



**A Unique Play on the Strong European Gas Market**

**June 2012**



# FX Energy Corporate Information

- |                              |                           |
|------------------------------|---------------------------|
| • NASDAQ Symbol:             | FXEN                      |
| • Market Cap:                | \$290 million @ \$5.50/sh |
| • 50 day avg. volume         | 270,000 shares/day        |
| • 52 week price range        | \$3.67 - \$10.27          |
| • Institutional ownership    | 42%                       |
| • Officer/director ownership | 6.0% (6.6% fully diluted) |
| • Shares outstanding         | 52.9 million              |
| • Fully diluted              | 53.6 million              |

## Corporate Headquarters

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## FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including with respect to potential and probable reserves, cash flow, value, risk, timing of drilling and exploration activities and revenue projections. These statements relate to future events or to future financial performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and that might materially affect actual results, levels of activity, performance or achievements.

For example, exploration, drilling, development, construction or other projects or operations may be subject to the successful completion of technical work; environmental, governmental or partner approvals; equipment availability, or other things that are or may be beyond the control of the Company. The Company's exploration or development operations that are anticipated, planned or scheduled may be changed, delayed, take longer than expected, fail to accomplish intended results, or not take place at all. In carrying out exploration it is necessary to identify and evaluate risks and potential rewards. This identification and evaluation is informed by science but remains inherently uncertain. Subsurface features that appear to be possible traps may not exist at all, may be smaller than interpreted, may not contain hydrocarbons, may not contain the quantity or quality estimated, or may have reservoir conditions that do not allow adequate recovery to render a discovery commercial or profitable. Forward looking statements about the size, potential or likelihood of discovery with respect to exploration targets are certainly not guarantees of discovery or of the actual presence or recoverability of hydrocarbons, or of the ability to produce in commercial or profitable quantities. Estimates of potential typically do not take into account all the risks of drilling and completion nor do they take into account the fact that hydrocarbon volumes are never 100% recoverable. Such estimates are part of the complex process of trying to measure and evaluate risk and reward in an uncertain industry.

Other factors that could materially affect actual results, levels of activity, performance or achievement can be found in the Company's Annual Report on Form 10-K filed on March 12, 2012 and in the documents incorporated therein by reference. If any of these risks and uncertainties develop, or if any of our underlying assumptions prove to be incorrect, our actual results, levels of activity, performance or achievement may vary significantly from what we projected. Any forward looking statement contained in or made during this presentation reflects the Company's current views with respect to such future events and is subject to these and other risks, uncertainties and assumptions. We assume no obligation to publicly update or revise these forward-looking statements for any reason, whether as a result of new information, future events or developments or otherwise.



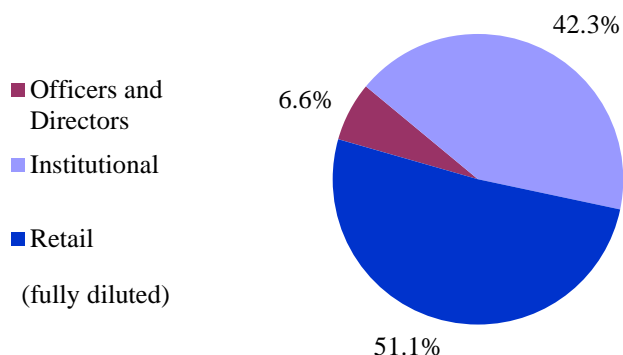
# Corporate Overview

## Major Institutional Shareholders as of 3/31/2012

	Number of Shares	% Holding
Vanguard Group, Inc.	2,781,788	5.2%
BlackRock Fund Advisors	2,762,339	5.2%
Erste Asset Management	1,290,202	2.4%
Jennison Associates LLC	1,246,882	2.4%
Clear Harbor Asset Management LLC	1,243,042	2.3%
Wellington Shields & Co	1,097,499	2.0%
Harris Investment Management, Inc.	1,021,508	1.9%
State Street Global Advisors	1,010,450	1.9%
Odey Asset Management LLP	973,479	1.8%
Goldman Sachs & Co.	805,770	1.4%
Northern Trust	742,265	1.4%
BlackRock Advisors LLC	726,630	1.4%
ING Investment Mgt. Co.	641,190	1.2%
Tom Lovejoy	879,163	1.4%
David Pierce	563,963	1.1%
<b>Ordinary Shares Outstanding</b>	<b>52,926,098</b>	
Options	668,129	
<b>Fully Diluted Shares</b>	<b>53,579,227</b>	

## Shareholder Split – Shares Outstanding

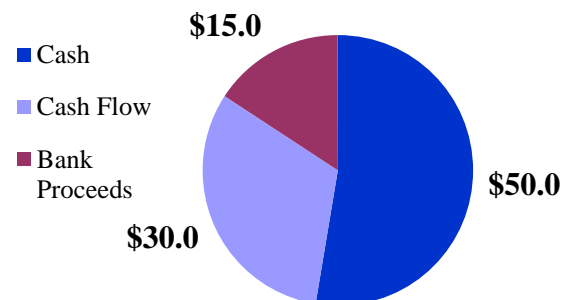
### Ownership by Shareholder Category



## Financial Information as of 3/31/2012

Balance Sheet Data (\$mm)	unaudited 03/31/12	Audited 12/31/11	Income Statement Data (\$mm) unaudited	unaudited 1Q12	1Q11
Current assets	\$58.9	\$60.2	Total revenues	\$8.6	\$7.1
Property, net	54.3	47.9	Operating Costs	1.5	0.9
Other assets	<u>2.1</u>	<u>2.1</u>	Exploration Costs	3.0	2.9
Total assets	<u>\$115.3</u>	<u>\$110.2</u>	Non-cash expenses	1.5	1.1
Current liabilities	\$9.1	\$10.4	G&A	1.9	2.0
Long term debt	40.0	40.0	Total Costs	7.9	6.9
Other long term	1.3	1.2	Operating income	\$0.7	\$0.3
Shldrs Equity	<u>64.9</u>	<u>58.6</u>			
Total	<u>\$115.3</u>	<u>\$110.2</u>			

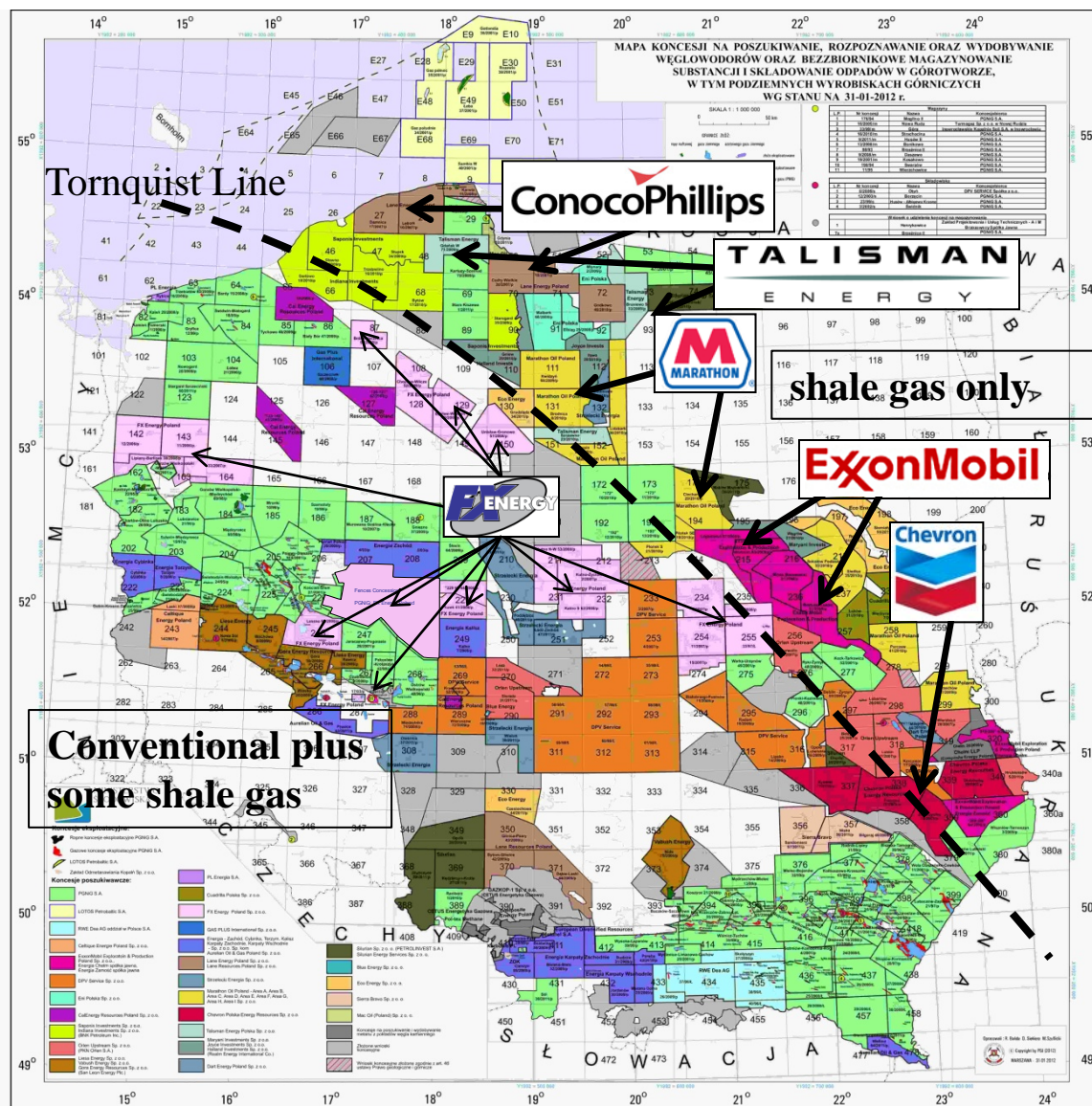
### 2012 Liquidity Sources (millions)



Cash flow is after G&A but before exploration and development

# Oil & Gas Concessions in Poland

- FX has “first mover” advantage in conventional exploration in Poland
  - Largest foreign acreage holder
  - Built an interactive database of nearly 2000 wells along with 2D/3D seismic
- FX is producing and exploring for conventional fields with high value
  - One of only two producers in Poland
  - Balanced portfolio of low and high risk prospects
  - Current and near term production benefits from favorable prices
- Most recent arrivals in Poland are exploring for unconventional shale gas





# FX Energy Today

## ➤ Significant assets

- 25 licenses in Poland covering 3.6 million net acres (over 14,000 km<sup>2</sup>)
- \$300 million NAV (reserves<sup>(1)</sup> + net cash); \$5.67/share NAV – *before prospect and acreage value*

## ➤ Strong growth in production and revenues continues

- 2011 production: 12 Mmcfe/d (322 Mcme/d) average net to FX; net revenues of approx. \$26mm
- 2012 production: add 5 Mmcfe/d additional (est.) from wells already drilled at KSK and Winna Gora
- 2013 production: add 4 Mmcfe/d additional (est.) from last year's Lisewo-1 discovery + Lisewo-2

## ➤ High European gas prices boost revenues

- FX 2012 full year wellhead price est. \$8.44/mmbtu<sup>(2)</sup>

## ➤ Major increase in drilling activity – potential for significant discoveries

- \$60-\$70 million capex planned for 2012 operations – similar budget anticipated for 2013 and 2014
- Up to 7 wells planned to test in the second half of 2012
- 4 of these wells will test prospects that could (fully developed) multiply company reserves
- A major step up from FX's average 1.5 wells per year over the past 8 years

