C/2024/7491

30.12.2024

Communication from the Government of the Republic of Poland concerning Directive 94/22/EC of the European Parliament and of the Council on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons

(C/2024/7491)

Public invitation to bid for a concession for the prospection and exploration of oil and natural gas deposits and the extraction of oil and natural gas in the 'Koło' area

SECTION I: LEGAL BASIS

1. Article 49h(2) of the Geological and Mining Law Act (Journal of Laws (*Dziennik Ustaw*) 2024, item 1290)

2. Cabinet Regulation of 28 July 2015 on bidding for concessions for the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons, and concessions for the extraction of hydrocarbons (Journal of Laws 2015, item 1171)

3. Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons (OJ L 164, 30.6.1994, p. 3; Special edition in Polish: Chapter 6, Volume 2, p. 262)

SECTION II: ENTITY INVITING BIDS

Name: Ministerstwo Klimatu i Środowiska [Ministry of Climate and the Environment]

Postal address: ul. Wawelska 52/54, 00-922 Warszawa

Tel. +48 223692449; Fax: +48 223691100

Internet: www.gov.pl/web/klimat

SECTION III: SUBJECT OF THE PROCEDURE

1. **Type of activity for which the concession is to be granted:**

   Concession for the prospection and exploration of oil and natural gas deposits and the extraction of oil and natural gas in the 'Koło' area, parts of concession blocks Nos 189, 190, 209, 210 and 230.

2. **Area within which the activities are to be conducted:**

   The boundaries of the area covered by this bidding procedure are defined by lines joining points with the following coordinates in the PL-1992 coordinate system:

Point No	X [PL-1992]	Y [PL-1992]
1	529 967,77	466 172,40
2	488 641,34	498 789,16
3	486 438,55	496 164,37
4	489 957,06	493 014,61
5	487 890,95	490 706,30
6	484 446,05	493 790,15
7	480 134,00	488 652,00
8	470 399,21	496 820,43
9	470 399,21	484 545,58

Point No	X [PL-1992]	Y [PL-1992]
10	505 767,09	460 565,18
11	530 004,01	460 948,02

with the exception of the polygon defined by the following points 12 to 37:

Point No	X [PL-1992]	Y [PL-1992]
12	511 761,56	470 471,74
13	510 890,57	470 321,23
14	510 548,30	470 289,27
15	510 275,58	469 386,68
16	508 585,79	470 240,02
17	507 227,64	467 937,05
18	508 438,78	468 164,41
19	508 686,68	468 071,55
20	508 552,29	467 753,83
21	509 029,12	467 425,48
22	509 000,98	466 860,16
23	509 786,65	466 458,84
24	510 712,28	466 533,66
25	510 863,68	466 135,08
26	511 413,87	466 119,07
27	512 301,03	464 657,54
28	512 945,40	465 015,52
29	514 274,41	464 099,56
30	514 887,48	464 919,13
31	515 164,02	464 836,89
32	515 654,00	465 231,28
33	515 464,92	465 948,84
34	515 240,12	467 390,59
35	513 488,00	467 015,12
36	511 733,89	468 344,28
37	511 927,13	469 427,80

The surface area of the vertical projection of the area covered by this bidding procedure is 1 035,32 km^2. The lower boundary of the area is at a depth of 5 000 m below ground level (BGL).

The aim of the works to be carried out in Mesozoic formations is to document oil and natural gas in the area described above and to extract oil and natural gas.

3. **Time limit, not less than 90 days from the date of publication of the notice, and place for the submission of bids:**

Bids must be submitted to the headquarters of the Ministry of Climate and the Environment no later than 12:00 CET/CEST on the last day of the 90-day period commencing on the day following the date of publication of the notice in the *Official Journal of the European Union*.

4. **Detailed bid specifications, including the bid evaluation criteria and a specification of their weighting, ensuring that the conditions referred to in Article 49k of the Geological and Mining Law Act are fulfilled:**

Bids may be submitted by entities in respect of which a decision has been issued confirming the positive outcome of a qualification procedure, as provided for in Article 49a(16)(1) of the Geological and Mining Law Act, independently or, if several entities are applying jointly for the concession, as the operator.

