

Warsaw, on September 16th, 2015

DGK-IV-4770-379/34923/14/MK

Minister of Environment

DECISION

Acting pursuant to article 46 section 1 item 1 of the Act of July 2nd, 2004, on Freedom of Business Activity (Journal of Laws of 2013, item 672, as amended) and article 21 section 1 item 1, article 22 section 1 item 1, article 30, article 31, article 34, section 1 of the Act of June 9th, 2011 Geological and Mining Law as of December 31st, 2014 (Journal of Laws of 2014, item 613, 587 and 850) in connection with article 11 section 1 and article 8 section 2 item 2 and item 4 of the Act of July 11th, 2014 on amendment of the Geological and Mining Law and some other acts of law (Journal of Laws of 2014, item 1133) and article 104 and the subsequent ones of the Act of June 14th, 1960 Administrative Procedure Code (Journal of Laws of 2013, item 267, as amended), having examined the application filed by San Leon Rawicz Sp. z o.o. with its registered office in Warsaw (TIN: 7010346985, KRS: 0000425067), current name – Rawicz Energy Sp. z o.o. – and upon having obtained opinions of competent cooperating bodies defined in the Geological and Mining Law

I hereby decide

1) to amend the concession no. 39/2009/p dated July 13th, 2009 granted by the Minister of Environment to Mazovia Energy Resources Sp. z o.o. for prospecting and exploration of natural gas deposits in „Rawicz” area located within the territory of the following communes: Pępowo, Pakosław, cities and communes: Kropia, Pogorzela, Poniec, Kobylin, Zduny, Bojanowo, Jutrosin, Miejska Górka, Rawicz in wielkopolskie province, communes: Jemielno, Wińsko, city and communes: Góra, Wołów, Wąsosz, Żmigród in dolnośląskie province, transferred under the decision of the Minister of Environment of December 8th, 2010, ref. no.: DGiKGe-4770-207 / 58900 / 10 / AS to Liesa Energy Sp. z o.o., in the wording established by way of decision of the Minister of Environment of May 11th, 2012 ref. no.: DGiKGw-4770-34/18621/12/MK, rectified by way of decision of the Minister of Environment of May 28th, 2012, ref. no. DGKw-4770-34/20999/12/MK, transferred by way of decision of the Minister of Environment of January 15th, 2013, ref. no. DGKw-4770-293/1795/12/MK, to San Leon Rawicz Sp. z o.o. with its registered office in Warsaw (current name: Rawicz Energy Sp. z o.o.), amended by way of decision of the Minister of Environment of January 17th, 2014, ref. no. DGKw-477-142/2041/13/MK and decision of the Minister of Environment of June 2nd, 2014, ref. no. DGKw-4770-152/22308/14/AB, in such a way that:

1. sentence of section 1 thereof receives the following wording:

„1. grant Rawicz Energy Sp. z o.o. with its registered office in Warsaw (TIN: 7010346985, KRS: 0000425067), a concession for prospecting and exploration of crude oil and natural gas deposits in „Rawicz” area (including parts of concession blocks no. 246, 247, 266, 267, 285 and 286), located in the communes: Pępowo, Pakosław, cities and communes: Kropia, Pogorzela, Poniec, Kobylin, Zduny, Bojanowo, Jutrosin, Miejska Górka, Rawicz in wielkopolskie province, communes: Jemielno, Wińsko, city and communes: Góra, Wołów, Wąsosz, Żmigród in dolnośląskie province, whose borders correspond to the lines connecting the points (1-27) with the following coordinates:”

2. section 3 thereof receives the following wording:

„The conditions to be met by the Company using the concession are determined by the agreement for establishment of the mining usufruct dated July 13th, 2009, concluded by and between the State Treasury, represented by the Minister of Environment and Mazovia Energy Resources Sp. z o.o., with its registered office in Warsaw, amended by way of annex no. 1 hereto dated May 11th, 2012, annex no. 2 hereto dated January 17th, 2014 and annex no. 3 of June 2nd, 2014 hereto concluded by the State Treasury – Ministry of Environment, represented, under the power of attorney of December 24th, 2013 by the Under-Secretary of State at the Ministry of Environment, Chief Geologist – Mr Sławomir Marek Brodziński and San Leon Rawicz Sp. z o.o. with its registered office in Warsaw – current name: Rawicz Energy Sp. z o.o.”

