

GROUNDS

for a draft resolution of the Extraordinary General Meeting of Grupa LOTOS S.A.

convened for September 8th 2014

In connection with the Extraordinary General Meeting of Grupa LOTOS S.A. convened for September 8th 2014, the Management Board of the Company presents the grounds for a draft resolution.

Re. 5 of the agenda

Increasing the Company's share capital by way of issue of new shares, public offering of new shares, setting the record date for the entitlement of pre-emptive rights in respect of new shares for November 18th 2014, conversion into book-entry form and seeking admission of pre-emptive rights, allotment certificates and new shares to trading on the regulated market of the Warsaw Stock Exchange, amending the Company's Articles of Association and authorising the Supervisory Board to prepare a consolidated text of the Company's Articles of Association.

The draft of the Issue Resolution has been proposed to regulate the key aspects of the planned increase of the Company's share capital, to be effected by way of issue of new shares ("New Shares"), and offering of the New Shares to the Company's existing shareholders on a pre-emptive rights basis.

1. PROPOSED STRUCTURE OF THE COMPANY'S SHARE CAPITAL INCREASE, ISSUE OF NEW SHARES AND PUBLIC OFFERING

In connection with the presented draft of the Issue Resolution, the Management Board proposes that the Company's share capital increase, the issue of New Shares and the public offering ("Public Offering") be structured as follows:

a) The share capital increase will be effected through issue of not less than 1 and not more than 55,000,000 New Shares. The final amount of the share capital increase and the number and issue price of the New Shares will be determined by the Company's Management Board. Subject to the Issue Resolution, the Management Board will also determine the number of pre-emptive rights ("Pre-Emptive Rights") conferring the right to subscribe for one New Share.

The purpose behind the proposed structure is to create a flexible mechanism enabling the Company to issue such a number of New Shares which, taking into account their issue price, will generate the expected proceeds.

Furthermore, the proposed structure will allow the Company's Management Board to determine the final number and the issue price of the New Shares so that they best reflect the

prevailing market conditions, taking into account such factors as the stock market price of the Company's existing shares and the expected demand for the New Shares.

b) Given its intention to offer the New Shares in a Public Offering and to seek admission and introduction of Pre-Emptive Rights, allotment certificates for New Shares and New Shares to trading on the regulated market of the Warsaw Stock Exchange (“**WSE**”), the Company will prepare a prospectus (“**Prospectus**”) and file an application for its approval with the Polish Financial Supervision Authority.

c) The New Shares will be offered to the Company’s existing shareholders holding the Company’s existing shares on November 18th 2014 (“**Pre-Emptive Rights Record Date**”).

d) The purpose of the New Shares being offered on a pre-emptive basis is to preserve the Company’s existing shareholder structure and to ensure that the existing shareholders' equity interests and the percentage of total voting rights held by them at the Company’s general meeting remain at least the same (assuming that the existing shareholders exercise their Pre-Emptive Rights with respect to all the Company shares held by them). In particular, the proposed structure will ensure compliance of the Public Offering with the Government Policy for the Polish Oil Sector of February 6th 2007, whereby the State Treasury is to remain the Company’s majority shareholder. Accordingly, the Issue Resolution contains a condition subsequent, whereby the Issue Resolution becomes invalid if, prior to the opening date of subscription for the New Shares specified in the Prospectus, the Company and the State Treasury fail to execute an agreement providing for the use by the State Treasury of financing from the Business Restructuring Fund referred to in Art. 56.1.2 of the Commercialisation and Privatisation Act of August 30th 1996 to pay the issue price of the New Shares.

The Pre-Emptive Rights Record Date proposed by the Company’s Management Board has been determined taking into account the planned schedule of the Public Offering, including in particular the expected time required to obtain approval of the Prospectus from the Polish Financial Supervision Authority and the Issuer’s intention to close the Public Offering by the end of 2014.

e) The Company’s Management Board intends to seek admission and introduction of Pre-Emptive Rights, allotment certificates for New Shares and New Shares to trading on the regulated (main) market of the WSE, on which the Company’s existing shares are already traded.