Bids received will be evaluated by the bid evaluation committee on the basis of the following criteria:

30 % - scope and schedule of the proposed geological works, including geological operations, or mining operations;

20 % - scope and schedule of the mandatory collection of samples obtained during geological operations, including drill cores;

20 % - financial capacities offering an adequate guarantee that activities relating to the prospection and exploration of hydrocarbon deposits and to the extraction of hydrocarbons will be carried out, and in particular the sources and methods for financing the intended activities, including the share of own funds and external financing;

20 % - the proposed technology for conducting geological works, including geological operations, or mining operations, using innovative elements developed for this project;

5 % - technical capacities for the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons, and in particular the availability of appropriate technical, organisational, logistical and human resources potential;

5 % - experience in the prospection and exploration of hydrocarbon deposits or the extraction of hydrocarbons, ensuring safe operation, the protection of human and animal life and health, and environmental protection.

If, following the evaluation of applications on the basis of the criteria specified above, two or more bids obtain the same score, the amount of the fee for the establishment of mining usufruct rights due during the prospection and exploration phase will be used as an additional criterion allowing a final choice to be made between the bids concerned.

5. **Minimum scope of geological information:**

When submitting a bid there is no requirement to demonstrate the right to use geological information.

When entering the extraction phase, an undertaking is obliged to provide evidence of the existence of the right to use geological information to the extent necessary for the pursuit of its activities.

6. **Commencement date of activities:**

The activities covered by the concession will commence within 14 days from the date on which the decision granting the concession becomes final.

7. **Minimum scope of geological works, including geological operations, or mining operations:**

Geophysical surveys of 100 km (length of excitation line) with 2D seismic tests or of 50 km2 (extraction area) with 3D seismic tests.

Drilling of a borehole to a maximum depth of 5 000 m (true vertical depth – TVD), with mandatory coring of prospective intervals.

8. **Period for which the concession is to be granted:**

The concession period is 30 years, including:

1) a prospection and exploration phase of 5 years' duration, starting from the date on which the concession is granted;

2) an extraction phase of 25 years' duration, starting from the date on which an investment decision is obtained.

9. **Specific conditions for carrying out the activities and for ensuring public safety, public health, environmental protection and rational management of deposits:**

The geophysical surveys will commence within 24 months from the date on which the decision granting the concession becomes final.

The geological operations (borehole drilling) will commence within 42 months from the date on which the decision granting the concession becomes final.

Implementation of the concession work programme must not infringe landowners' rights and does not eliminate the need to comply with other requirements laid down in legislation, in particular the Geological and Mining Law Act, and requirements on spatial planning, environmental protection, agricultural land and forests, nature, waters and waste, and on ensuring public safety and public health.

Category C is the minimum exploration category for oil and natural gas deposits.

10. **Model agreement on the establishment of mining usufruct rights:**

The model agreement is attached as an annex hereto.

11. **Information concerning the amount of the fee for establishing mining usufruct rights:**

The minimum amount of the fee for establishing mining usufruct rights for the 'Koło' area during the 5-year base period is
PLN 293 451,10 (in words: two hundred and ninety-three thousand, four hundred and fifty-one zlotys, ten grosz) per annum.

Detailed terms of payment are to be found in the annex referred to in point 10.

12. **Information concerning requirements to be met by bids and documents required from bidders:**

1. Bids should specify:

1) the name (business name) and the registered office of the bidder;

2) the subject of the bid, together with a description specifying the area within which the concession is to be granted and mining usufruct rights are to be established;

3) the period for which the concession is to be granted, including the commencement date of the activities, and the duration of the prospection and exploration phase and the extraction phase;

4) the aim, scope and nature of geological works, including geological operations, or mining operations, and information about the works to be carried out to achieve the intended objective and the technologies to be used, as well as the minimum deposit exploration category;

5) a schedule for geological works, including geological operations, and the scope of such works;

6) the scope and schedule of the mandatory collection of samples obtained during geological operations, including drill cores, as referred to in Article 82(2)(2) of the Geological and Mining Law Act;

