



UPSTREAM SEGMENT OF LOTOS GROUP

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LOTOS PETROBALTIC S.A.

In 1970's, the constantly rising demand for fuels, as well as insufficient processing capacities at the existing refineries, created a need to built new refinery in Poland. In 1975 refinery in Gdańsk, designed to process 3 mtpa, started production. In 1999, an upgrade increased the capacity to 4,5 mtpa. In May 2005, as a result of a revamping of the main production units, the production capacity increased to 6 mtpa.

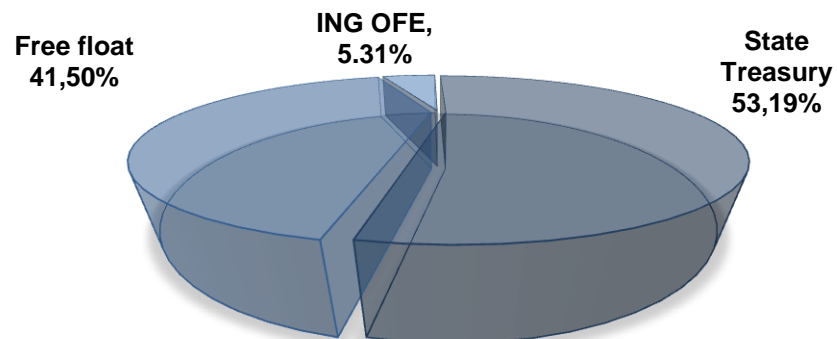
In 1991 refinery in Gdańsk was transformed to a state owned Joint-Stock Company **Rafineria Gdańska** (*Gdańsk Refinery*).

Nowadays **Grupa LOTOS** (Rafineria Gdańska before June 2003) is a modern and dynamically developing oil company. The upstream, processing, strong market position and solid financial foundations, that are consolidated in the LOTOS Group, guarantee the success of realization of development strategy until 2015.

Grupa LOTOS, the parent undertaking of the LOTOS Group, is a Joint-Stock Company with its stocks listed on the Warsaw Stock Exchange since June 2005.



SHAREHOLDER STRUCTURE OF GRUPA LOTOS



Shareholder	Number of shares	% shares
State Treasury	69 076 392	53,19%
ING OFE	6 893 079	5,31%
Free float on WSE	53 903 891	41,50%
Total	129 873 362	100,00%



Grupa LOTOS S.A. – Fully integrated oil company

LOTOS Group

CORPORATE MANAGEMENT SEGMENT

EXPLORATION AND PRODUCTION SEGMENT

 **LOTOS** Petrobaltic

has its own capital
group:

 **LOTOS** Exploration & Production
Norge

 **LOTOS** Geonafta

REFINING SEGMENT

 **LOTOS** Straż

 **LOTOS** Serwis

 **LOTOS** Lab

 **LOTOS** Infrastruktura

 **LOTOS** Ochrona

TRADING SEGMENT

 **LOTOS** Paliwa

 **LOTOS** Oil

 **LOTOS** Asfalt

 **LOTOS** Kolej

 **LOTOS** Tank

 **LOTOS** Terminale

has its own capital
group

FINANCIAL SEGMENT

 **LOTOS** Park Technologiczny

 **LOTOS** Gaz

MISSION

The mission of the LOTOS Group is to pursue innovative and sustainable growth in the areas of hydrocarbon exploration, production and processing, and in the trading of products that meet the most stringent quality standards, in a manner which guarantees continuous growth in shareholder value, full customer satisfaction, ongoing development of employees and capitalisation on their capabilities, and which is responsible towards society, environmentally friendly and compliant with the energy security policy.

VISION

The LOTOS Group seeks to become the most reputable oil company in the Baltic Sea Region in terms of:

- quality of petroleum products
- customer service standards
- professional management