The proposed structure is designed to ensure that the Company’s shareholders who are not interested in exercising their Pre-Emptive Rights to subscribe for New Shares may sell the Pre-Emptive Rights registered in their securities accounts.

Seeking admission and introduction of allotment certificates for New Shares and of New Shares to trading on the WSE is justified by the need to provide the subscribers for New Shares with an opportunity to trade the securities, as well as by the fact that the Company is required to seek admission of new shares offered in a public offering to trading on the

regulated market if they are of the same type as Company shares already traded on that market.

2. GROUNDS FOR THE COMPANY'S SHARE CAPITAL INCREASE AND ISSUE OF NEW SHARES

Proceeds from the sale of New Shares will be used to finance the Company's strategy for the coming years, which envisages further investments designed to increase the refinery's complexity and step up its own hydrocarbon production.

By increasing complexity of the Gdańsk refinery, the Company intends to widen its refining margins, allowing the Company to achieve competitive advantage over industry peers and improve profitability.

The development of new oil and gas fields should boost own production of hydrocarbons, allowing the Company to generate additional production margins and enhancing the Group's vertical integration by improving its resilience to the changing macroeconomic conditions.

For more information on the Company's future development directions and planned projects, see the document "2013–2015 *Efficiency and Growth*" adopted and published by the Company, setting out the LOTOS Group's capital restructuring and development programme for the years 2013–2015. The Management Board believes that additional capital should enable implementation of the Programme, while providing a full array of investment benefits to the Company's shareholders.

3. AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION

The existing text of Art. 4.1, reading as follows:

"1. The share capital shall amount to PLN 129,873,362.00 (say: one hundred and twenty-nine million eight hundred and seventy-three thousand three hundred and sixty-two) and shall be divided into 129,873,362 shares (say: one hundred and twenty-nine million eight hundred and seventy-three thousand three hundred and sixty-two) shares of the nominal value of PLN 1 (say: one) each, including:

1) 78,700,000 (seventy-eight million, seven hundred thousand) Series A ordinary registered shares, numbered from A-00000001 to A-78700000,

2) 35,000,000 (say: thirty five million) Series B ordinary bearer shares, numbered from B-00000001 to B-35000000, and

3) 16,173,362 (say: sixteen million one hundred and seventy-three thousand three hundred and sixty-two) Series C ordinary bearer shares, numbered from C-00000001 to C-16173362",

shall be deleted and replaced with Art. 4.1 reading as follows:

“1. The share capital shall amount to not less than PLN 129,873,363.00 (one hundred and twenty-nine million, eight hundred and seventy-three thousand, three hundred and sixty-three złoty) and not more than PLN 184,873,362 (one hundred and eighty-four million, eight hundred and seventy-three thousand, three hundred and sixty-two złoty), and shall be divided into not less than 129,873,363 (one hundred and twenty-nine million, eight hundred and seventy-three thousand, three hundred and sixty-three) and not more than 184,873,362 (one hundred and eighty-four million, eight hundred and seventy-three thousand, three hundred and sixty-two) shares with a par value of PLN 1 (one złoty) per share, including:

1) 78,700,000 (seventy-eight million, seven hundred thousand) Series A ordinary registered shares, numbered from A-00000001 to A-78700000,

2) 35,000,000 (thirty-five million) Series B ordinary bearer shares, numbered from B-00000001 to B-35000000,

3) 16,173,362 (sixteen million, one hundred and seventy-three thousand, three hundred and sixty-two) Series C ordinary bearer shares, numbered from C-00000001 to C-16173362, and

4) not less than 1 (one) and not more than 55,000,000 (fifty-five million) Series D ordinary bearer shares, numbered from D-00000001 to D-55000000.”

The proposed amendment of Art. 4.1 follows from the share capital increase at Grupa LOTOS S.A.

4. AUTHORISATION FOR THE SUPERVISORY BOARD TO PREPARE A CONSOLIDATED TEXT OF THE COMPANY’S ARTICLES OF ASSOCIATION

The General Meeting’s decision authorising the Supervisory Board to prepare a consolidated text of the Company’s Articles of Association is compliant with the Commercial Companies Code and will enhance the document’s clarity.