Note: (1) As per RPS Energy and Hohn Engineering

(2) FX 2012 est. based on \$1=pln3.35 avg. for 2012; at 6/20/2012 \$1 ≈ PLN 3.4

# WHY POLAND?



**Sound economy; rule of law**

**Untapped conventional resources**

**Strong gas market**

**Attractive economics**



# Poland: Stable & Growing in the EU

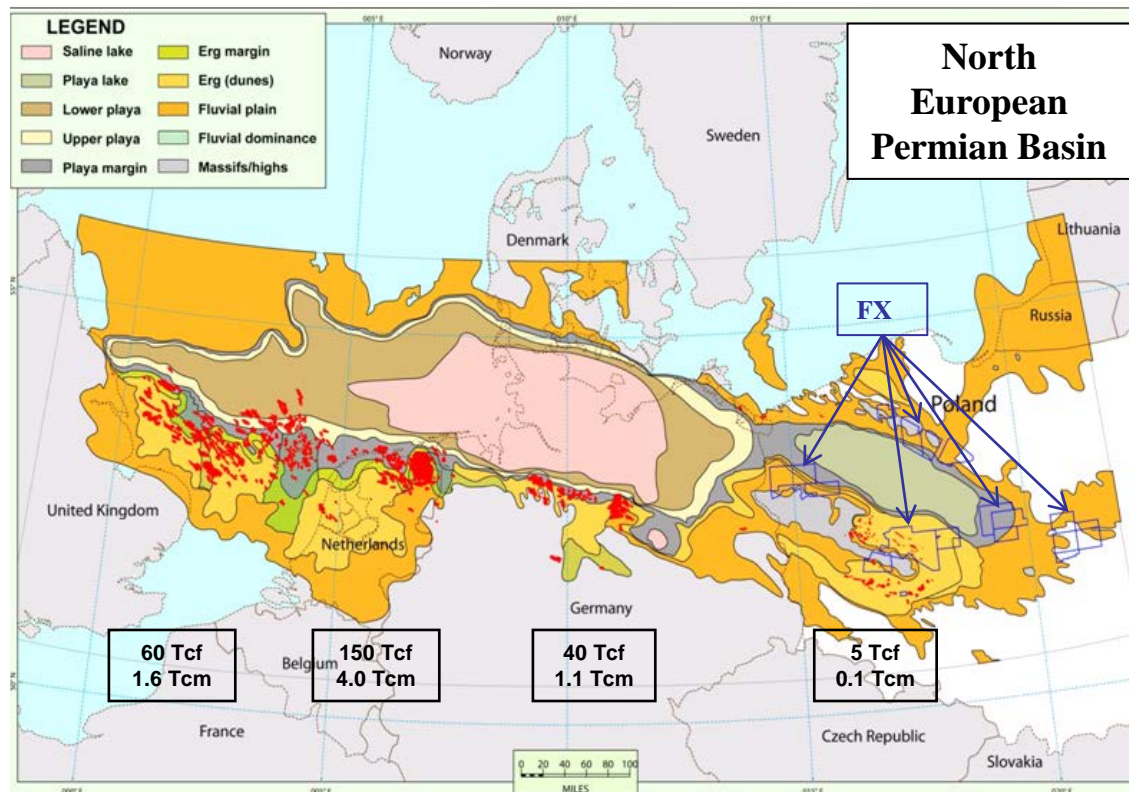
- **Size:** 312,000 sq. km (120,000 sq. mi.); comparable to Germany - or New Mexico
- **Population:** 38 million people; well educated, multi-lingual, culturally homogeneous; (Germany has 80 million; France has 60 million)
- **Political stability:** Poland is a member of the European Union (EU) and NATO; it has a long history of adhering to the rule of law
- **Economy:**
  - Poland is Europe's sixth largest economy
  - Poland has its own currency (zloty) and its own central bank
  - Poland's GDP has continued to grow steadily despite recession in the rest of the EU



# Untapped Resources in Poland

## ➤ Poland has significant hydrocarbon potential

- Geology doesn't stop at the border; Poland is just under-explored
- Permian Basin extends across Europe: Permian (Rotliegend) gas fields in Poland are direct analogs to those found in the UK and Dutch sectors of the Southern North Sea and onshore Holland and Germany
- Only one company (state owned) was exploring Poland during the Iron Curtain decades
- The North Sea was (and is) explored by dozens of companies





# Gas Supply is Tight

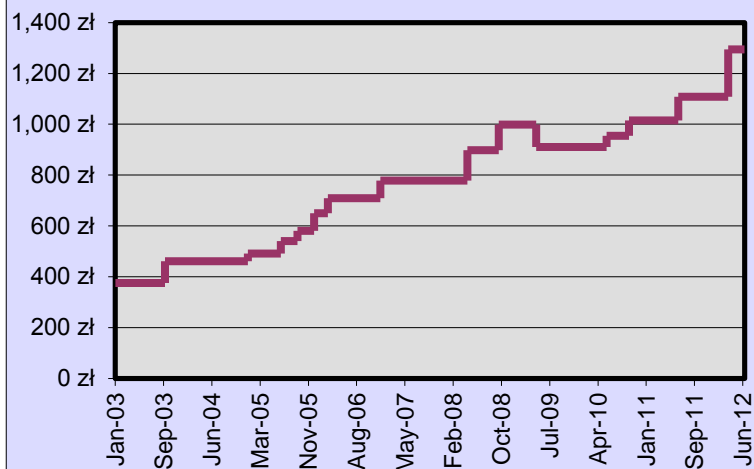
- **Europe imports 1/2 of its gas supply from Russia**
- **Poland imports 2/3 of its gas supply from Russia/Gazprom**
  - Domestic production: 430 Mmcf/day; 156 Bcf/year (11,500 mcm/day; 4.2 bcm/year)
  - Imports: 1.0 Bcf/day; 377 Bcf/year; (27,000 mcm/day; 10.1 bcm/year)
- **Russian gas exports get interrupted or withheld**
  - Politics, limited infrastructure, and tough business practices are common reasons
- **Russian gas prices are tied to oil**
- **LNG is too small to shift the balance**



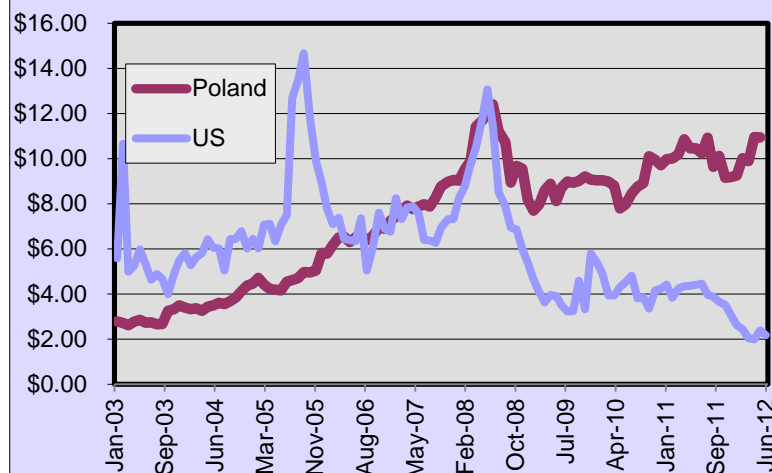
# Gas Prices Are High and Holding

- **Natural gas in Europe is near \$12 per Mcf (\$440/mcm)**
  - European gas prices are much higher than US Henry Hub – reflecting dependence on Russia
  - European prices are heavily linked to oil
- **Long term growth factors point to increasing Polish gas consumption – if supply available**
  - Natural gas in Poland is only **13% of primary energy** vs. 23% in US and 24% in EU
  - Coal provides more than 60% of primary energy in Poland vs. 22% in the US and 18% in the EU
  - EU environmental mandates call for gas to replace coal

**Polish High Methane Gas Tariff - PLN/1000m3**



**Polish Gas Price vs US Henry Hub (\$/mcf)**



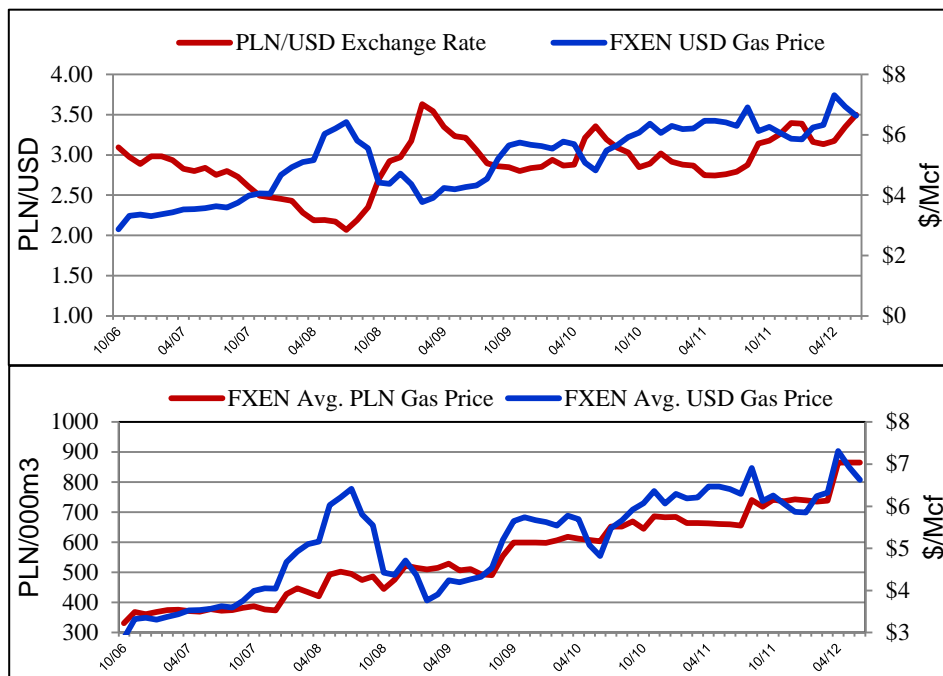
# Attractive Production Economics

## ➤ Lower costs in Poland than in US

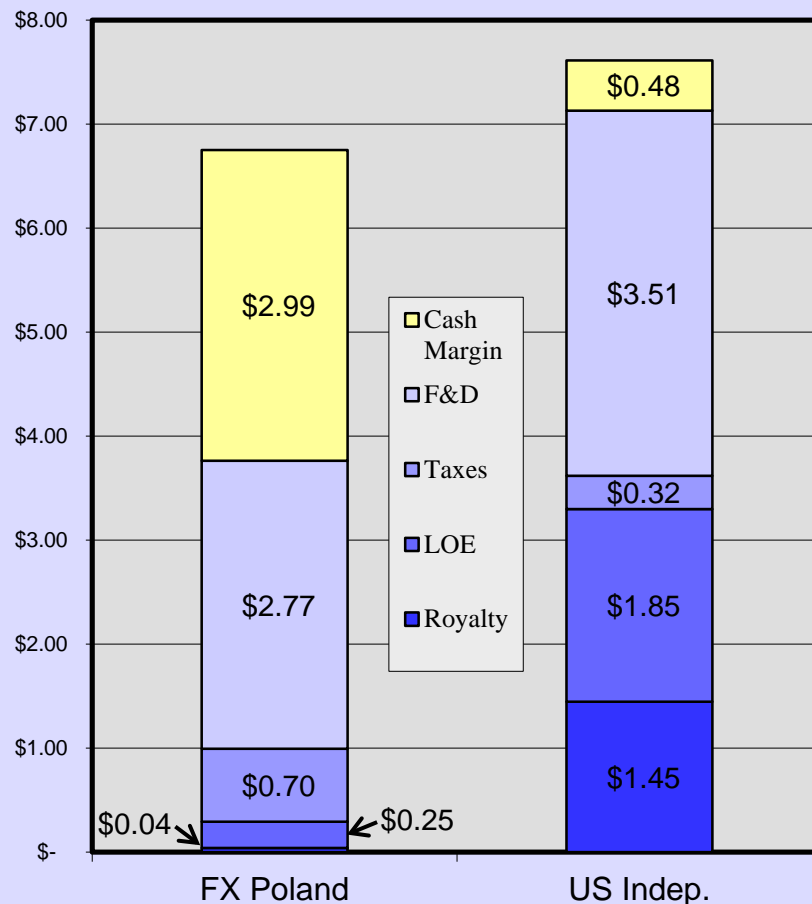
- Low taxes: 19% vs. 40%
- Low lifting costs: \$0.25 vs. \$1.93
- Low royalties: 1% vs. 19%
- FX 7 year F&D costs = \$2.77/Mcfe