7) rights held by the bidder to the area within which the intended activities are to be carried out, or the right for the establishment of which that entity is applying;

8) a list of areas covered by nature conservation schemes; this requirement does not concern projects for which an environmental permit is required;

9) the way in which the adverse environmental impacts of the intended activities are to be counteracted;

10) the scope of the geological information available to the bidder;

11) experience in the prospection and exploration of hydrocarbon deposits or the extraction of hydrocarbons, including ensuring safe operation, the protection of human and animal life and health, and environmental protection;

12) technical capacities for, respectively, the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons, and in particular the availability of appropriate technical, organisational, logistical and human resources potential;

13) financial capacities offering an adequate guarantee that activities relating to, respectively, the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons will be carried out, and in particular the sources and methods of financing the intended activities, including the share of own funds and external financing;

14) the proposed technology for conducting geological works, including geological operations, or mining operations;

15) the proposed amount of the fee for establishing mining usufruct rights, this being not less than the amount specified in the notice launching the bidding procedure;

16) if a bid is submitted jointly by several entities, it must additionally specify:

a) the names (business names) and the registered offices of all the entities submitting the bid;

b) the operator;

c) the percentage shares in the costs of geological works, including geological operations, proposed in the cooperation agreement.

2. Bids submitted in a bidding procedure should meet the requirements and conditions laid down in the notice launching that bidding procedure.

3. The following documents are to be enclosed with bids:

1) evidence of the existence of the circumstances described in the bid, in particular extracts from the relevant registers;

2) proof that a deposit has been lodged;

3) a copy of the decision confirming the positive outcome of a qualification procedure, as provided for in Article 49a(17) of the Geological and Mining Law Act;

4) graphical annexes prepared in accordance with the requirements relating to mining maps, indicating the country's administrative boundaries;

5) written undertakings to make technical resources available to the entity taking part in the bidding procedure if other entities' technical resources are used when implementing the concession as provided for in Article 49k(2) of the Geological and Mining Law Act;

6) two copies of the geological operations project file.

4. Bidders may, on their own initiative, provide additional information in their bids or attach additional documents thereto.

5. Documents submitted by bidders should be originals or certified true copies of originals as provided for in the Code of Administrative Procedure. This requirement does not apply to copies of documents which are to be attached to bids and were created by the concession authority.

6. Documents drawn up in a foreign language should be submitted together with a translation into Polish by a sworn translator.

7. Bids are to be submitted in a sealed envelope or a sealed package bearing the name (business name) of the bidder and indicating the subject of the bidding procedure.

8. Bids submitted after the expiry of the time limit for the submission of bids will be returned to the bidders unopened.

13. **Information concerning the manner of lodging a deposit, the amount of the deposit and the payment date:**

Bidders are required to lodge a deposit of PLN 1 000 (in words: one thousand zlotys) before the expiry of the time limit for the submission of bids.

SECTION IV: ADMINISTRATIVE INFORMATION

1. **Bid evaluation committee**

A bid evaluation committee is appointed by the concession authority for the purpose of conducting the bidding procedure and selecting the most advantageous bid. The composition and rules of procedure of the committee are specified in the Cabinet Regulation of 28 July 2015 on bidding procedures for concessions for the prospection and exploration of hydrocarbon deposits and the extraction of hydrocarbons, and for concessions for the extraction of hydrocarbons (Journal of Laws 2015, item 1171). The bid evaluation committee submits a report on the bidding procedure to the concession authority for approval. Together with bids and all documents related to the bidding procedure, the report is open to other entities submitting bids.

2. **Additional clarifications**

Within 14 days from the date of publication of the notice, an interested entity may ask the concession authority to provide clarifications concerning the detailed bid specifications. Within 14 days from the receipt of the request, the concession authority will publish the clarifications in the *Biuletyn Informacji Publicznej* (Public Information Bulletin), on the page of the administrative office subordinate to that authority.