3. section 4 thereof receives the following wording:

4. The following scope of prospecting and exploration works is determined:

4.1. Stage I (12 months)

- performance of reprocessing and reinterpretation of available geophysical data;

4.2 Stage II (48 months):

- performance of 100 km² of 3D seismic surveys;

- optional** performance of 150 km² of 3D seismic surveys or of 200 km* of 2D seismic surveys;

- optional** performance of 3 (three) boreholes up to the maximum depth of 4000 m each;

4.3. Stage III (36 months):

- performance of 2 (two) boreholes up to the maximum depth of 4000 m;

- optional** performance of 600 km² of 3D seismic surveys or 800 km* of 2D seismic surveys;

- optional** performance of 7 (seven) boreholes up to the maximum depth of 4000 m each;

- optional** performance of 9 (nine) horizontal sections up to the maximum depth of 2000 m each;

4.4 Stage IV (36 months):

- performance of a borehole up to the maximum depth of 4000 m;

- optional** performance of a horizontal section with a maximum depth of 2000 m;

- optional** performance of 600 km² of 3D seismic surveys or of 800 km* of 2D seismic surveys;

- optional** performance of 4 (four) boreholes up to the maximum depth of 4000 m each;

- optional** performance of 4 (four) horizontal sections with a maximum depth of 2000 m each;

* - on the surface of the area, vibroseis;

** option – commencement of the works defined under this option depends on results of obligatory works

The area of 2D and 3D works is defined with the surface operational area of the seismic photo.

The scope of works is determined in the project of geological works, project of geological works no. 1, project of geological works no. 2, project of geological works no. 3 and „Project of geological works for prospecting and exploration of crude oil and natural gas deposits within „Rawicz” area. Stage II and III” enclosed to the application for concession amendment.

The information on the detailed location of seismic surveys and boreholes shall be presented to the concession body before commencement of field works in the form defined under the Geological and Mining Law of June 9th, 2011.

4. section 6 thereof receives the following wording:

„6. Rawicz Energy Sp. z o.o. with its registered office in Warsaw is obliged to inform the concession body about the completion of each stage of works and decision to proceed with the following stage (including option).

Should Rawicz Energy Sp. z o.o. decide to proceed with works, the company is obliged to inform the concession body in writing about the commencement of works 14 days prior to the scheduled start date.

5. section 8 thereof receives the following wording:

„8. The Concession is granted from July 13th, 2020, except as defined in section 6a and/or section 6b or/and section 9a thereof.”

6. section 9 thereof is followed with the following section 9a:

„9a. Should Rawicz Energy Sp. z o.o. fail to perform by May 13th, 2017 the obligatory geological III stage works (two boreholes up to the maximum depth of 4000 m) referred to in section 4.3 thereof, the concession shall expire along with the duration of the 3rd stage, that is on July 13th, 2017.”

7. section 11 thereof receives the following wording:

„11. The contractor of geological works is obliged to manage minerals excavated or self-flowing during performance of such works, pursuant to article 84 of the Geological and Mining Law of June 9th, 2011.

8. section 12 thereof receives the following wording:

„12. The company is obliged to collect and transfer geological samples pursuant to article 82 section 5 of the Geological and Mining Law of June 9th, 2011 and provisions of the Regulation of the Ministry of Environment of June 9th, 2015 on transferring information on current recording of geological works”.

2) to make the decision set forth in item 1 immediately enforceable.