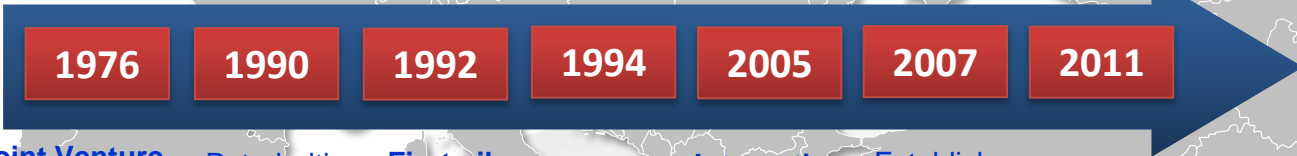
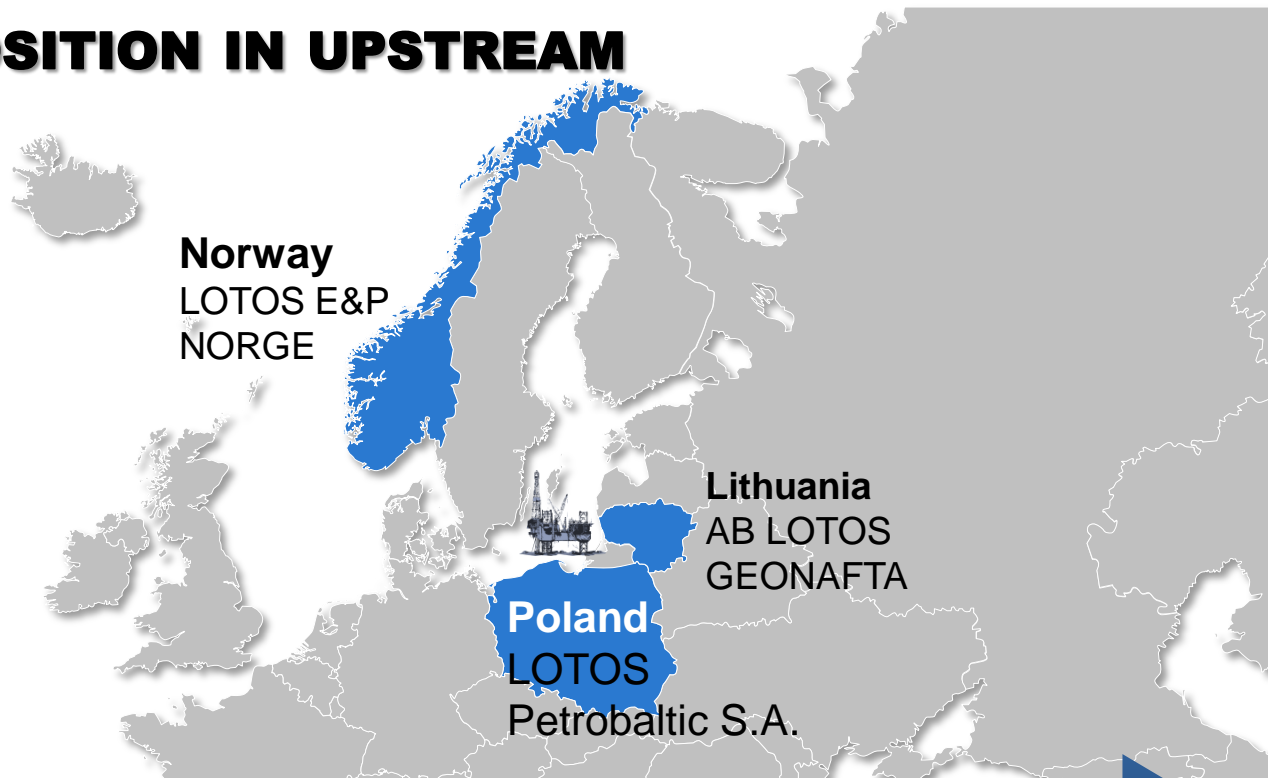
KEY STRATEGIC GOAL

The key strategic objective of the LOTOS Group is to create shareholder value through the optimal use of its intellectual and tangible resources and through the implementation of development programmes in the areas of:

- exploration and production
- crude oil processing
- trading



BUILDING THE POSITION IN UPSTREAM



1976 Joint Venture between Poland, ZSRR and NRD for exploration of Baltic Sea – beginning of Petrobaltic

1990 Petrobaltic incorporated as state owned Polish company

1992 First oil Production test from B3 field

1994 B3 in full production

2005 Integration of Petrobaltic with Grupa LOTOS

2007 Establishment of LOTOS Exploration & Production Norge

2011 Full control over AB Geonafhta

LOTOS E&P strategy

■ Poland:

- offshore: development of existing fields and full exploration of the Baltic Sea
- onshore: cooperation with PGNIG

■ Norway:

- offshore: exploration, development and production activities

■ Lithuania:

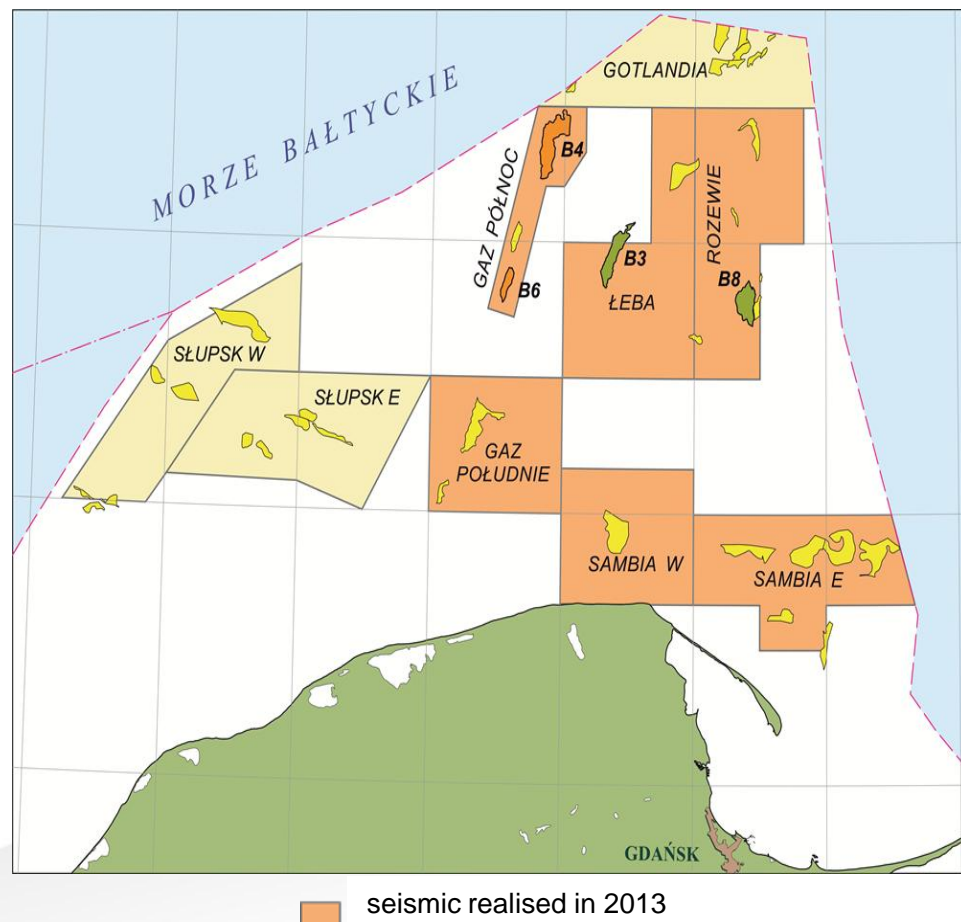
- onshore: full development of the licences held