3. **Additional information**

Full information about the area covered by the bidding procedure has been compiled by the Polish Geological Service in the Geological Data Pack for the bidding procedure for the prospection and exploration of oil and natural gas deposits and for the extraction of oil and natural gas in the bidding area 'Koło' ('Pakiet danych geologicznych do postępowania przetargowego na poszukiwanie i rozpoznawanie złóż ropy naftowej i gazu ziemnego oraz wydobywanie ropy naftowej i gazu ziemnego ze złóż. Obszar przetargowy "Koło"'), which is available on the website of the Ministry of Climate and the Environment at the following address: https://bip.mos.gov.pl/koncesje-geologiczne/przetargi-na-koncesje-na-poszukiwanie-rozpoznawanie-i-wydobywanie-weglowodorow/szosta-runda-przetargow-2022/

and from:

Departament Geologii [Geology Department]
Ministerstwo Klimatu i Środowiska [Ministry of Climate and the Environment]
ul. Wawelska 52/54
00-922 Warszawa, POLSKA

Tel. +48 223692449; fax: +48 223691100

ANNEX

AGREEMENT

establishing mining usufruct rights for the prospection and exploration of oil and natural gas deposits and the extraction of oil and natural gas in the 'Koło' area, hereinafter referred to as 'the Agreement'

concluded at Warsaw on …….. between:

the Treasury, represented by the Minister for Climate and the Environment,……..., hereinafter referred to as **'the Treasury'**,

and

(*name of undertaking*) having its registered office at …, registered … under KRS (National Court Register) No …, share capital …, represented by …, hereinafter referred to as **'the Holder of Mining Usufruct Rights'**,

hereinafter each referred to singly as a **'Party'** or jointly as **'the Parties'**,

and reading as follows:

Section 1

1. The Treasury, as exclusive owner of the substrata of the Earth's crust covering the area within the rural municipalities of Bytoń, Radziejów and Topólka, the urban-rural municipalities of Kruszwica, Piotrków Kujawski, Izbica Kujawska and Lubraniec, and the town of Radziejów in Kujawsko-Pomorskie Province; the rural municipality of Grabów in Łódzkie Province; and the rural municipalities of Babiak, Chodów, Grzegorzew, Koło, Olszówka, Osiek Mały and Wierzbinek, the urban-rural municipalities of Dąbie, Kłodawa, Przedecz and Sompolno, and the town of Koło in Wielkopolskie Province, the boundaries of which are defined by lines joining points (1) to (11) having the following coordinates in the PL-1992 coordinate system:

Point No	Coordinates	
	X	Y
1	529 967,77	466 172,40
2	488 641,34	498 789,16
3	486 438,55	496 164,37
4	489 957,06	493 014,61
5	487 890,95	490 706,30
6	484 446,05	493 790,15
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8	470 399,21	496 820,43
9	470 399,21	484 545,58
10	505 767,09	460 565,18
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with the exception of the polygon defined by the following points 12 to 37:

Point No	Coordinates	
	X	Y
12	511 761,56	470 471,74
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16	508 585,79	470 240,02
17	507 227,64	467 937,05
18	508 438,78	468 164,41
19	508 686,68	468 071,55
20	508 552,29	467 753,83
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22	509 000,98	466 860,16
23	509 786,65	466 458,84
24	510 712,28	466 533,66
25	510 863,68	466 135,08
26	511 413,87	466 119,07
27	512 301,03	464 657,54
28	512 945,40	465 015,52
29	514 274,41	464 099,56
30	514 887,48	464 919,13
31	515 164,02	464 836,89
32	515 654,00	465 231,28
33	515 464,92	465 948,84
34	515 240,12	467 390,59
35	513 488,00	467 015,12
36	511 733,89	468 344,28
37	511 927,13	469 427,80

hereby establishes mining usufruct rights for the Holder of Mining Usufruct Rights in the area described above, limited above by the lower boundary of surface land properties and below at a depth of 5 000 m, provided that the Holder of Mining Usufruct Rights obtains a concession for the prospection and exploration of oil and natural gas deposits and the extraction of oil and natural gas in the 'Koło' area within 1 year from the date of the Agreement being concluded.

2. If the condition of obtaining the concession referred to in paragraph 1 is not met, the obligations arising under the Agreement shall expire.