Substantiation

On July 13th, 2009, the Minister of Environment granted Mazovia Energy Resources Sp. z o.o. with its registered office in Warsaw a concession no. 39/2009/p for prospecting and exploration of crude oil and natural gas deposits in Rawicz area (parts of concession blocks no. 246, 247, 266, 267), within the territory of the following communes: Pępowo, Pakość, cities and communes: Kropia, Pogorzela, Poniec, Kobylin, Zduny, Bojanowo, Jutrosin, Miejska Górka, Rawicz in wielkopolskie province. The concession was twice transferred to another entity, upon the company's request and consent and by way of two decisions adopted by the Minister of Environment respectively on December 8th, 2010 (from Mazovia Energy Resources Sp. z o.o. to Liesa Energy Sp. z o.o.) and then on January 15th, 2013 (from Liesa Energy Sp. z o.o. to San Leon Rawicz Sp. z o.o. – current name: Rawicz Energy Sp. z o.o.). Upon the concession recipient's request, its provisions were amended four times by way of decisions adopted by the Minister of Environment respectively on May 11th, 2012 – rectified by way of decision of the Minister of Environment of May 28th, 2012, January 17th, 2014 and June 2nd, 2014.

In the application dated September 18th, 2014, San Leon Rawicz Sp. z o.o. with its registered office in Warsaw (currently: Rawicz Energy Sp. z o.o.) completed on January 16th, 2015 and February 26th, 2015, requested the Minister of Environment to amend the above-mentioned concession no. 39/2009/p with regard to removal from Stage II of optional works consisting in performance of 3 (three) horizontal sections with a maximum length of 2000 m each, transfer of the borehole from stage II to stage III of the works and adding to the Stage III optional works consisting in performance of 3 (three) additional boreholes (seven boreholes in total) up to the maximum depth of 4000 m each and four additional boreholes (9 (nine) horizontal sections in total) with a maximum depth of 2000 m each.

Pursuant to article 11 section 1 of the Act of July 11th, 2014 on amendment of the Geological and Mining Law and some other acts of law (Journal of Laws of 2014, item 1133), the provisions applicable so far shall continue being applicable to any proceedings regarding amendments of the concession for prospecting and exploration of hydrocarbons deposits instigated and left unfinished by the effective date thereof (January 1st, 2015). As a result of the above, the application was examined pursuant to the Act of June 9th, 2011 – Geological and Mining Law as of December 31st, 2014 (Journal of Laws of 2014, item 613, 587 and 850).

Pursuant to the application, project of geological works enclosed thereto and section 10 e of the concession, the designed seismic works shall be performed on the surface of the ground by vibroseis excluding explosives. The Applicant committed to perform seismic works outside of the European Ecological Network Natura 2000. As for drilling works, they shall be performed outside of the protected water intakes, protective areas around inland water reservoirs, areas subject to the forms of environmental protection referred to in article 6 section 1 item 1-3 and 5 of the Act of April 16th, 2004 on Environmental Protection (consolidated text: Journal of Laws of 2013, item 627) and cover of the forms of environmental protection referred to in article 6 section 1 item 1-3 thereof.

In the letter sent by the Director of the Geology and Geological Concessions Department on March 18th, 2015, pursuant to article 61 § 4 of the Act of June 14th, 1960 Administrative Procedure Code (Journal of Laws of 2013, item 267, as amended), hereinafter referred to as APC, the parties were notified (within the meaning of article 28 APC) of the commencement of the concession amendment proceeding.

Pursuant to article 23 section 2 item 1 in connection with article 34 section 1 of the Act of June 9th, 2011 Geological and Mining Law as of December 31st, 2014 (Journal of Laws of 2014, item 613, 587 and 850) in connection with article 11 section 1 of the Act of July 11th, 2014 on amendment of the Geological and Mining Law and some other acts of law (Journal of Laws of 2014, item 1133), hereinafter referred to as „Geological and Mining Law”, the Minister of Environment asked for advice in the subject matter from competent cooperating bodies. Within the statutory time frame of 14 days upon the date of delivery of the request for opinion, the resolution project was approved by: the Mayor of Pogorzela, Mayor of the City and Commune of Kobylin, the Mayor of the City and Commune of Zduny, the Mayor of the City and Commune of Bojanowo, the Mayor of the City and Commune of Jutrosin, the Mayor of the City and Commune of Miejska Górka, the Mayor of the City and Commune of Wąsosz, the Mayor of the City and Commune of Żmigród, Voyt of the Commune of Wińsko and the Mayor of the City and Commune of Wołów. Upon the expiry of that time frame the opinion was provided by the Voyt of the Commune of Pępowo, the Mayor of the City and Commune of Rawicz, the Mayor of Góra and the Voyt of the Commune of Jemielno. No opinion was provided within the statutory time frame by the Mayor of the City and Commune of Krobia, the Mayor of the City and Commune of Poniec and the Voyt of the Commune of Pakosław. Pursuant to article 9 section 2 of the Geological and Mining Law, the Minister of Environment deemed the failure to provide opinions by the aforementioned cooperating bodies within the aforementioned time frame approval of the amendment of the concession in the wording submitted for opinion.