2015 – production potential 24 kboe/d

Poland – the intensification of works in the Baltic Sea

- **B3 oil field** – continuation of production, licence extension till 2026
- **B8 field development** – first oil end 2015, production potential: 3.5 million t, cooperation with PIR
- **B4/B6 gas fields** – preparation and launching the development together with CalEnergy, production potential: 4 billion m³ gas
- **drilling exploration campaign** with new drilling platform – 3 wells in 2014
- **seismic program** - 2D and 3D seismic 1200 km² in 2013
- **2 new licences** – Słupsk W and Słupsk E



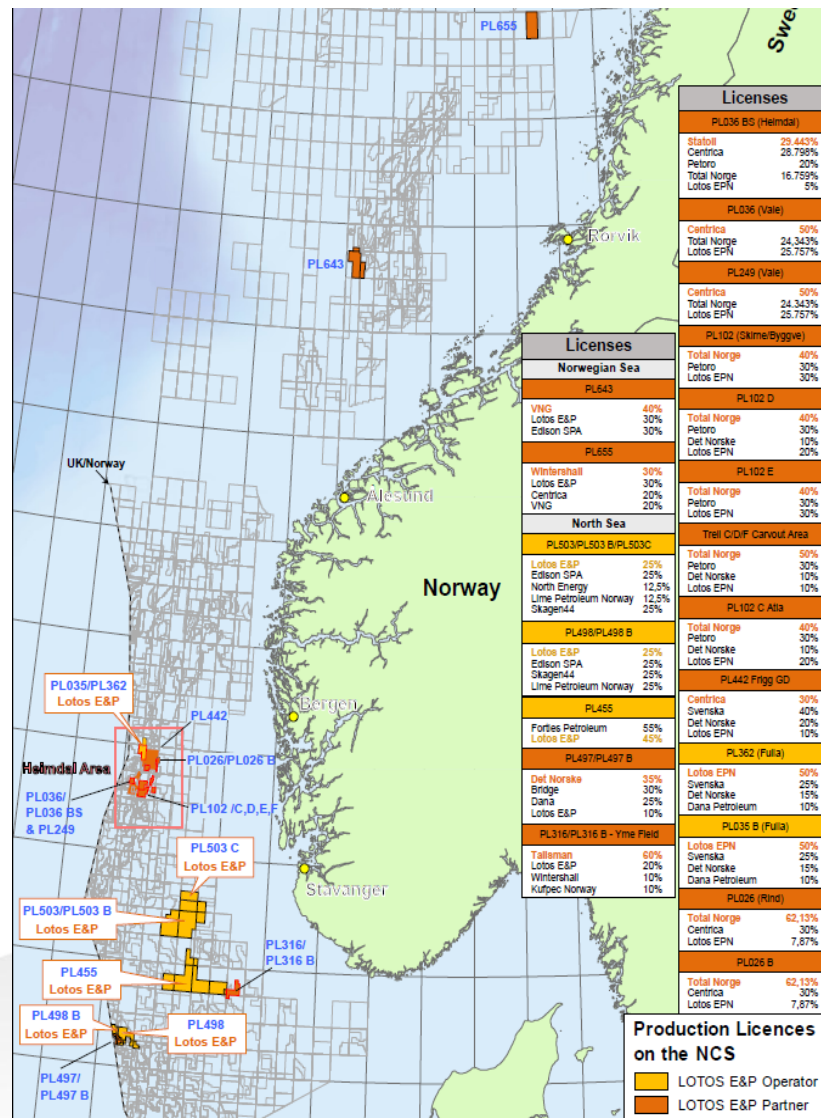
Lithuania – strategy realisation

- oil fields – production enhancement, intensification works
- seismic program, finding new objects
- drilling campaign (exploration and production wells)
- acquiring of new licences



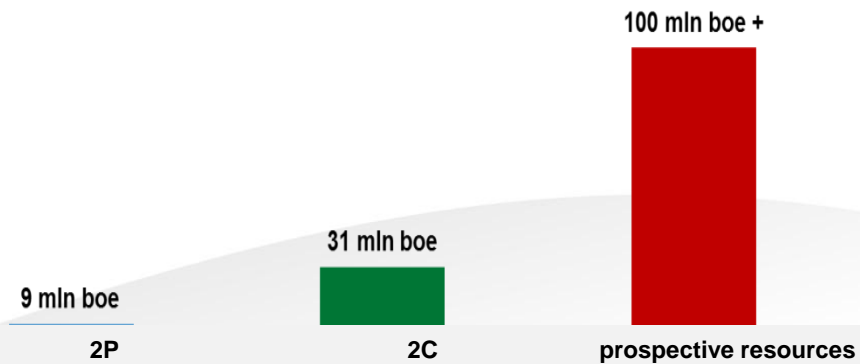
Norway – strategy realisation

- production from assets acquired
- assessment of resource potential
- projects to be developed after discoveries
- acquisition of development assets