3. Within the rock mass area specified in paragraph 1, the Holder of Mining Usufruct Rights may:

1) in Mesozoic formations, carry out activities relating to the prospection and exploration of oil and natural gas deposits;

2) in the rest of the area, carry out any operations and activities that are necessary in order to gain access to the Mesozoic formations.

4. The surface area of the vertical projection of the area described above is 1 035,32 km^2.

5. The mining usufruct rights shall entitle the Holder of Mining Usufruct Rights to use the area specified in paragraph 1 on an exclusive basis for the prospection and exploration of oil and natural gas, as well as for carrying out all operations and activities necessary for this purpose within that area in accordance with the legislation in force, in particular the Geological and Mining Law Act of 9 June 2011 (Journal of Laws (*Dziennik Ustaw*) 2023, item 633, as amended), and decisions issued pursuant thereto.

Section 2

The Holder of Mining Usufruct Rights declares that it raises no objections to the factual and legal status of the subject of the mining usufruct rights.

Section 3

1. The Agreement shall take effect on the date on which the concession is obtained.

2. The mining usufruct rights shall be established for a period of 30 years, including 5 years for the prospection and exploration phase and 25 years for the extraction phase, subject to Sections 8(2) and 10.

3. The mining usufruct rights shall expire if the concession expires, is withdrawn or becomes invalid, irrespective of the reason.

Section 4

The Holder of Mining Usufruct Rights undertakes to notify the Treasury in writing of any changes resulting in a change of name, registered office and address or organisational form, changes in registration and identification numbers, the transfer of the concession to another entity by operation of law, the filing of a bankruptcy petition, a declaration of bankruptcy or the initiation of restructuring proceedings. The Treasury may require that the necessary explanations be provided in such cases. Notification shall take place within 30 days from the date on which the circumstances referred to above occur.

Section 5

The Agreement shall be without prejudice to the rights of third parties, in particular owners of land, and the Holder of Mining Usufruct Rights shall not be exempt from the need to comply with requirements provided for by law, in particular those relating to the prospection and exploration of minerals and the protection and use of environmental resources.

Section 6

The Treasury reserves the right to establish within the area referred to in Section 1(1) mining usufruct rights for the purpose of carrying out activities other than those specified in the Agreement, in a manner which does not infringe the rights of the Holder of Mining Usufruct Rights.

Section 7

1. The Holder of Mining Usufruct Rights shall pay the Treasury the following fee for the mining usufruct rights in the area specified in Section 1(1) for each year of the prospection and exploration phase of mining usufruct (counted as 12 consecutive months):

   a) PLN ……. (*amount*) (*in words* ……. *zlotys*) for the ……. (*specify in words the ordinal number*) year of usufruct, counting from the date on which the Agreement took effect, within 30 days from the beginning of that year of mining usufruct; ……

   b) PLN ……. (*amount*) (*in words:* ……. *zlotys*) for the ……. (*specify in words the ordinal number*) year of usufruct, counting from the date on which the Agreement took effect, within 30 days from the beginning of that year of mining usufruct; ……

   c) PLN ……. (*amount*) (*in words:* ……. *zlotys*) for the ……. (*specify in words the ordinal number*) year of usufruct, counting from the date on which the Agreement took effect, within 30 days from the beginning of that year of mining usufruct;

   d) PLN ……. (*amount*) (*in words:* ……. *zlotys*) for the ……. (*specify in words the ordinal number*) year of usufruct, counting from the date on which the Agreement took effect, within 30 days from the beginning of that year of mining usufruct;

   e) PLN ……. (*amount*) (*in words* ……. *zlotys*) for the ……. (*specify in words the ordinal number*) year of usufruct, counting from the date on which the Agreement took effect, within 30 days from the beginning of that year of mining usufruct;

   — subject to the provisions of paragraph 2.

2. If the date for payment of the fee due for a given year of mining usufruct falls between 1 January and 1 March, the Holder of Mining Usufruct Rights shall pay the fee by 1 March. However, if the fee is subject to indexation in accordance with paragraphs 3 to 5, the Holder of Mining Usufruct Rights shall pay it no earlier than the date on which the index referred to in paragraph 3 is announced, after taking that index into account.

