.A. Krosno branch, originally for the amount of PLN 18,000 thousand, with the validity term expiring on July 29th 2011. Subsequently in connection with the execution of an annex to the overdraft facility agreement providing for a reduction in the available overdraft facility limit, on February 27th 2009 the promissory note amount was reduced to PLN 10,000 thousand. Another annex, executed on December 30th 2009, increased the value of the security in the form of the blank promissory note to PLN 11,000 thousand, and the validity term of the promissory note was extended until June 30th 2012,
- a liability under a blank promissory note issued to secure the repayment of interest and contractual penalties, if any, under a loan agreement with NFOŚiGW (The National Fund for Environmental Protection and Water Management) of Warsaw, with the validity term expiring on March 30th 2011.

Material Contingent and Off-Balance-Sheet Liabilities of LOTOS Oil S.A.

The validity of a blank promissory note with a promissory note declaration, for the amount of PLN 10,000 thousand, issued by LOTOS Oil S.A. on March 18th 2007, which was submitted to the Customs Office to secure an excise duty liability, was extended until April 30th 2010. The original validity term of the promissory note expired on October 31st 2008.

On February 10th 2009, LOTOS Oil S.A. submitted excise duty security in the form of a blank promissory note with a promissory note declaration for the amount of PLN 5,000 for the benefit of the Customs Office, as security in respect of excise duty connected with movement of excise goods. The security is valid from March 1st 2009 through February 28th 2011.

Material Contingent and Off-Balance-Sheet Liabilities of LOTOS Biopaliwa Sp. z o.o.

On August 7th 2007, LOTOS Biopaliwa Sp. z o.o. issued a blank promissory note with a “protest waived” clause, guaranteed by LOTOS Czechowice S.A., for the benefit of NFOŚiGW (The National Fund for Environmental Protection and Water Management), valid through June 30th 2015. The promissory note was issued to secure the repayment of interest, contractual penalties (if any) and other liabilities under a loan agreement concluded on June 29th 2007 by LOTOS Biopaliwa Sp. z o.o. with NFOŚiGW. The amount of the loan was PLN 35,000 thousand. The repayment of the loan is secured with a bank guarantee issued for the benefit of NFOŚiGW on August 7th 2007 by Bank Pekao S.A. against the loan limit under an investment loan agreement of December 14th 2006.

In order to secure the payment of excise duty liability, on April 15th 2009 LOTOS Biopaliwa Sp. z o.o. issued (and filed with the Customs

Office in Bielsko-Biała) a blank promissory note for up to PLN 18,820 thousand, guaranteed by LOTOS Czechowice S.A., along with a promissory note declaration. The promissory note is valid through June 30th 2010.

On July 24th 2009, the District Court of Katowice decided to enter in the register of pledges a pledge on inventories of LOTOS Biopaliwa Sp. z o.o. which – along with an assignment of the insurance policy pursuant an annex to the loan agreement – serves as security for the repayment of the entire amount of the PLN 30,000 thousand loan advanced by Bank Pekao S.A. At the company's request and with the Bank's consent, on April 1st 2010 the District Court of Katowice deleted the pledge from the register of pledges.

Other Contingent Liabilities of the Group

As at December 31st 2009, the Group's liabilities under material agreements related to expenditure on property, plant and equipment (the 10+ Programme) amounted to PLN 590 million (PLN 3,199 million as at December 31st 2008).

This is a translation of a document originally issued in Polish