## ➤ FX wellhead price (est. 2012 full year)

- \$8.44/mmbtu (\$315/mcm)
- \$6.75/mcf (\$252/mcm)
- FX gas is 80% methane / 20% nitrogen



## Production Economics - Poland v. US



### (1) FX Poland 2012 assumptions

- wellhead price: \$6.75/Mcfe/\$8.44/mmbtu
- royalty rate: 0.60%
- LOE: \$0.25/Mcfe
- Polish income tax rate: 19% of net income
- \$1=PLN 3.35 average full year 2012

### (2) US Independents 2011 forecast

- (per JP Morgan 6/14/2012)
- wellhead price: \$7.61/Mcfe (**37% oil**)
  - royalty rate: 19%
  - forecast 2012 LOE: \$1.85/Mcfe
  - US income tax rate: 40%

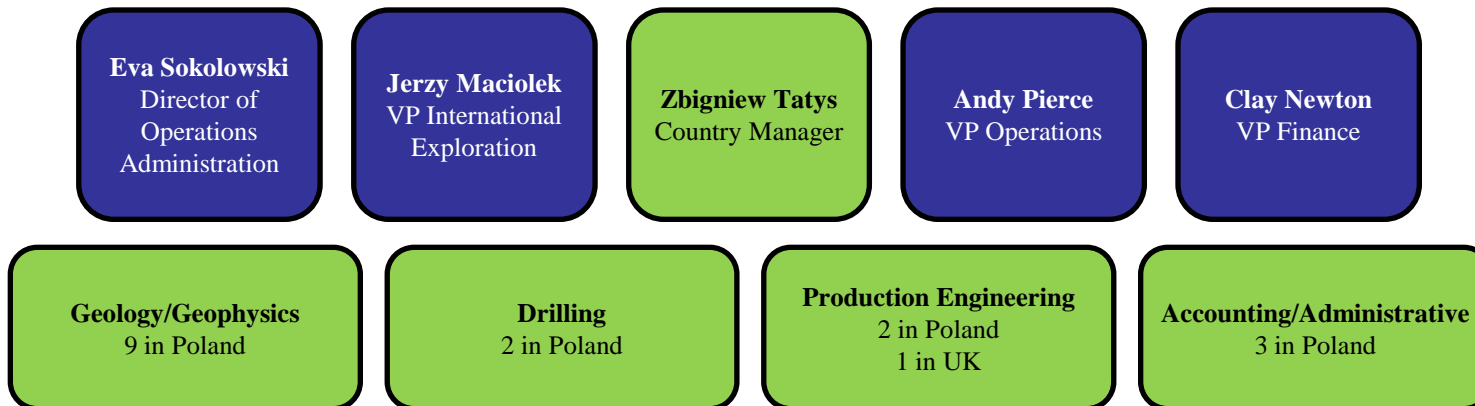


# Corporate Structure; Poland in-Country Team

## Executive Directors



## In-Country Team



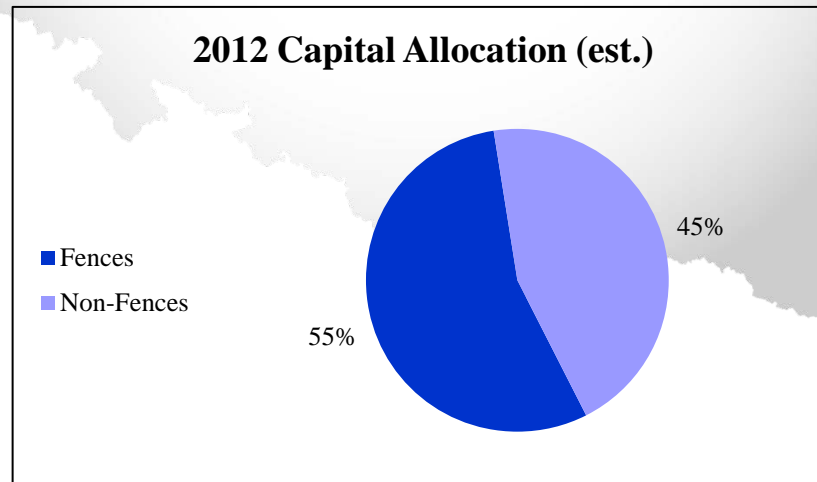
- **Jerzy Maciolek**, Director, VP International Exploration – a proven explorer in Poland
  - Brilliant explorationist and the driving force behind FXEN in Poland
  - Received Gulf Oil President's award for outstanding research
  - Geophysical degrees from Mining and Metallurgical Academy, Krakow, Poland
- **Zbigniew Tatys**, Head of Warsaw Office – proven leader with extensive production experience in Poland
  - 20 year career with PGNiG; former General Director of PGNiG's Upstream E&P Division

- **Richard Hardman**, CBE, Director – the leading figure in North Sea exploration
  - 40 year international exploration career; VP Exploration for Amerada Hess 1983-2002
  - Responsible for key Amerada N. Sea discoveries – Valhall, Scott, S. Arne
  - Awarded CBE; served as: Chairman, PESGB; Pres., Geological Society; Pres., AAPG Europe
- **Jack Scott**, Consulting Petroleum Engineer – analogous Rotliegend experience
  - Rotliegend experience with Ranger Oil (UK) and Pennzoil (Netherlands)
  - 35 years of international experience

# PRODUCTION and DEVELOPMENT

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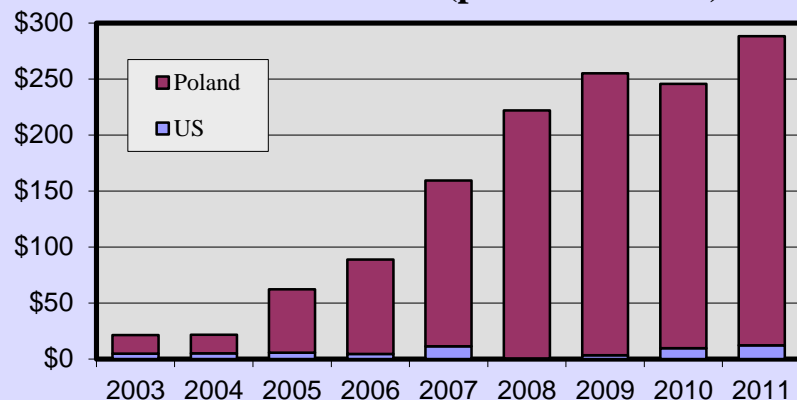
## The Fences Concession



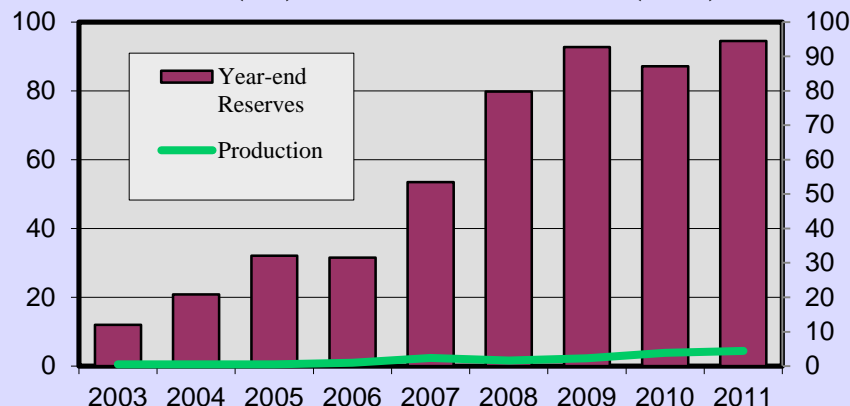


# Reserves Growth Track Record

**P-50 Reserves - PV-10 (pre-tax millions)**



**P-50 (2P) Reserves – Volumes (bcfe)**



- \$289 million P50 (2P) reserves pv-10 pre-tax at 12/31/2011
- \$5.67/share – including net cash of \$0.21/share – *before prospect and acreage value*
- Over 90% of 2011 company wide reserves come from just 8 wells (out of 11 Rotliegend structural traps drilled) in the “Fences” concession
- 4 more such wells are budgeted for 2012; relatively low risk
- Further reserves growth from Fences drilling anticipated

2011 Reserves	Bcfe	Bcm	PV-10 (pre-tax millions)
P90 (1P)	53	1.4	\$195
P50 (2P)	95	2.5	\$289
P10 (3P)	150	4.0	\$356

Source: RPS Energy and Hohn Engineering

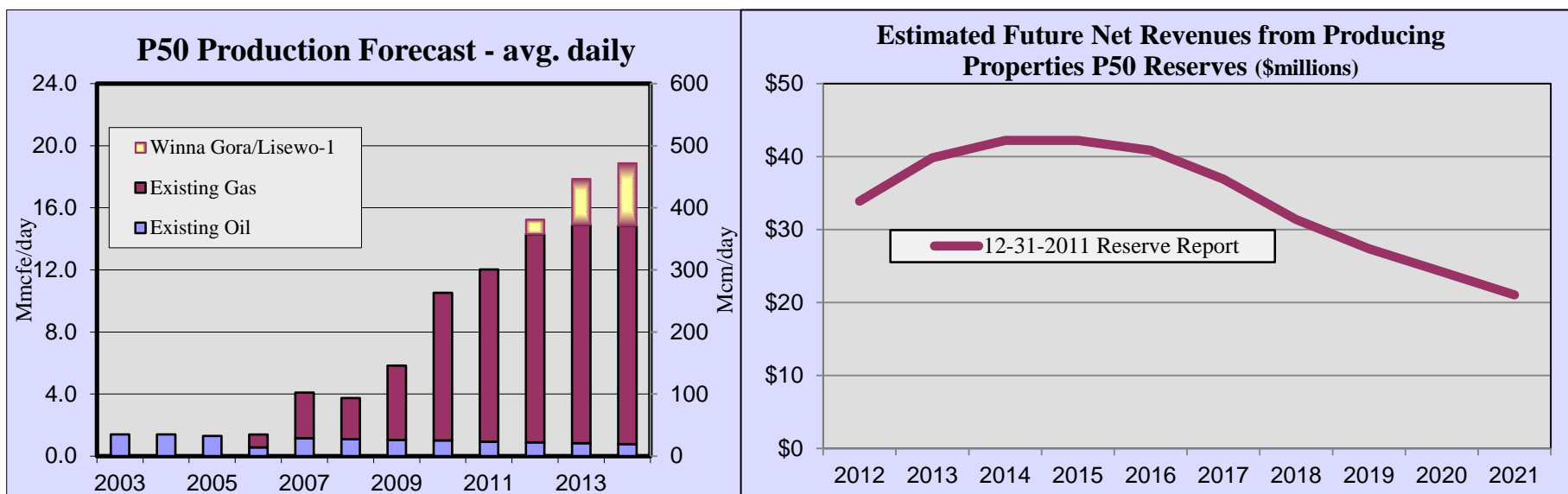


# Production Growth Forecast

## ➤ Strong production forecast from wells already drilled and tested

- 2010 production: 10 Mmcfe/d (268 Mcme/d) average net to FX; net revenues of approx. \$20mm
- 2011 production: 12 Mmcfe/d (322 Mcme/d) average net to FX; net revenues of approx. \$26mm
- 2012 production: add 5 Mmcfe/d additional (est.) from wells already drilled at KSK and Winna Gora
- 2013 production: add 4 Mmcfe/d additional (est.) from last year's Lisewo-1 discovery + Lisewo-2

## ➤ In a “no-success” case on the current drilling program, FX still generates significant net revenue from its producing wells beyond 2021

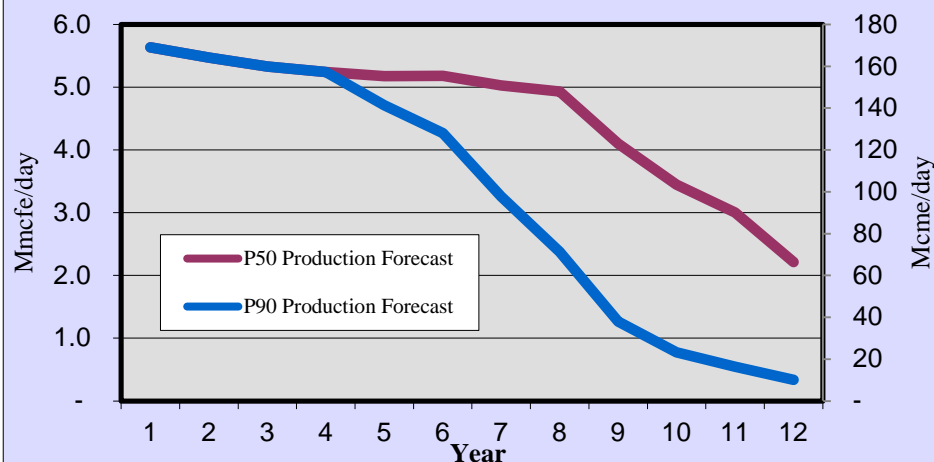


Above charts are from the FX Energy 12/31/2011 independent reserve report as filed with the SEC<sup>(1)</sup>, but exclude Lisewo-2 and Grabowka-6, which were not then drilled and tested. Based on \$6.44/mcf average 2011 wellhead gas price (vs. 2012 \$6.75 forecast).