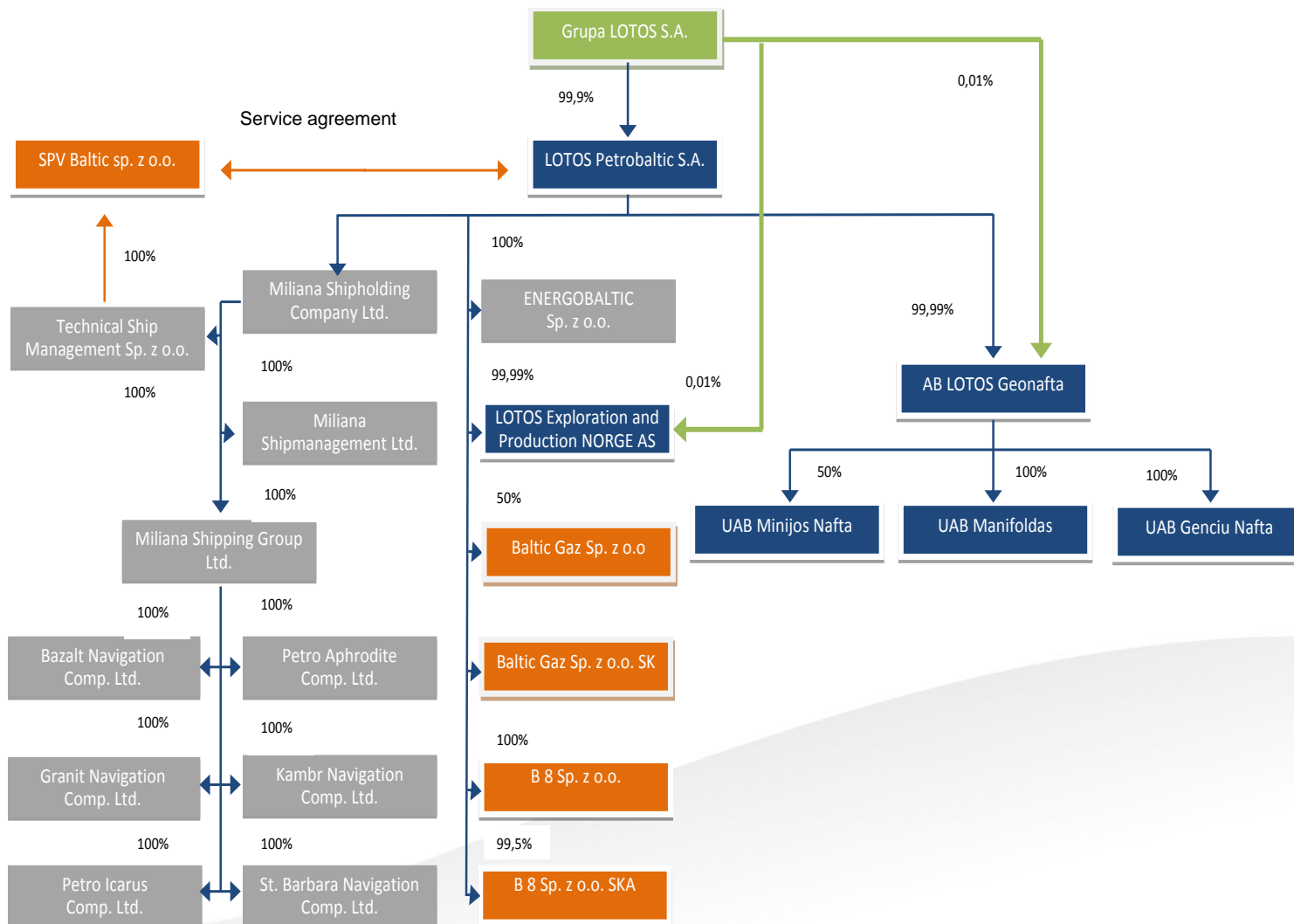
Norway – Heimdal acquisition

- 3 producing, 3 development fields, 1 HUB
- 5.000+ boe/d production net
- 14 licences / operator in Fulla development
- 2/3 of the tax assets unlocked in 2013 – 2016
- cooperation with experienced Partners: Statoil, Centrica, Total
- risk diversification
- building up strong E&P industry position within NCS
- access to areas with high potential for the discovery of resources



Heimdal – reserves and resources net
(01.01.2013)