3. The fee specified in paragraph 1 shall be indexed to the average annual consumer price indices set for the period from the conclusion of the Agreement until the year preceding the date for the payment of the fee, as announced by the President of Statistics Poland in the Polish Official Gazette (*Monitor Polski*). If this index for a particular year is less than or equal to zero, there shall be no indexation for that year.

4. If the date for payment of the fee falls in the same calendar year as that in which the Agreement was concluded, the fee shall not be indexed.

5. If the Agreement was concluded and took effect in the year preceding the year in which the date for payment of the fee falls, the fee shall not be indexed if the Holder of Mining Usufruct Rights pays it by the end of the calendar year in which the Agreement is concluded and takes effect.

6. If the Holder of Mining Usufruct Rights loses the mining usufruct rights established under the Agreement before the time limit specified in Section 3(2) expires, the Holder of Mining Usufruct Rights shall be required to pay the fee for the entire year of usufruct in which these rights were lost. If, however, the mining usufruct rights are lost as a result of the concession being withdrawn or for the reasons specified in Section 10(1), (3) or (4), the Holder of Mining Usufruct Rights shall pay the fee for the entire usufruct period of the prospection and exploration phase specified in Section 3(1) and (2), indexed in accordance with paragraph 3 and without prejudice to the contractual penalty referred to in Section 10(2). The fee shall be paid within 30 days from the date on which the mining usufruct rights were lost. The loss of usufruct rights shall not release the Holder of Mining Usufruct Rights from environmental obligations relating to the subject of the mining usufruct rights, in particular obligations relating to the protection of deposits.

7. The Holder of Mining Usufruct Rights shall pay the fee for the mining usufruct rights into the bank account of the Ministry of Climate and the Environment at the Warsaw branch of the National Bank of Poland, No 07 1010 1010 0006 3522 3100 0000, including the following communication on the transfer order: 'Ustanowienie użytkowania górniczego w związku z udzieleniem koncesji na poszukiwanie i rozpoznawanie złóż ropy naftowej i gazu ziemnego oraz wydobywanie ropy naftowej i gazu ziemnego ze złóż w obszarze "Koło"' ('Establishment of mining usufruct rights in connection with the granting of a concession for the prospection and exploration of oil and natural gas deposits and the extraction of oil and natural gas in the "Koło" area').

   The date of payment shall be the date on which the Treasury's account is credited.

8. The fee specified in paragraph 1 shall not be subject to tax on goods and services (VAT). If legislation is amended with the result that the activities which are the subject of the Agreement are subject to taxation, or if the interpretation of legislation changes with the result that those activities are subject to VAT, the amount of the fee shall be increased by the amount of tax due.

9. The Treasury shall notify the Holder of Mining Usufruct Rights in writing of changes to the account number referred to in paragraph 7.

10. The fee for the establishment of mining usufruct rights shall be payable to the Treasury irrespective of the income which the Holder of Mining Usufruct Rights earns from using those rights.

11. The Holder of Mining Usufruct Rights shall send the Treasury, within 7 days from the payment date, copies of proof of payment of the fee referred to in paragraph 1 for the establishment of the mining usufruct rights.

Section 8

1. After the Holder of Mining Usufruct Rights obtains an investment decision specifying the conditions for the extraction of oil and natural gas, the Parties shall, within 30 days from the date of that decision, sign an addendum to the Agreement specifying the conditions for the implementation of the Agreement during the extraction phase and the amount of the fee for mining usufruct rights in the area specified in Section 1(1) for each year of mining usufruct during the extraction phase.

2. If, within 30 days of the date of the investment decision specifying the conditions for the extraction of oil or natural gas the addendum referred to in paragraph 1 has not been concluded, the mining usufruct rights shall expire.

Section 9

The Holder of Mining Usufruct Rights may exercise the mining usufruct rights established in Section 1(1) only after obtaining written consent from the Treasury.

Section 10

1. If the Holder of Mining Usufruct Rights infringes obligations laid down in the Agreement, the Treasury may, subject to the provisions of paragraphs 3 and 4, terminate the Agreement with immediate effect, without the Holder of Mining Usufruct Rights being entitled to make any property claims. However, the Agreement may not be terminated if the Holder of Mining Usufruct Rights has infringed obligations under the Agreement owing to force majeure.