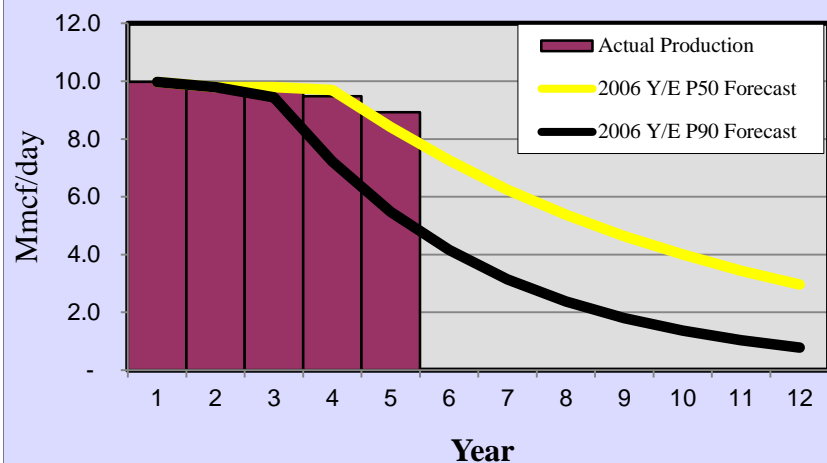
Note: (1) As per RPS Energy and Hohn Engineering

# Long Lived Wells

**Average Fences Well - Production Profile**



**Zaniemysl Well - Daily Production (Mmcfd)**

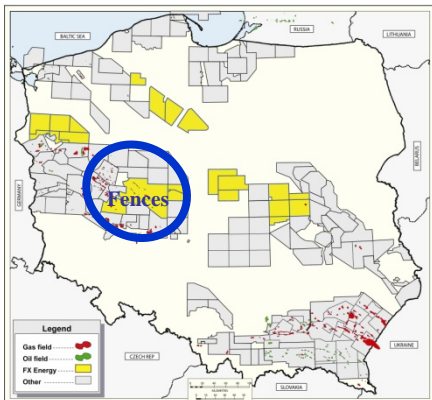


## Economics: Average of 8 Fences Wells (100%)

Well cost (current estimated)	\$10 mm
Facilities cost (current estimated)	\$5 mm
Pre-tax 1P/2P value (PV-10) (avg.)	\$67/\$91 mm
1P/2P cumulative undiscounted net cash flow (avg.)	\$92/\$150 mm
Pre-tax 1P/2P reserves (avg.)	17/27 Bcf (0.5/0.8 Bcm)
Initial production rate (avg.)	6.0 Mmcfd/d (160 Mcm/d)
Working interest (assumed)	49%
Royalty (current)	\$0.04/mcf

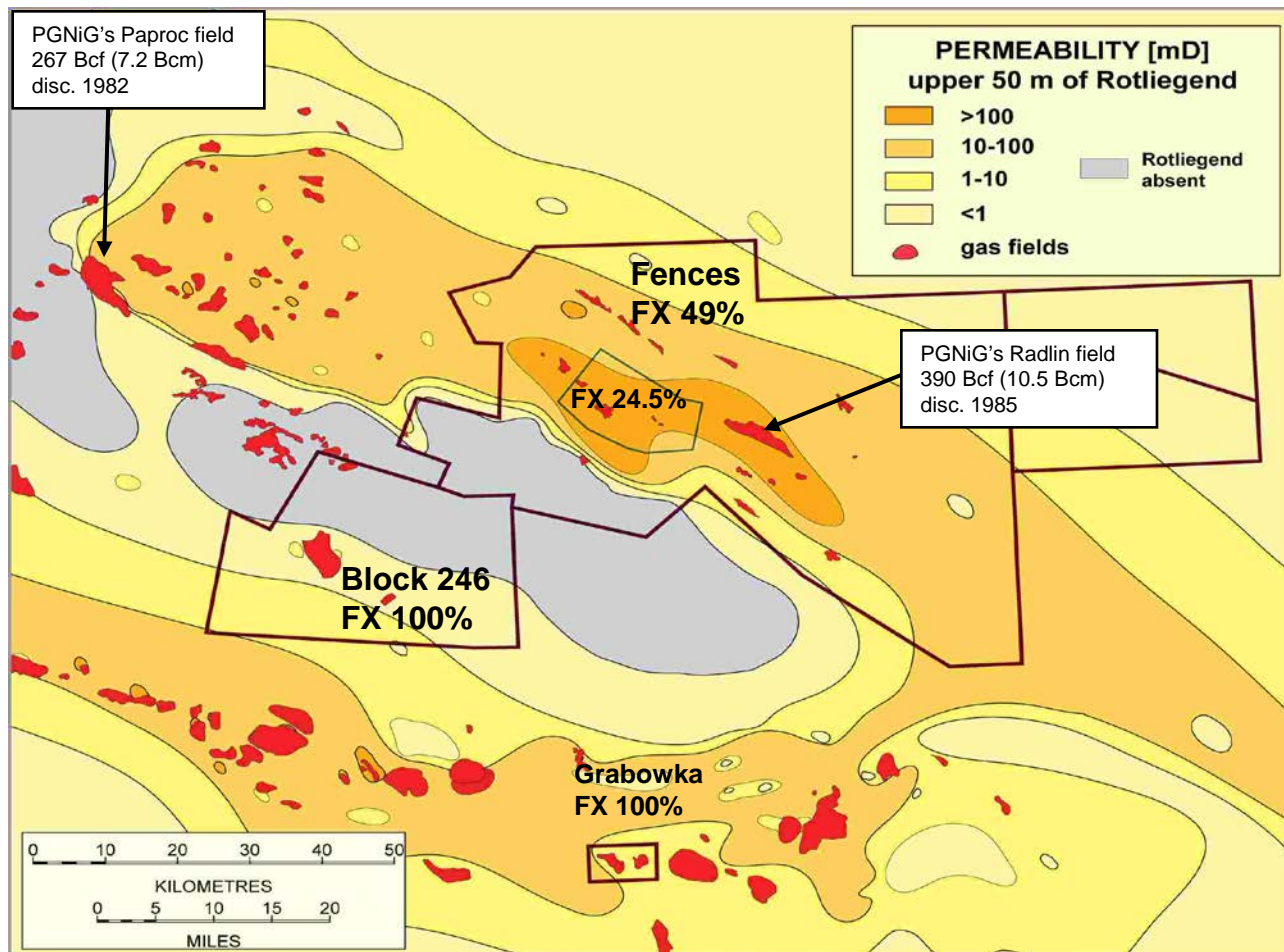
NOTES: Averages based on 2011 SEC reserve report for 8 Fences wells: Kleka, Zaniemysl, Sroda-4, Winna Gora, Roszkow, Kromolice-1, Kromolice-2, and Lisewo-1  
Figures include only reserves in wells already drilled  
**All figures are for 100% working interest**

# Fences Concession – FX Core Area



## ➤ Rotliegend gas potential

- Rotliegend gas fields from the 1980's showed area potential
- PGNiG had moved on to other plays (Zechstein) in Poland
- Seismic advances from the North Sea lowered risk
- FX saw high potential with limited “wildcat” risk
- Fences: FX earned 49%; PGNiG holds 51% and operates



**Fences concession: 850,000 acres (3,440 km<sup>2</sup>) surrounding PGNiG's 390 Bcf (10.5 Bcm) Radlin Gas Field**

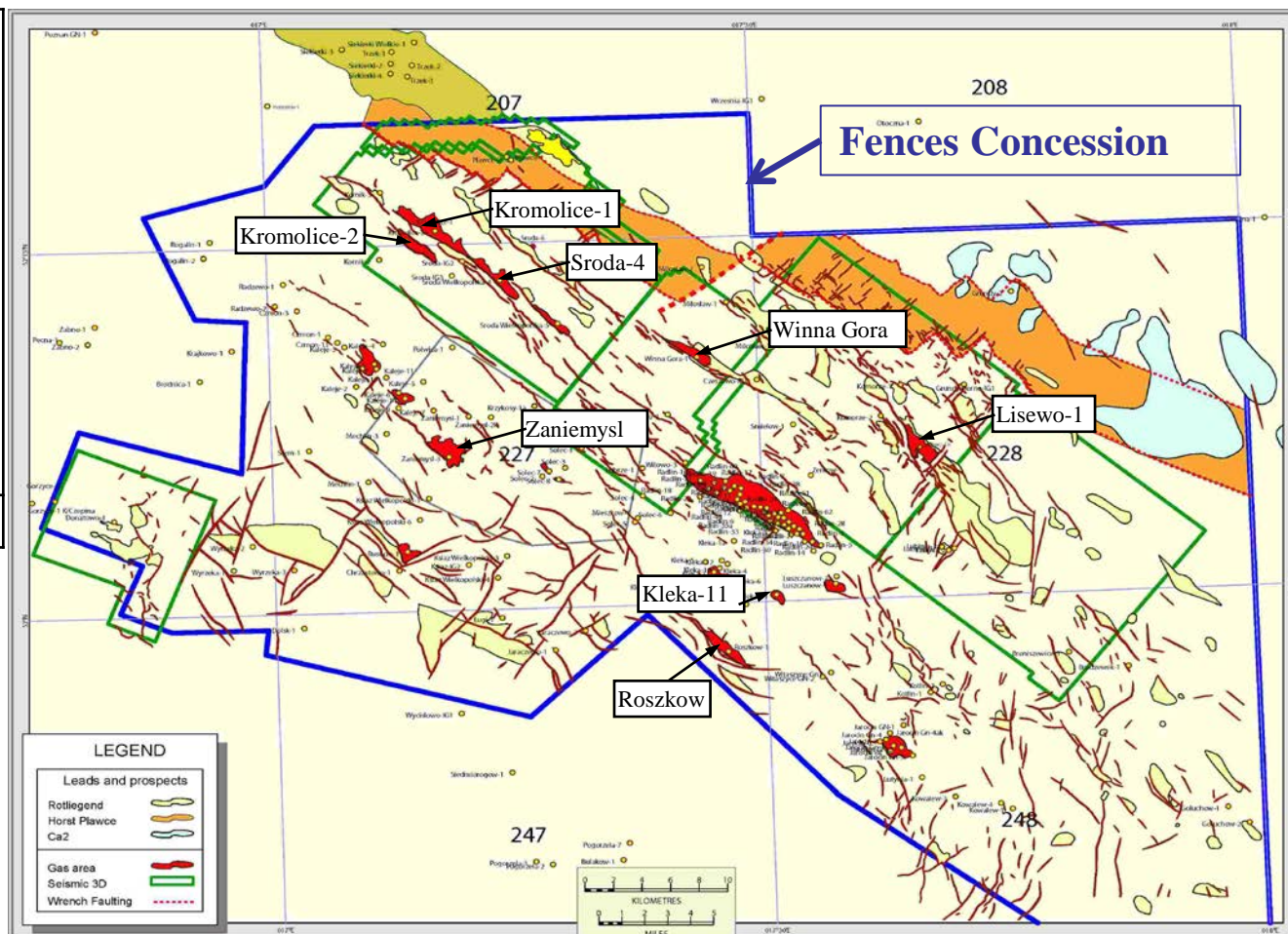


# Results to Date in Fences Concession

## Commercial Discoveries

	Gross P50 Reserves <sup>(1)</sup> /well	
Kleka-11	3 bcf	0.1 bcm
Zaniemysl	42 bcf	1.1 bcm
Sroda-4	36 bcf	1.0 bcm
Winna Gora	12 bcf	0.3 bcm
Roszkow	55 bcf	1.5 bcm
Kromolice-1	30 bcf	0.8 bcm
Kromolice-2	15 bcf	0.4 bcm
Lisewo-1	36 bcf	1.0 bcm
<b>Total</b>	<b>229 bcf</b>	<b>6.1 bcm</b>