Structure of LPB Group



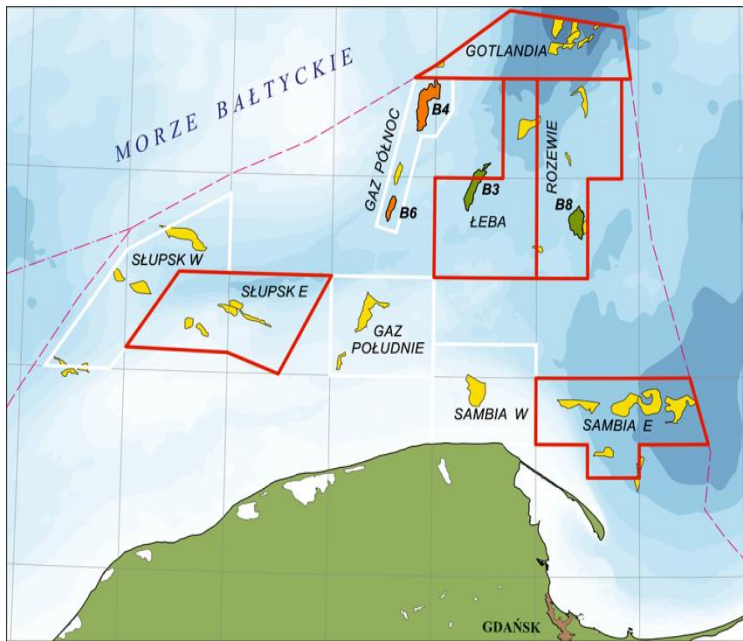
LOTOS Petrobaltic Group Logistics

- drilling services
- shipping services
- heli flights
- other services



Drilling campaign with LOTOS Petrobaltic drilling rig

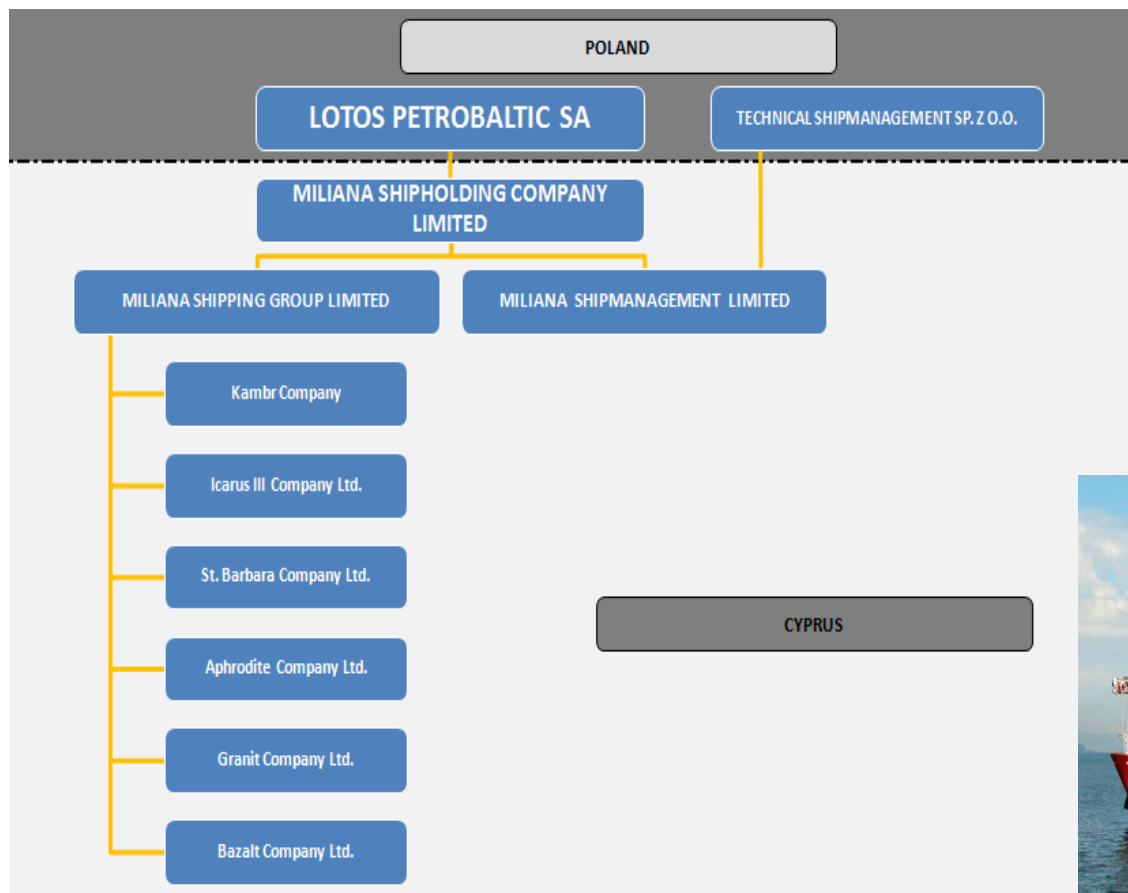
- drilling on water depth > 90m
- adaptation works completed
- 31.03.2014 platform on location – to drill B27-1 well
- 3 wells to be drilled in 2014