By way of letter sent by the Deputy Director of the Geology and Geological Concessions Department on April 28th, 2015, pursuant to article 10 APC, all the parties to the subject administrative proceeding were notified of its closure and the associated possibility to express their opinions before the adoption of the decision as to the collected evidence, materials and raised claims. No remarks, reservations or claims were received by the concession body from the parties to the proceeding within the time frame pointed out in the notice.

Prior to issuing this decision, the Minister of Environment decided on May 12th, 2015 to request Rawicz Energy Sp. z o.o. to make their main shareholder to prove that they own financial funds which shall enable them to cover the costs of running the activity subject to the application for amendment of the concession no. 39/2009/p. By implementing the decision of the Minister of Environment on June 9th, 2014, the concession body requested the Applicant to make the Company's main shareholder to prove that they own the financial funds which shall enable them to cover the costs of running the subject activity. With respect to the information provided by the Company on August 17th, 2015 on the modification of the corporate structure of the Palomar group of companies and its parent company – Privinvest Development S.a.l. (Holding) – providing the financial means for performance of the works subject to the concession no. 39/2009/p, the concession body, by way of letter dated August 17th, 2015, requested the Company once again to present financial documents which confirm the factual findings as regards the financial means to cover the activities subject to the request for amendment of the concession no. 39/2009/p proceeded before the Minister of Environment. The financial documents of the companies which provide financial means for fulfillment of the concession obligations were presented by the Company on September 3rd, 2015. At the same time, the Company Rawicz Energy Sp. z o.o. requested to make this decision immediately enforceable. To substantiate this request, the Company referred to a very important interest of the Company which applies to the possibility of the Company obtaining the approval of the project of performance of the second borehole (Rawicz-15 borehole) within the confines of the stage of works

defined herein. The immediate adherence to such geological works, as defined in the concession, would enable the Company to test the exploration of natural gas out of the Rawicz deposit identified under the concession.

As a result of collection of the aforementioned additional evidence on this matter, by way of letter of September 7th, 2015, the concession body notified once again all the parties to the subject administrative proceeding of its completion and the associated possibility to express their opinion, before issuing this decision with regard to the collected evidence, materials and reported claims. Within the time frame defined in the notice, the parties to the proceeding did not report to the concession body any remarks, reservations or requests within the subject scope.

By way of their decision, the Minister of Environment updates the concession in terms of the existing amendments of the name and registered office of the concession recipient (new wording of section 1, 2, 3 and 6 thereof), which the company reported to the concession body in their letter sent on January 19th, 2015 (date of service to this office).

By way of this decision and according to the Company's request, the Minister of Environment introduces the following amendments of the concession (new wording of section 4 thereof):

- Removal from stage II of works consisting in performance of:
 - o 3 (three) optional horizontal sections with maximum length of 2000 m each
 - o Obligatory borehole up to the maximum depth of 4000 m
- Completion of the stage III with works involving performance of:
 - o Obligatory borehole up to maximum depth of 4000 m,
 - o Additional 3 (three) optional boreholes up to the maximum depth of 4000 m each (stage III includes 7 (seven) boreholes in total),
 - o Additional 4 (four) optional horizontal sections with the maximum depth of 2000 m each (stage III includes 9 (nine) horizontal sections in total).

Considering the intention to perform all the works defined in the concession, expressed by the concession recipient in their application and guided by the public interest which lies in discovery and registration of new hydrocarbon deposits and taking into account the scope of works performed by the concession recipient so far and the need to minimize the risk of long-term blocking of the concession area (in case of possible discontinuation of works as scheduled), the Minister of Environment imposes on the concession recipient the duty to perform the obligatory Stage III boreholes by July 13th, 2017 under the pain of expiry thereof upon the expiry of the Stage III (new wording of section 8 thereof and new section 9 a thereof).