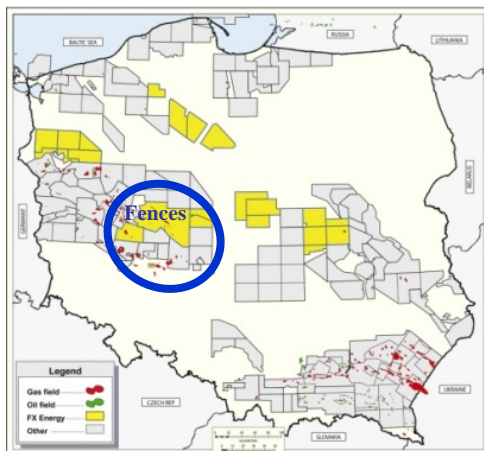
Note: (1) P50 reserves on discovery as per RPS Energy, independent petroleum engineers



- **8 commercial successes out of 11 wells (72%) targeting Rotliegend structural traps**
  - Discoveries averaged 17/27 Bcf (0.5/0.8 Bcm) 1P/2P (\$67/\$91 million pre-tax pv10%)
  - Now producing; Zaniemysl, Roszkow, Kromolice-1, Kromolice-2 and Sroda-4 (Kleka-11 now fully drained)
  - Waiting on production facilities: Winna Gora and Lisewo-1

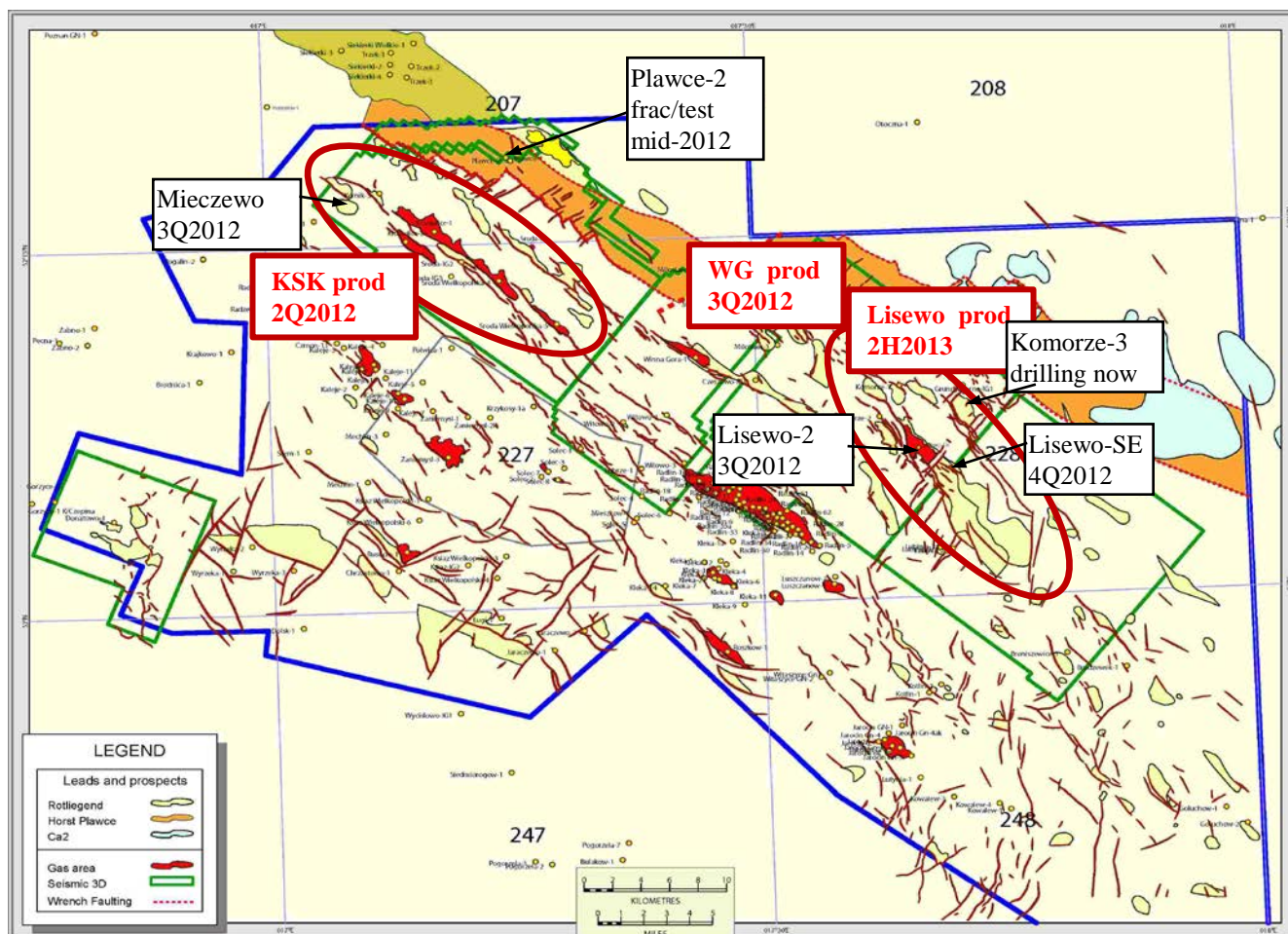


# 2012 Drilling/Production Plans



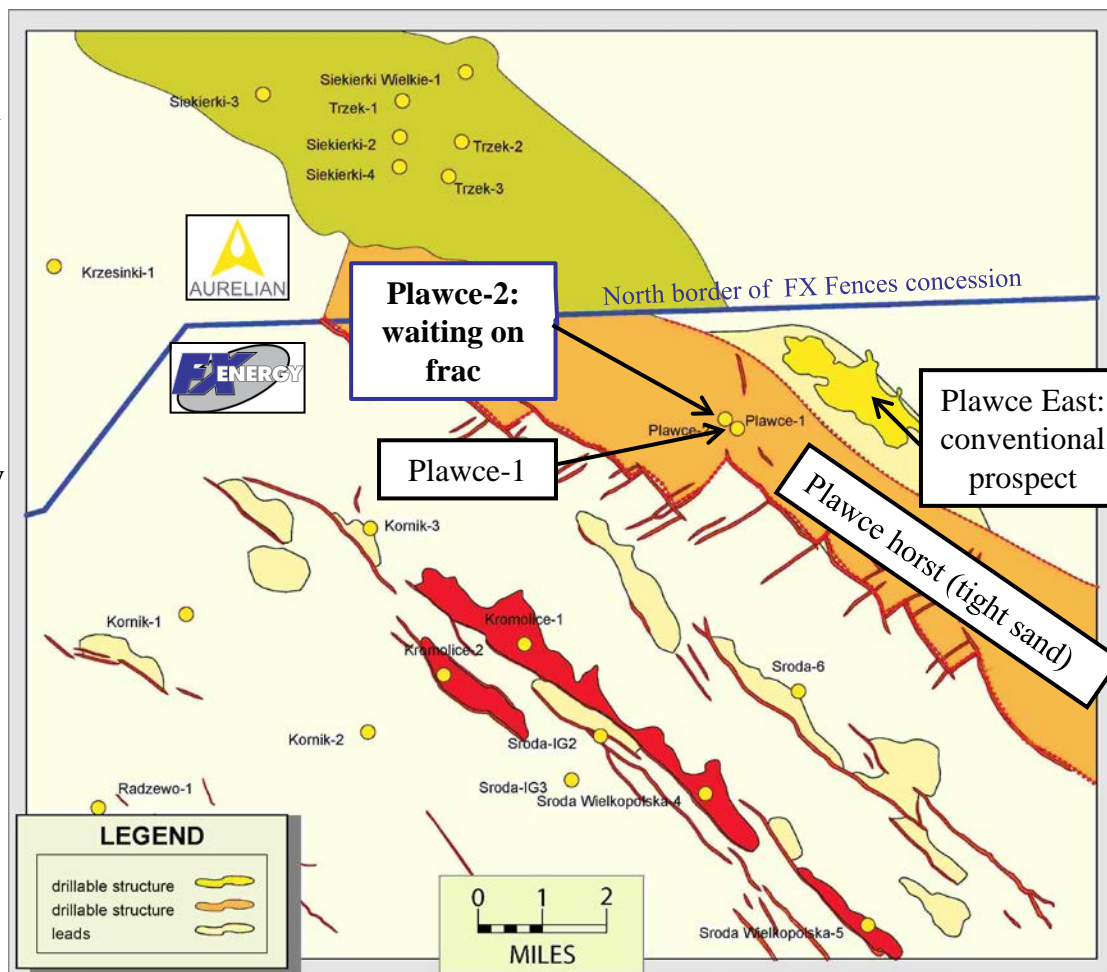
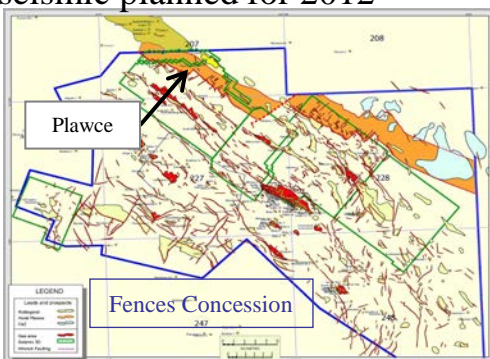
## ➤ Operations Plan

- **Production:** KSK unconstrained end 2Q2012; Winna Gora facility online late 3Q2012; Lisewo facility online 2H2013
- **Drilling:** test Plawce-2; drill 4 new wells in 2012 near Lisewo and KSK facilities: reduced time to production at Lisewo
- **3-D seismic:** expand 3-D coverage for drilling targets in 2013 and beyond



# Plawce - Tight Gas Play in Fences

- Tight Rotliegend gas field analogs in north German onshore and UK offshore
- 5 old wells (Siekierki and Plawce-1) drilled in 1970's/1980's; all tight, never produced; 100 meters of tight rock above a water zone
- Plawce-2: drilled in 2011; 480 meters of tight Rotliegend with no free water on test
- Plawce horst - a tight uplifted horst block with potential up to 100-125 Bcf (2.7-3.4 Bcm) recoverable net to FX 49% interest fully developed
- Frac /test results 3Q2012 (est): 3 stage vertical frac planned over three intervals in upper Rotliegend; porosity range 10%-16%
- Plawce East conventional prospect: 3-D seismic planned for 2012