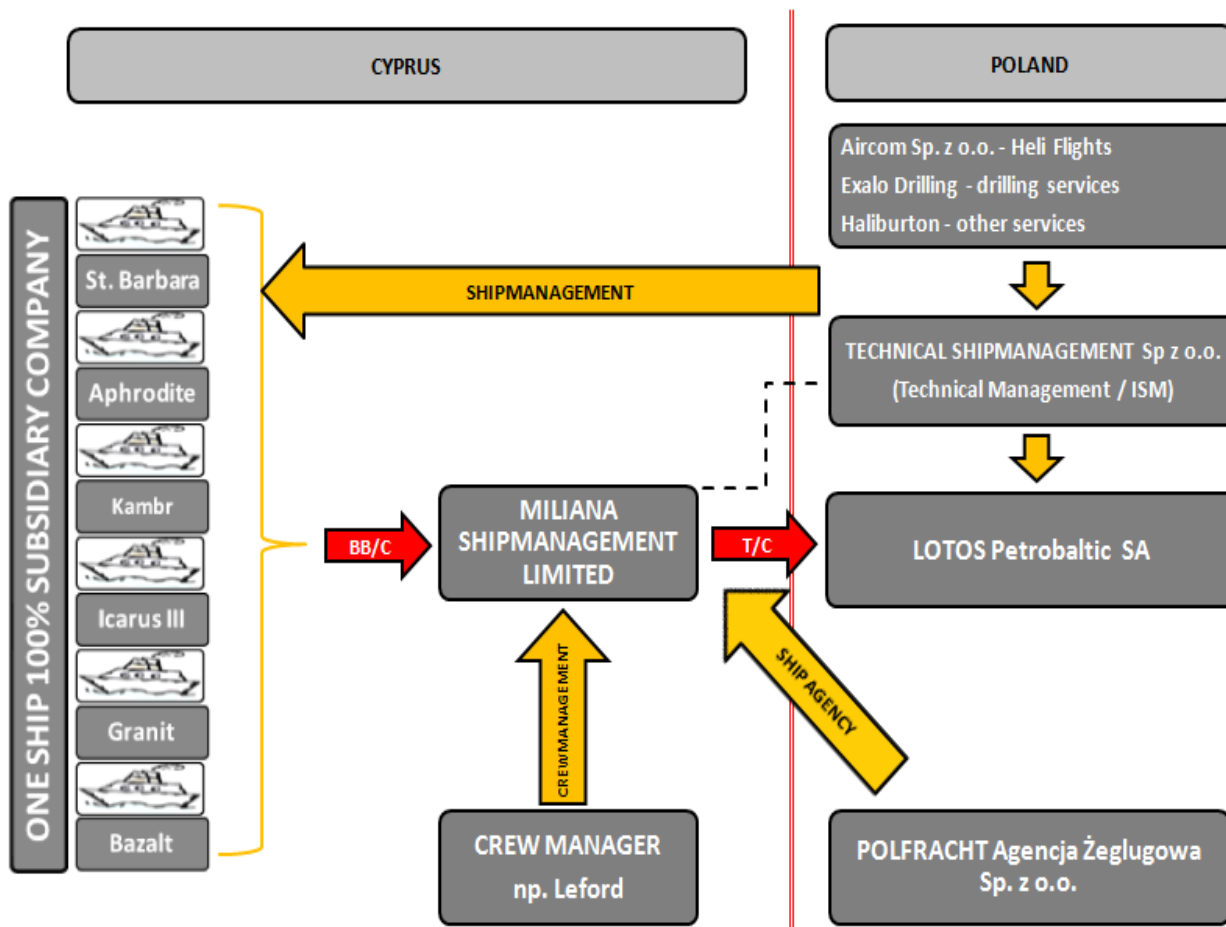
■ Licenses to a water depth >90 m



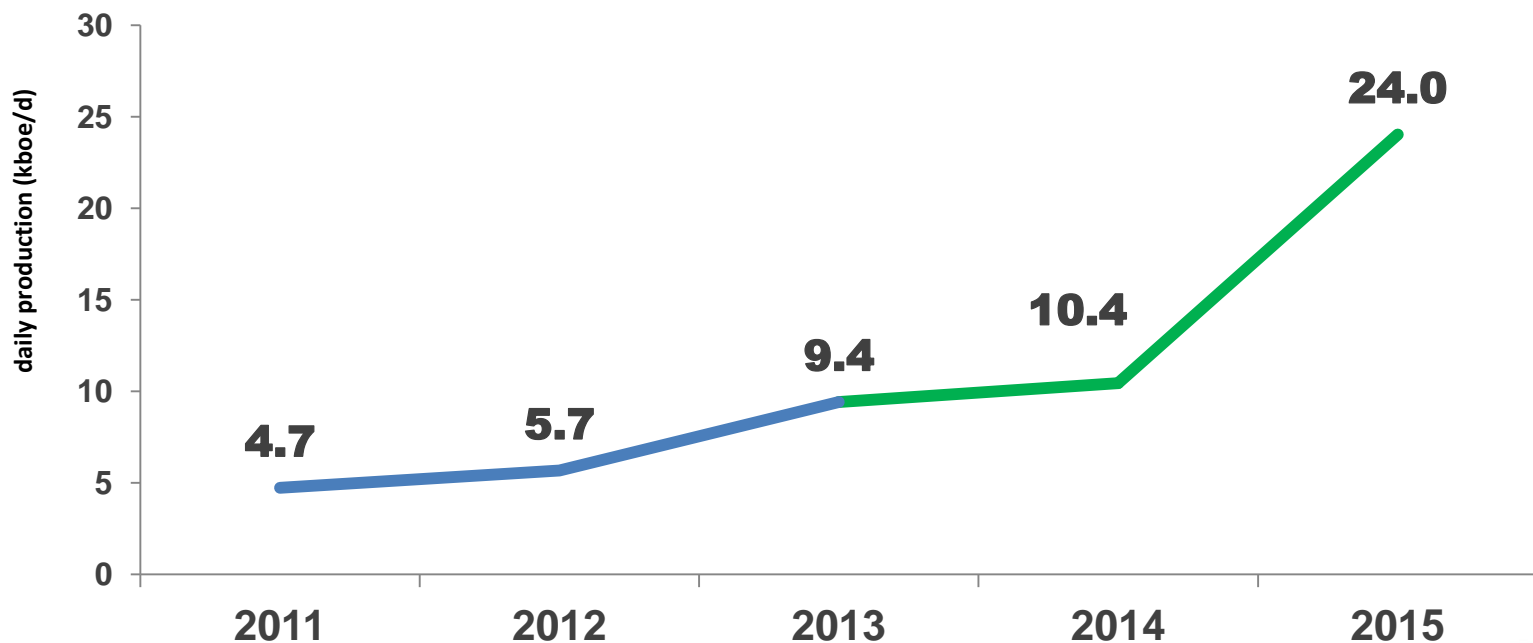
Miliana Shipholding Company Ltd. – Group Structure



Miliana Shipholding Company Ltd. – services



2015 – production potential 24 kboe/d



Strategy implementation plan

total investments in LOTOS E&P 2011-2015 3.9 billion PLN

Summary

- production potential 24 kboe/d in 2015
- full exploration of the Baltic Sea licenses
- onshore presence in Poland
- stable position and growth potential in Norway
- an active participant in the international market
- providing logistics services
- a modern and dynamic organization with a highly qualified staff



Central Europe Energy Partners (CEEP)

In 2010, Grupa LOTOS together with a number of other European companies set up Central Europe Energy Partners AISBL, an international non-profit association with headquarters in Brussels, Belgium.

