

Wysogotowo, 21<sup>st</sup> June 2007

To:  
Report submitted to the Polish Financial Supervision Authority

Current report: 67/2007

Re: Conclusion of a conditional material agreement

**Contents:**

The Board of Directors of PBG S.A. hereby informs that on 20th June 2007 the Board concluded a conditional material agreement with Resources Services Ltd with its registered office in London.

The subject matter of the agreement is the general delivery of investment related to the construction of "Nowa Ruda" Underground Gas Storage Facility (PMG) including the connection of PMG to the gas supply network.

The contractual amount has been established at PLN 73,800,000 net, including design works estimated at PLN 1,800,000; costs of proceedings related to obtaining required approvals, authorizations and decisions for building a storage facility amounting to PLN 1,000,000 and a preliminary tightness test for the amount of PLN 4,000,000.

The general delivery of investment covers the following works: designing, delivering works, deliveries, assembly and start-up of PMG installation including the connection of PMG to the gas supply network, carrying out final tightness tests of PMG, obtaining all necessary approvals related to the delivery of investment and operation of PMG by Resources Services Ltd.

The agreement will take effect provided that the following conditions precedent are met:

- 1) Conclusion of an agreement with Spółka Restrukturyzacji Kopalń SA in Katowice by Resources Services Ltd which will authorise PBG to carry out a tightness test and instigate proceedings in order to obtain approvals, authorizations and decisions for the construction of a storage facility;
- 2) after the tightness test produces satisfactory results;
- 3) after winning by Resources Services Ltd a tender for the acquisition of the Nowa Ruda coal mine property from the State Treasury.

Under the agreement, PBG S.A. will ensure that in the period between signing the agreement and signing the Final Acceptance Protocol the following civil liability insurance will be in place:

- contractual liability insurance and tortious liability insurance of up to PLN 40,000,000; including environmental damage.
- civil liability insurance for damage to the property entrusted by Resources Services Ltd for up to the amount equal to the value of the property; however, not less than PLN 10,000,000;
- designer liability insurance of up to PLN 11,000,000.

Contractual penalties shall apply as follows:

- in the case of delays in the performance of the subject matter of the agreement by fault of PBG – 0.05% of the total gross contractual remuneration for each day of the delay;
- in the case of delays in rectification of defects – 0.05% of the total gross contractual remuneration for each day of the delay;
- in the case of renouncement or termination of the agreement – 15% of the total gross contractual remuneration;

Total amount of contractual penalties shall not exceed 20% of the total gross contractual remuneration.

The said agreement is considered material based on the total shareholders' equity criterion.

Legal basis:

Art. 5 item 1.3 of the Regulation of 19th October 2005 on current and interim information provided by issuers of securities.

Signature of the authorised person:

Magdalena Eckert-Boruta