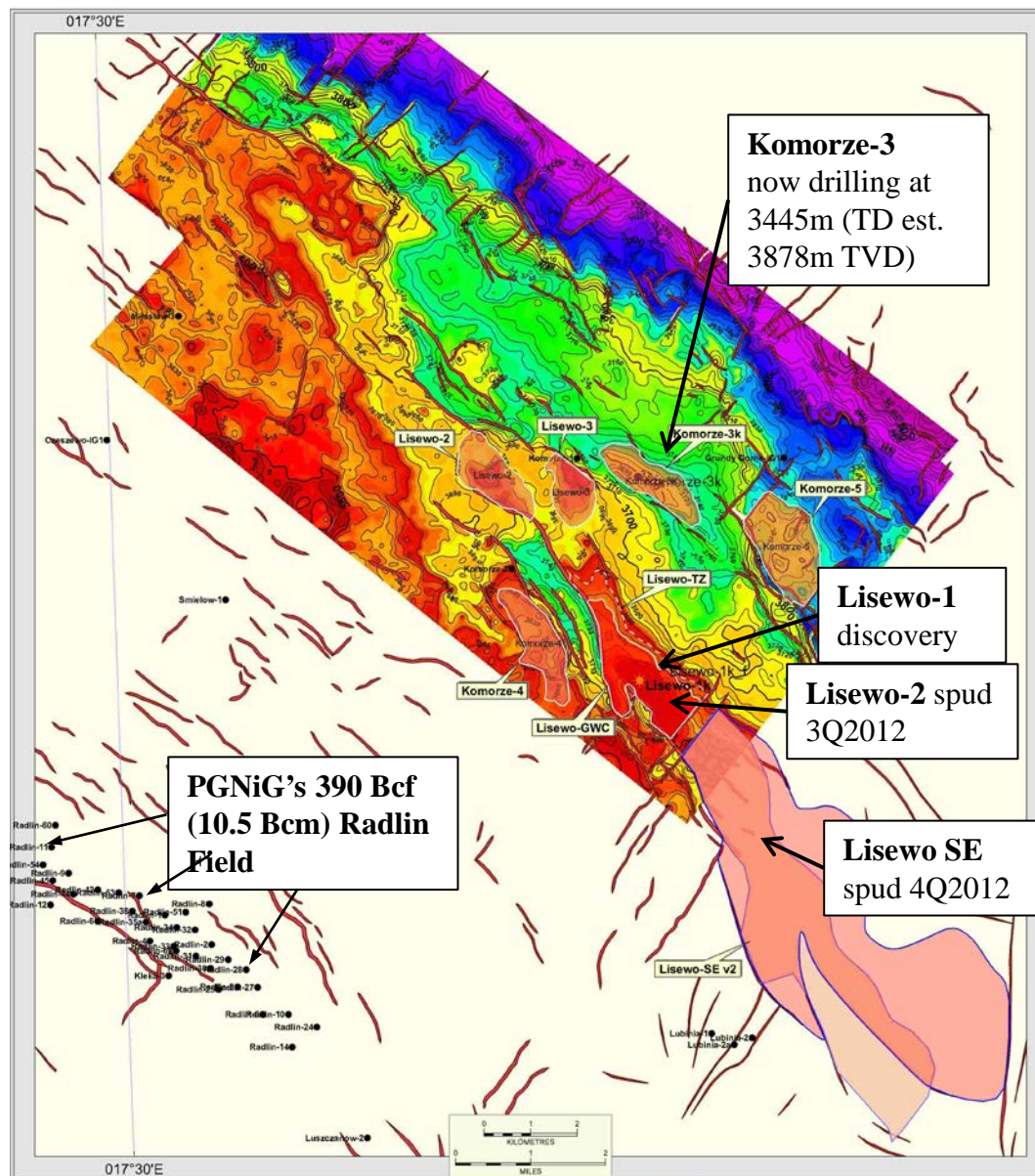
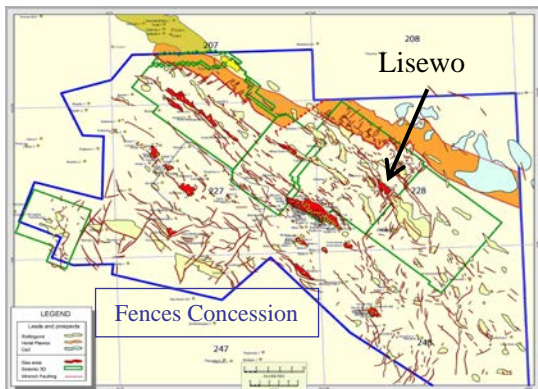




# Lisewo SE – Potential Large Field

## ➤ Lisewo-1 regional impact

- **Lisewo-1 discovery: 36 Bcf (1.0 Bcm) P50; production rate est. 4-5 mmcf/day gross**
- 5 satellite structures est. 60 Bcf (1.6 Bcm) gross additional potential
- Lisewo SE could be similar in size to PGNiG's 390 Bcf (10.5 Bcm) Radlin field, depending on structural development and closure
- Lisewo SE interpreted on 2-D; new 3-D should be available 3Q2012; first well anticipated 4Q2012
- Komorze-3 well now drilling, TD 3Q2012; Lisewo-2 to start drilling 3Q2012
- Production facility planned online 2H2013
- FX holds 49%; PGNiG 51% and operates



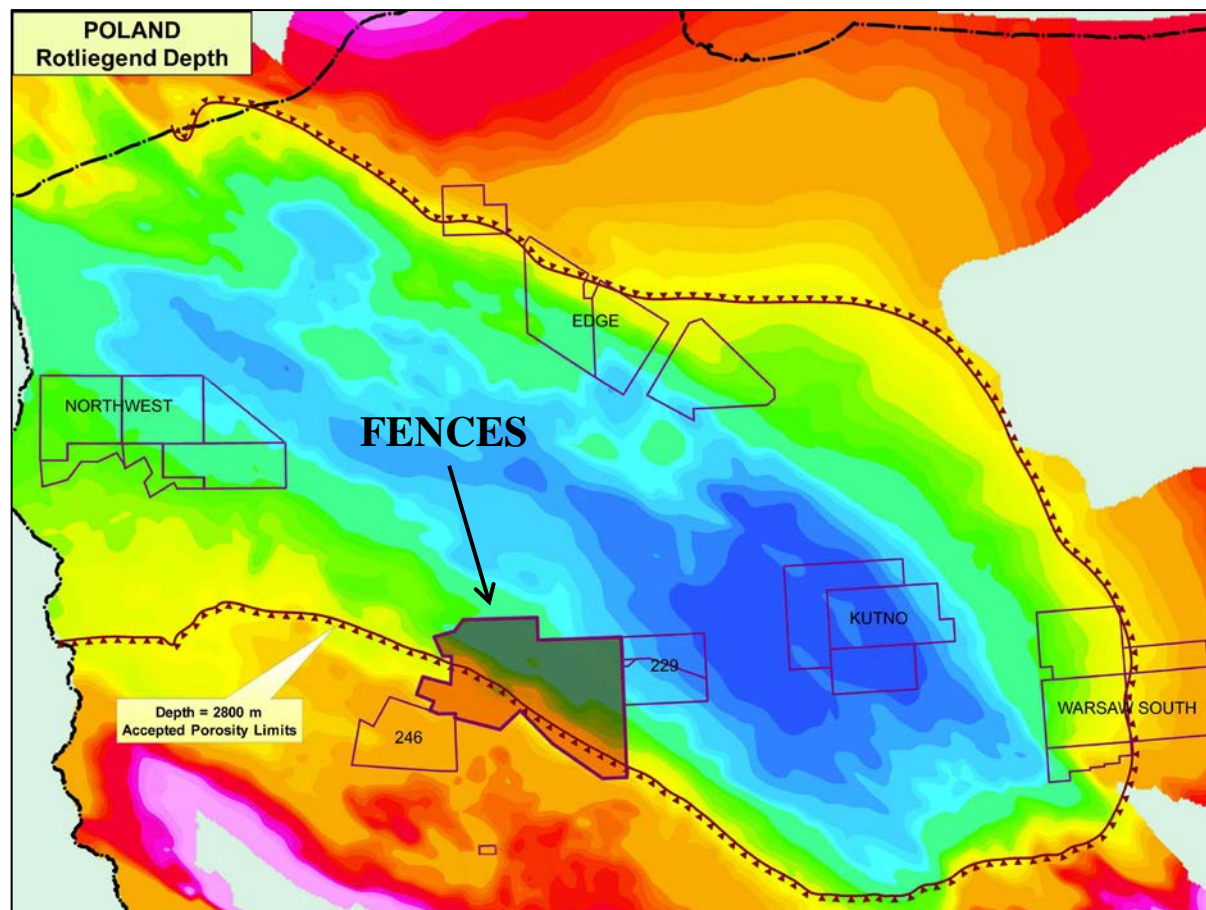
# FX Concession Strategy

## ➤ Fences Concession

- Located on Rotliegend basin edge in the path of gas migration
- Existing Rotliegend fields lowered exploration risk
- Goal: build reserves and production to fund Fences growth; use some of the revenues to explore other concessions

## ➤ Non-Fences Concessions

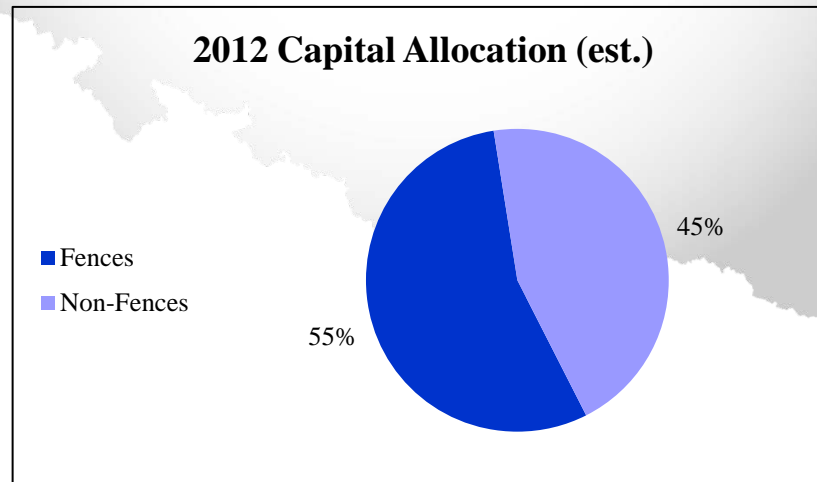
- Potentially higher upside than Fences, but with higher risk
- Possibility of other play types not previously tested in Poland; an opportunity to bring outside experience to bear on the hydrocarbon opportunity



# HIGH POTENTIAL EXPLORATION

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## Outside the Fences Concession