The association represents the Central European energy sector (coal, gas, oil, renewables, nuclear, grids, energy intensive industry, steel industry, chemical industry etc.) in its broad sense.

CEEP is open to all domestic and foreign legal entities active in the energy and energy intensive sectors or dealing with any matters related to the mentioned sectors.

On December 12, 2011, CEEP opened a branch in Berlin, Germany.





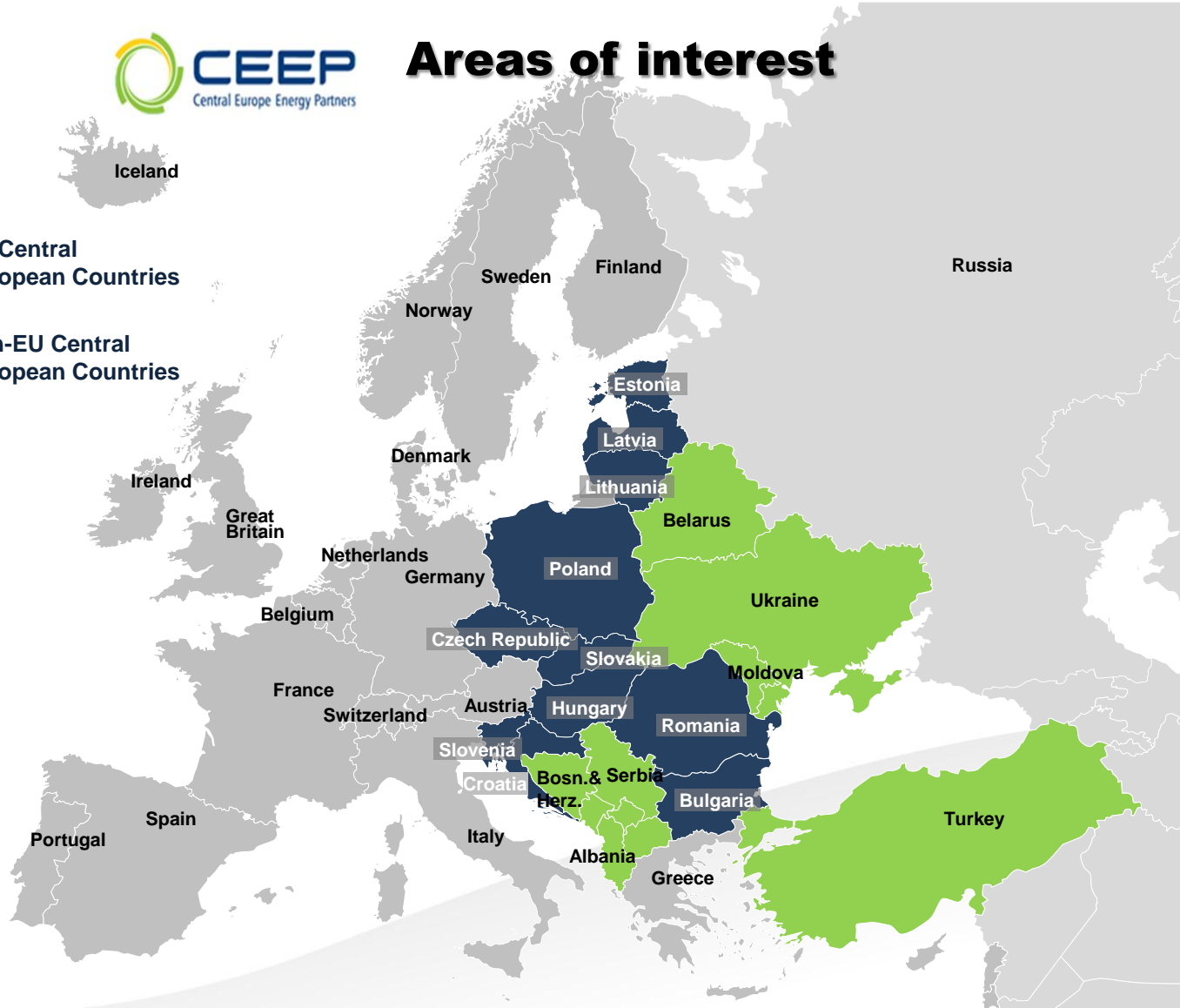
Areas of interest

Blue

EU Central European Countries

Green

Non-EU Central European Countries



CEEP members

Concern Achema Group	Air Liquide	ArcelorMittal Poland	Enea S.A.	Energa S.A.	Grupa Azoty S.A.	Impexmetal S.A.	Jastrzębska Spółka Węglowa S.A.
Katowicki Holding Węglowy S.A.	KGHM Polska Miedź S.A.	Kompania Węglowa S.A.	Kulczyk Investments	Litgrid AB	LOTOS Group	New World Resources N.V.	
Polish Higher Education - Business Forum	PSE S.A.	SiPower S.A.	Tauron Polska Energia S.A.	TRANSPETROL a.s.	The Petroleum-Gas University of Ploiești	Węglokoks S.A.	

Expected members from: **Bulgaria, Estonia, Latvia, Slovenia, Croatia, and Hungary.**

Purpose and Mission



CEEP's primary aim is to support the integration of the Central European energy and energy intensive sectors within the framework of the common EU energy and energy security policy.