This decision also includes the update of the concession provision on the management of the excavated soil and transfer of geological samples collected as a result of performance of the geological works defined in the concession, including geological works (new wording of section 11 thereof).

Pursuant to article 8 section 2 item 2 of the Act of July 11th, 2014 on amendment of the Geological and Mining Law and some other acts of law (Journal of Laws of 2014, item 1133) to exercise concession within the area of transferring geological data collected as a result of geological works, including geological works, and their results, shall apply the provisions of the Geological and Mining

Law of January 1st, 2015, namely the Regulation of the Minister of Environment of June 9th, 2015 on transferring information from current records of the geological works adopted on the grounds thereof (Journal of Laws of 2015, no. 0, item 903). As a result of the above, this decision updates the terms of storage and transfer of geological samples, including drill cores (new wording of section 12 thereof).

Guided by the vital interest of the party and public interest consisting in urgent continuation of the prospecting works started under the concession, including performance of a new "Rawicz – 15" borehole in order to accomplish the main geological purpose set in the concession, that is the discovery and preliminary documentation of namely natural gas and crude oil deposits within the concession area as determined in the application filed within the course of the proceeding, the Minister of Environment decided to make this decision immediately enforceable (item 2 of the decision).

Pursuant to article 28 APC, the parties to the proceeding in course deemed everybody whose legal interest or obligation the proceeding applies to and pursuant to article 41 of the Geological and Mining Law with regard to the activities performed within the boundaries of the land properties – owners (perpetual users) of those properties.

Within the course of the proceeding, the concession body provided the parties with an active participation therein and, before issuing this decision, enabled them to present their opinion on the collected evidence, materials and claims raised in the case under question.

As a result, it was ruled as stated.

The Party dissatisfied with the decision can, within 14 days upon its receipt (by applying respectively provisions on appeals) request the Minister of Environment to reconsider the case.

p.p. Minister
Under-Secretary of State
Chief Geologist of Poland
Sławomir Marek Brodziński

To be received by:

1. Rawicz Energy Sp. z o.o. (former San Leon Rawicz Sp. z o.o.), 00-078 Warsaw, Pl. Piłsudskiego 3
2. Ms Barbara Chamiola
3. Mr Stanisław Chamiola
4. Ms Ewa Eliaz
5. Mr Mateusz Eliaz
6. a /a

CC:

1. Office of the City and Commune of Krobia
2. Office of the Commune of Pępowo
3. Office of the City and Commune of Pogorzela
4. Office of the City and Commune of Poniec
5. Office of the City and Commune of Kobylin

6. Office of the City and Commune of Zduny
7. Office of the City and Commune of Bojanowo
8. Office of the City and Commune of Jutrosin
9. Office of the City and Commune of Miejska Górka
10. Office of the Commune of Pakosław
11. Office of the City and Commune of Rawicz
12. Office of the City and Commune of Góra
13. Office of the City and Commune of Wąsosz
14. Office of the City and Commune of Żmigród
15. Office of the Commune of Jemielno
16. Office of the Commune of Wińsko
17. Office of the City and Commune of Wołów
18. County Office in Gostyń
19. County Office in Krotoszyn
20. County Office in Rawicz
21. County Office in Góra
22. County Office in Wołów
23. Office of the Marshal of Wielopolskie Province
24. Office of the Marshal of Dolnośląskie Province
25. District Mining Office in Poznań
26. District Mining Office in Wrocław
27. Regional Environmental Protection Direction in Poznań
28. Provincial Environmental Protection Inspectorate in Poznań
29. Regional Environmental Protection Direction in Wrocław
30. Provincial Environmental Protection Inspectorate in Wrocław
31. National Environmental Protection and Water Management Fund in Warsaw
32. Ministry of Economy in Warsaw

Stamp duty in the amount of PLN 616.00 was transferred on September 17th, 2014 to the bank account of the Ochota District of the Capital City of Warsaw, account no.: 95 1030 1508 0000 0005 5002 4055, acknowledgement receipt no.: bank transfer.