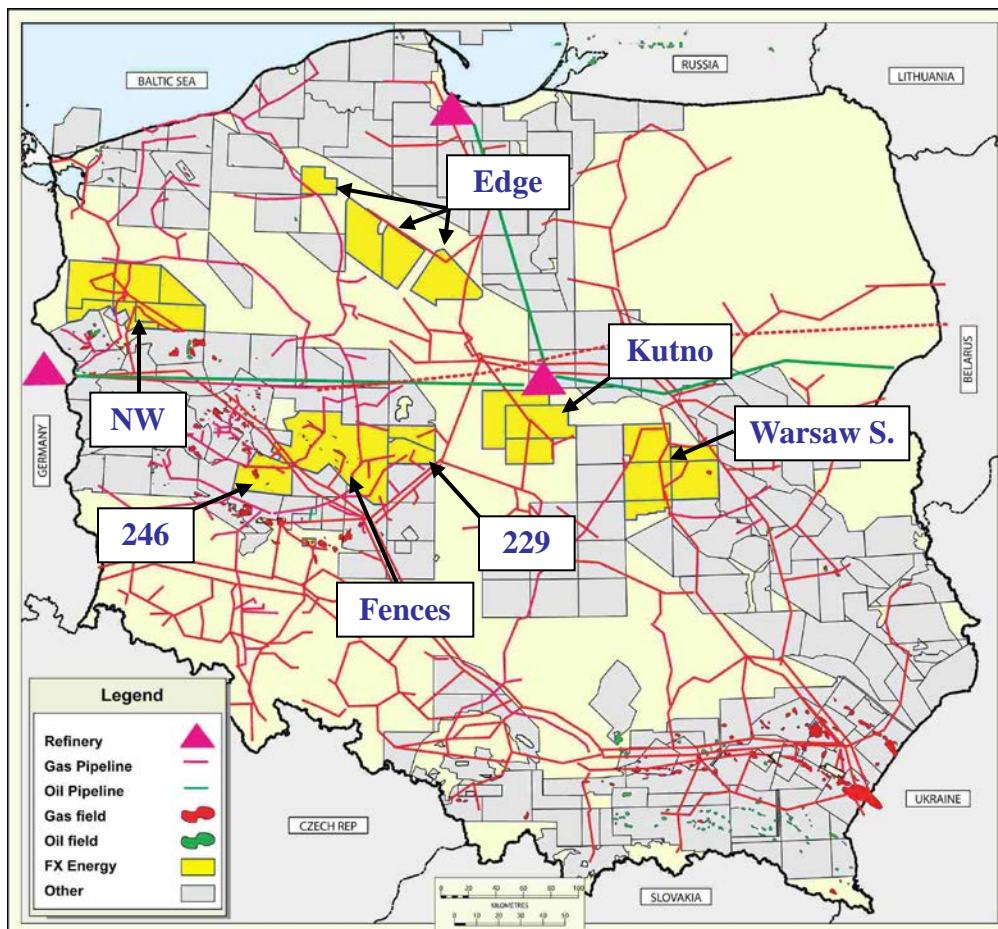
# FX Energy Exploration Concessions

## ➤ Optionality: High Impact Exploration

- High potential identified in large exploration concessions covering 3.6 million net acres
- Kutno drilling now; TD est. 3Q2012
- Edge and Block 246 should see first wells tested 4Q2012
- Warsaw South next well(s) est. 2013
- Block 229 well est. 2014

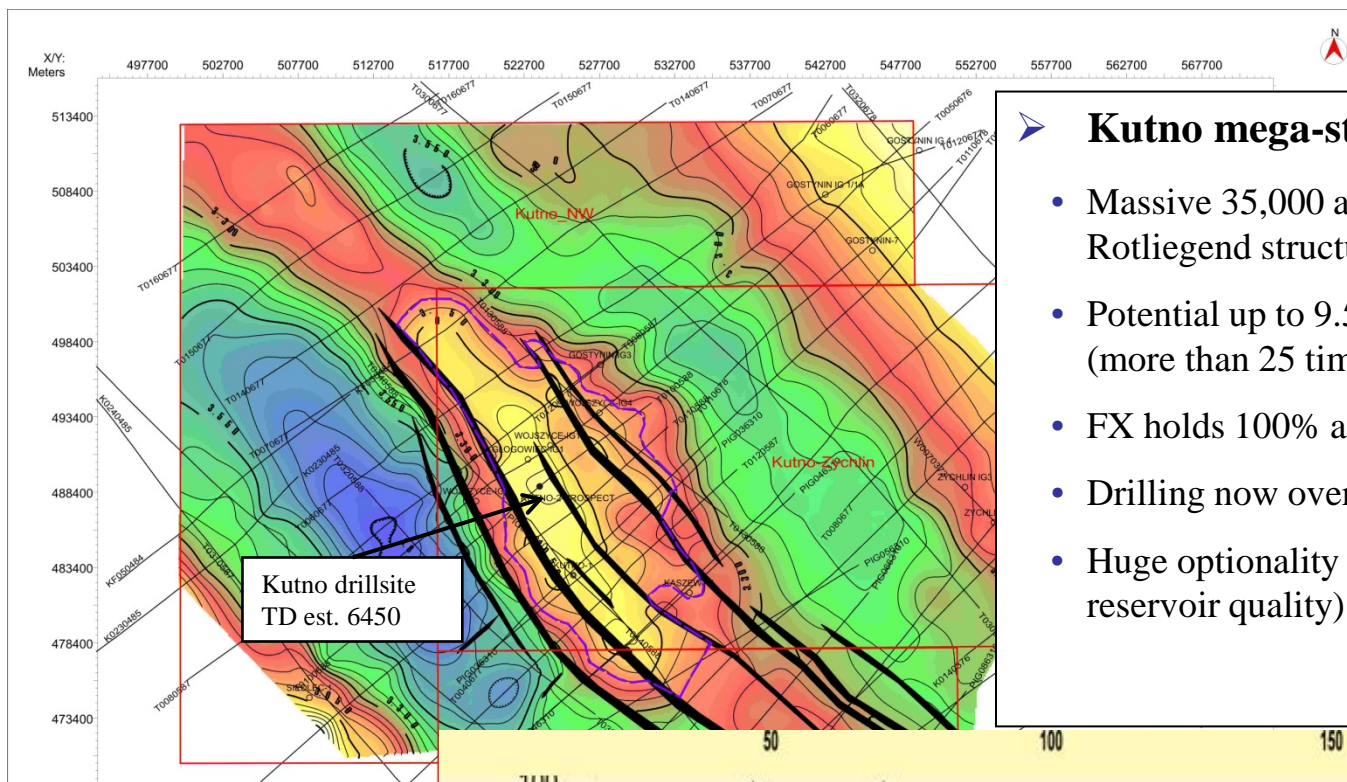
Concession	Gross (mm acres)	Working Interest	Net (mm acres)	Net (km <sup>2</sup> )
Fences	0.85	49%	0.41	1,647
Block 229	0.23	100%	0.23	941
Block 246	0.24	100%	0.24	975
NW	0.62	100%	0.62	2,494
NW Ostrow.	0.21	51%	0.11	437
Warsaw S.	0.88	51%	0.44	1,769
Kutno *	0.71	100%	0.71	2,856
Edge	0.88	100%	0.88	3,567
Block 287	0.01	100%	0.01	52
	4.63		3.64	14,738

\* 50% after farmout earn in



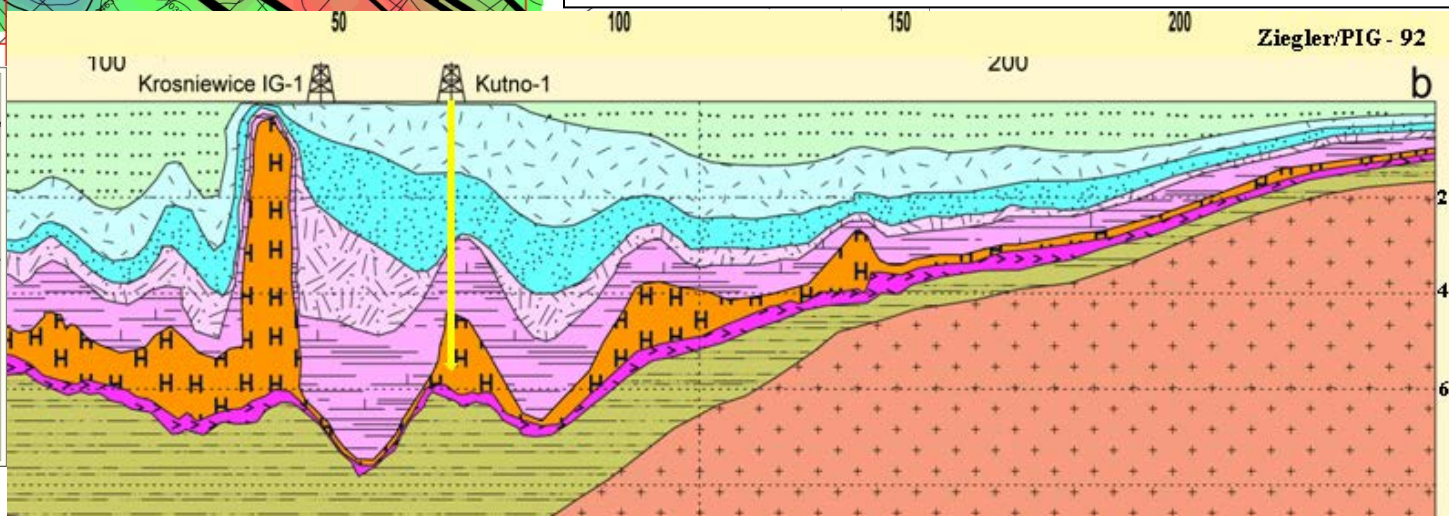
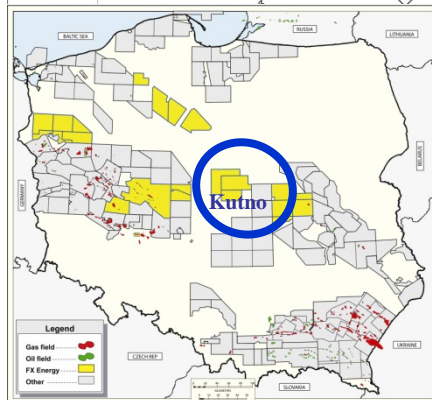
Main gas distribution lines in red

# Kutno-2 Drilling



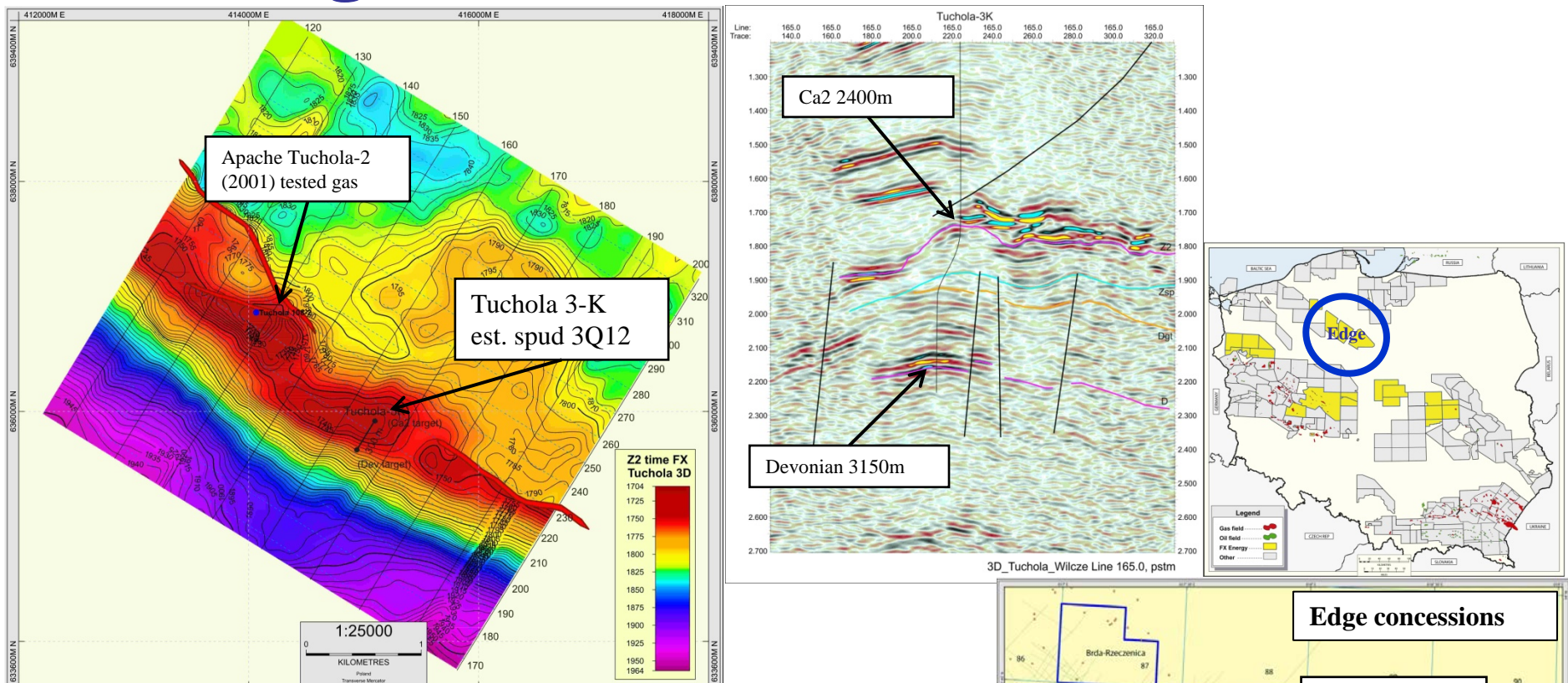
## Kutno mega-structure

- Massive 35,000 acre / 142 km<sup>2</sup> 2-D defined Rotliegend structure at 21,000 feet / 6,450 meters
- Potential up to 9.5 Tcf (255 Bcm) recoverable; (more than 25 times Poland's annual gas imports)
- FX holds 100% and operates; PGNiG to earn 50%
- Drilling now over 5,000 meters – TD est. 3Q2012
- Huge optionality – high risk (depth, gas quality, reservoir quality)