The association aims to:

- Identify, monitor, and, where possible, reduce specific and common risks to companies from the energy and energy intensive sectors in Central Europe;
- Find solutions and provide assistance in relation to the fundamental challenges arising from the evolution of the EU's energy policy to organisations, in particular to the association's members;
- Foster, broaden and strengthen the position of its members within the internal EU energy market;
- Transmit and make available to EU bodies and other international energy and energy intensive sector institutions the positions of CEEP members and their expertise in the field of energy and energy intensive sectors issues, in particular, but not limited to, the region of Central Europe;
- Support its members' efforts to build up their profile and active participation in the international energy and energy intensive sectors' institutions and associations;
- Identify, advise on and promote programmes and activities which strengthen and expand members' international position.

Purpose and Mission (contd.)



- CEEP harnesses the expertise and potential of its members to produce briefing papers, policy position papers, fact sheets, etc., and to organise meetings, seminars and workshops in order to help inform members and key decision-makers.
- The overarching goal is to combine capabilities and experience and enhance cooperation between energy sector companies and research organisations in the region of Central Europe, identify and advocate common problems and their solutions, strengthen the region's energy security, and facilitate the successful implementation of the EU's energy and energy security policy.



**To achieve its goals and objectives,
CEEP is working closely with and offers its expertise and assistance
to the relevant Directorates and bodies of the European Commission and
European Parliament, within the scope of their mission and objectives.**

**CEEP's particular point of reference in this respect is:
DG Energy, DG Climate Action, DG Mobility and Transport, DG Enterprise and
Industry, DG Research & Innovation etc.**

CEEP: Energy Summit '29 + 1' Conference

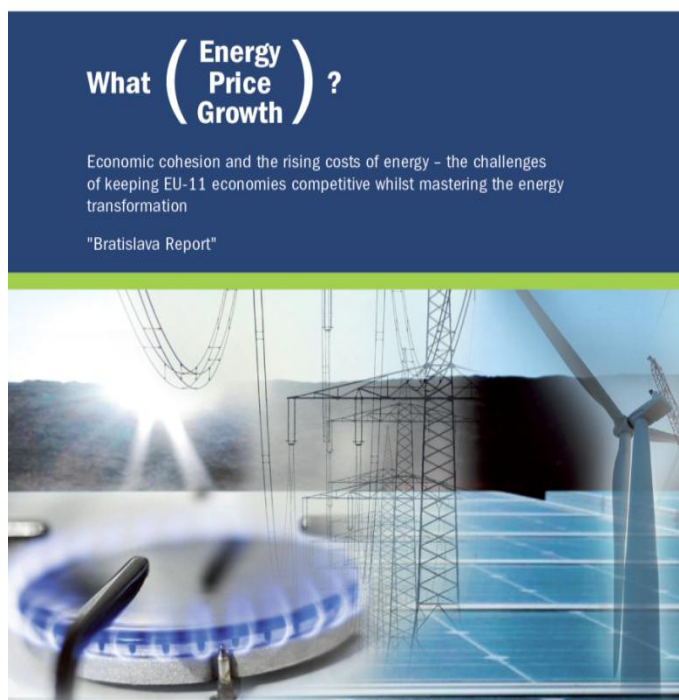


- CEEP's Annual Round Table signature series project.
- A meeting between 29 CEOs from the most important Central European energy sector companies, and the EU's Commissioner for Energy, Mr Günther Oettinger.
- A unique chance for all participants to ask open questions and express their own views directly to the Head of the EU's energy policy-making body.
- Proceedings held under 'Chatham House Rule', no journalists or administration officials present during the session.
- Stimulates more open and frank debate.
- After each '29+1' meeting, a Memorandum is presented to the Commissioner, which sums up the position of Central European energy sector companies on key issues affecting the EU energy sector.
- The first Energy Summit was held in Budapest (2012), and the second in Vilnius (2013). The latest meeting was convened in 2014 in Bucharest on the 24th/25th of April.

Roland Berger: What Energy, Price, Growth

Roland Berger
Strategy Consultants

Commissioned by:
CEEP
Central Europe Energy Partners



- Experts and specialists who cooperate with the association have prepared numerous analyses and reports on the energy sector.
- For example: in 2013, CEEP and consulting firm Roland Berger (Germany) prepared the much-discussed report 'What Energy, Price, Growth?' The report shows that the price of energy has to be relatively low to help remove the economic gap between the EU-15 and EU-11, and, in global terms, to ensure competitiveness with countries which use the cheapest possible energy sources and do not have climate policy constraints similar to those of the EU countries. The report was launched in Bratislava and presented in Vilnius and Katowice.



In 2014, CEEP began to research and prepare its next report in cooperation with the Atlantic Council, the well-established American think-tank.

The report will focus on five key subtopics:

- Completing the North-South Energy Corridor with particular focus on oil and gas pipeline interconnections and the power sector;
- Creating more effective transportation linkages within the region and between neighbouring regions by developing road and rail transportation;
- Raising funding to finance the critical infrastructure developments.
- Power grid networks
- Fiber-optic networks
- The North-South transportation corridor.

The report will contain a brief chapter on how to exploit intraregional integration in Central Europe and promote better linkages between the region and the neighbouring Eastern Partnership countries, as well as the other important countries, eg. Cyprus.



CEEP is seeking cooperation with all interested companies and institutions from the energy and energy intensive sectors.

For further information on CEEP membership and CEEP activities, please contact:

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Thank you for your attention

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