2. If the Agreement is terminated for the reasons specified in paragraphs 1 or 4, the Holder of Mining Usufruct Rights shall pay the Treasury a contractual penalty of 25 % of the fee for the entire prospection and exploration phase of mining usufruct, as specified in Section 3(1) and (2), indexed in accordance with Section 7(3).

3. If the Holder of Mining Usufruct Rights delays payment of the fee by more than 7 days beyond the deadlines specified in Section 7(1) or (2), the Treasury shall request that the Holder of Mining Usufruct Rights pay the outstanding fee within 7 days from the receipt of the request, failing which the Agreement will be terminated with immediate effect.

4. If the Holder of Mining Usufruct Rights fails to inform the Treasury of the events referred to in Section 4 within 30 days of their occurrence, the Treasury may impose on the Holder of Mining Usufruct Rights a contractual penalty of 5 % of the fee for the entire prospection and exploration phase of mining usufruct for each instance of failure to provide information, or terminate the Agreement in whole or in part, subject to 30 days' notice effective at the end of the calendar month.

5. The Holder of Mining Usufruct Rights shall be bound by the Agreement until the date of expiry, withdrawal or invalidity of the concession and may not terminate the Agreement.

6. The Agreement shall be terminated in writing, failing which the termination shall not be valid.

7. The Parties agree that if the Treasury terminates the Agreement, the fee paid for the mining usufruct rights referred to in Section 7(1) shall not be reimbursed.

8. The Treasury reserves the right to seek compensation in excess of the amount of contractual penalties on general terms if the amount of damage incurred by the Treasury exceeds the contractual penalties.

Section 11

1. The Parties have provided the following contact details for correspondence:

   1) Treasury:

      Ministerstwo Kimatu i Środowiska [Ministry of Climate and the Environment], ul. Wawelska 52/54, 00-922 Warszawa;

   2) Holder of Mining Usufruct Rights:

      (address).

2. The Parties are obliged to inform each other in writing without delay of any change to the contact details indicated in paragraph 1. Such a change shall not require an addendum to the Agreement. Correspondence sent to a Party's most recently provided contact details shall be deemed to have been effectively served on the other Party.

3. Each of the Parties shall serve correspondence on the other Party in person, by courier or by registered letter using the contact details most recently provided by the Party.

4. Registered letters sent to the most recently provided address of a Party and returned by the post office or courier company owing to the addressee not having collected it on time will be treated as having been effectively served once 14 days have passed from the first delivery attempt.

Section 12

1. The parties shall not be liable for failure to comply with obligations under the Agreement resulting from force majeure if it can be proven that damage caused by force majeure influenced the failure to comply with the obligations. 'Force majeure' shall mean an external event that the Parties could not have predicted or prevented that makes it impossible for the Agreement to be implemented in whole or in part, permanently or for a given period, which a Party could not have counteracted by exercising due diligence and which did not result from errors or negligence on the part of the Party affected by it.

2. In the event of force majeure, the Parties shall immediately make every effort to agree on a course of action.

Section 13

The Holder of Mining Usufruct Rights may apply for extension of the Agreement, in whole or in part, and must do so in writing, failing which the application will be invalid.

Section 14

If the Agreement is terminated, the Holder of Mining Usufruct Rights shall not be entitled to make any claims against the Treasury for an increase in the value of the subject of the mining usufruct rights.

Section 15

Any disputes arising out of the Agreement shall be resolved by the ordinary court having geographical jurisdiction over the seat of the Treasury.

Section 16

This Agreement shall be governed by Polish law, in particular the provisions of the Geological and Mining Law Act and of the Civil Code.

Section 17

The Holder of Mining Usufruct Rights shall bear the costs of concluding the Agreement.

Section 18

Amendments to the Agreement shall be made in writing, failing which they shall not be valid.

Section 19

The Agreement has been drawn up in three identical copies (one copy for the Holder of Mining Usufruct Rights and two copies for the Treasury).

Treasury **Holder of Mining Usufruct Rights**