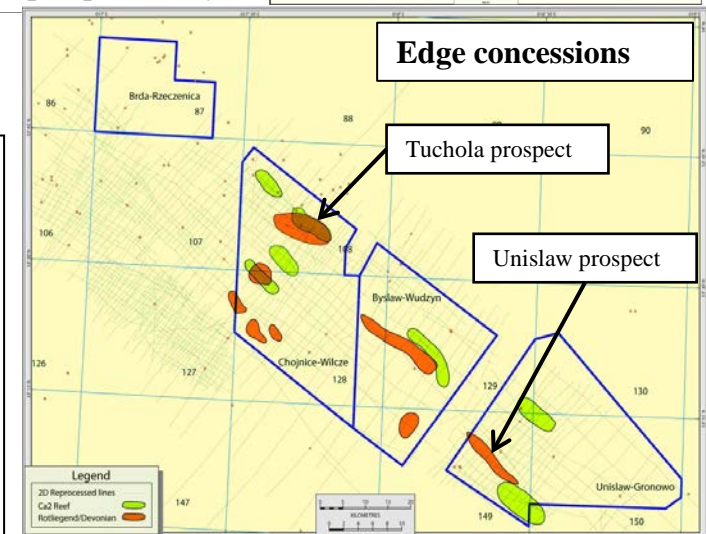


# Edge Concession – Tuchola-3K Well

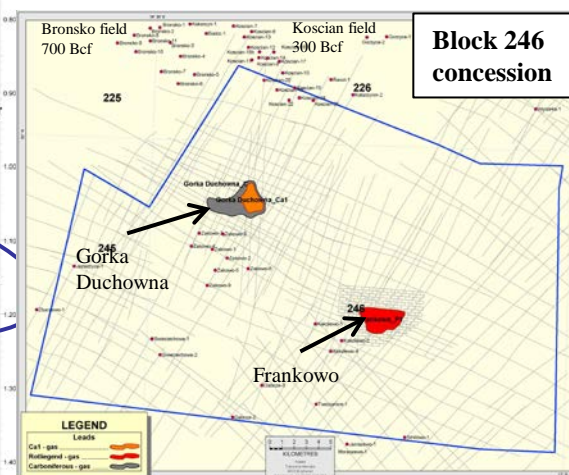
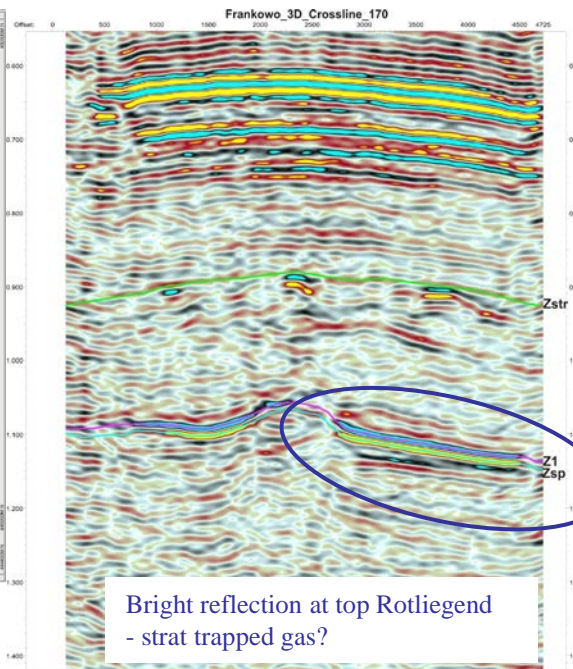
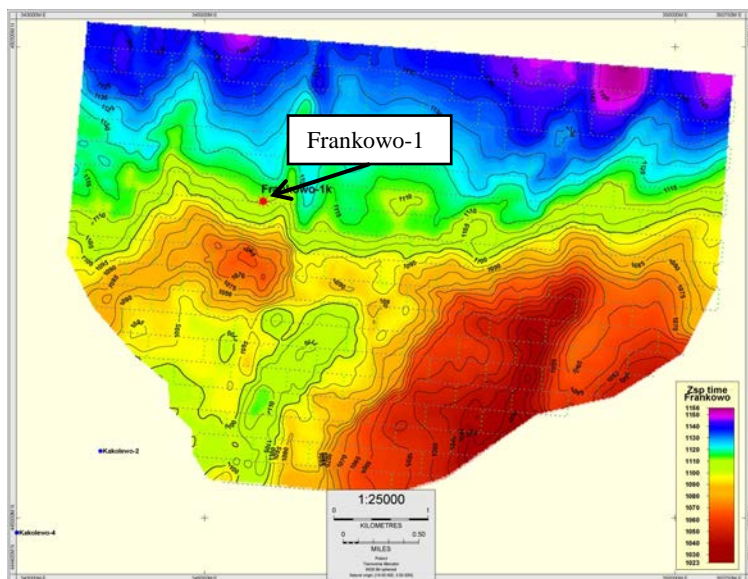


## ➤ Edge Concessions

- 880,000 gross and net acres/3,561 km<sup>2</sup>; FX operates, holds 100%.
- Tuchola-3K: Ca2 gas potential up to 30 Bcf recoverable at 2400m;
- Tuchola-3K: Devonian oil potential up to 70 mmbo in place at 3150m
- The Apache Tuchola-2 well (2001) tested Ca2 gas at 9.5 mmcf/d; p50 reserves of 90 Bcf; ambitious acid job drew in water
- Plan to start drilling Tuchola-3K in 3Q2012; TD and test 4Q2012

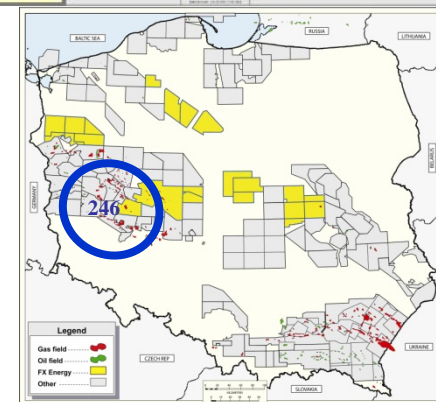


# Block 246 – Frankowo Well



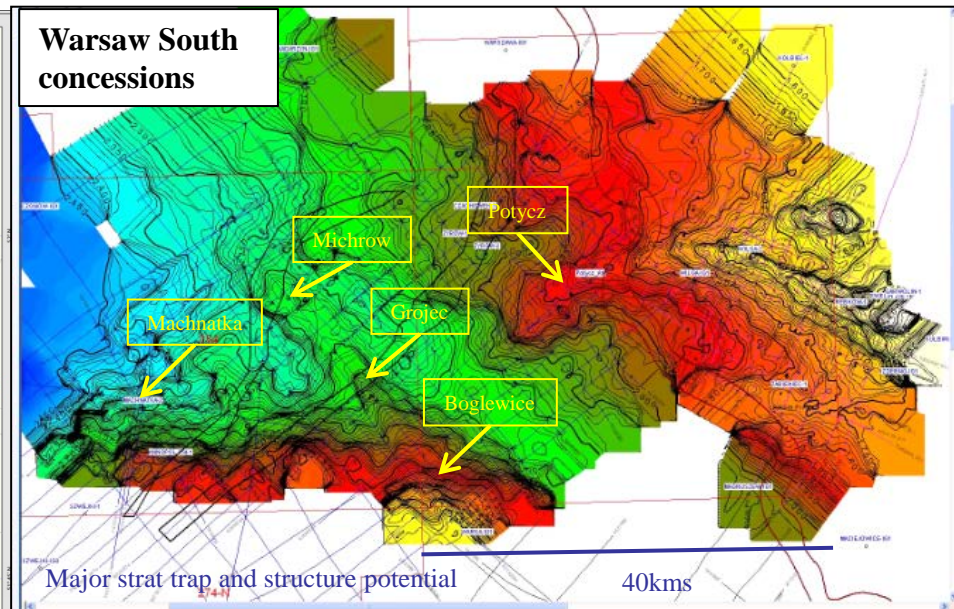
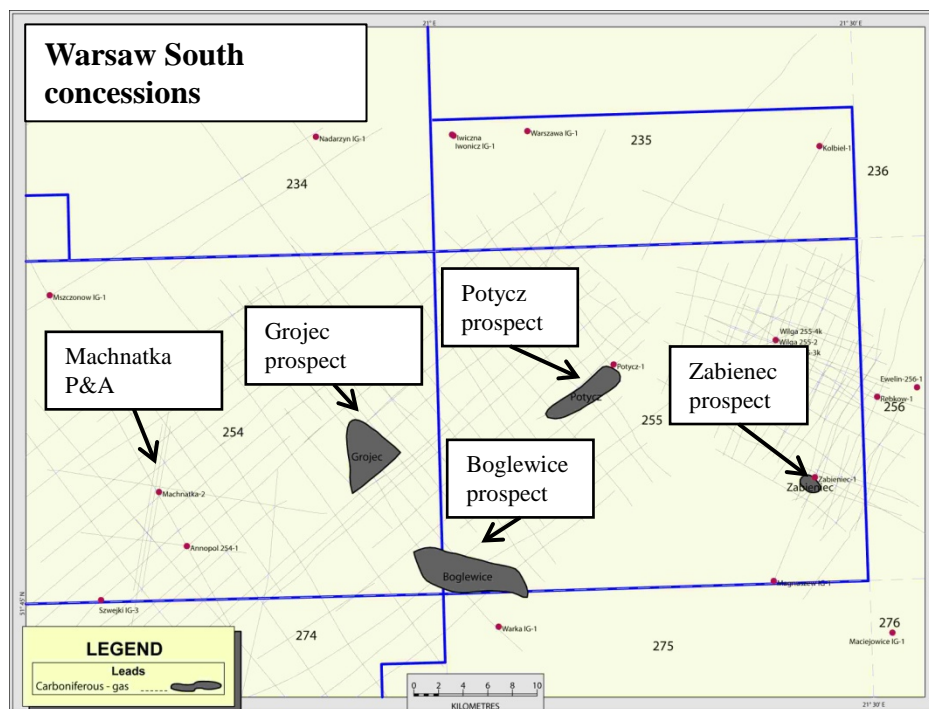
## ➤ Block 246 Concession

- 240,000 acres/975 km<sup>2</sup>; FX operates, holds 100%
- Updip from 1 Tcf Ca1 production in Bronsko/Koscian fields
- Frankowo prospect: Rotliegend potential up to 50 Bcf recoverable gas at 2200m
- Success could open up Rotliegend potential in eastern portion of Block 246
- Plan to start drilling Frankowo well 3Q2012; TD and test 4Q2012



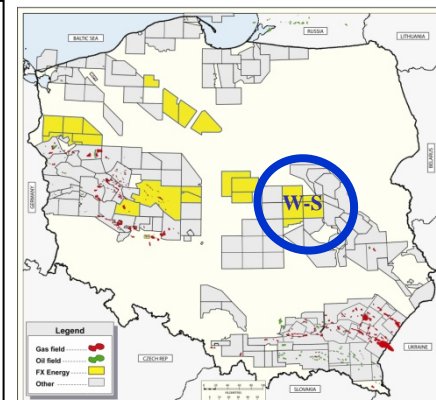


# Warsaw South Concessions



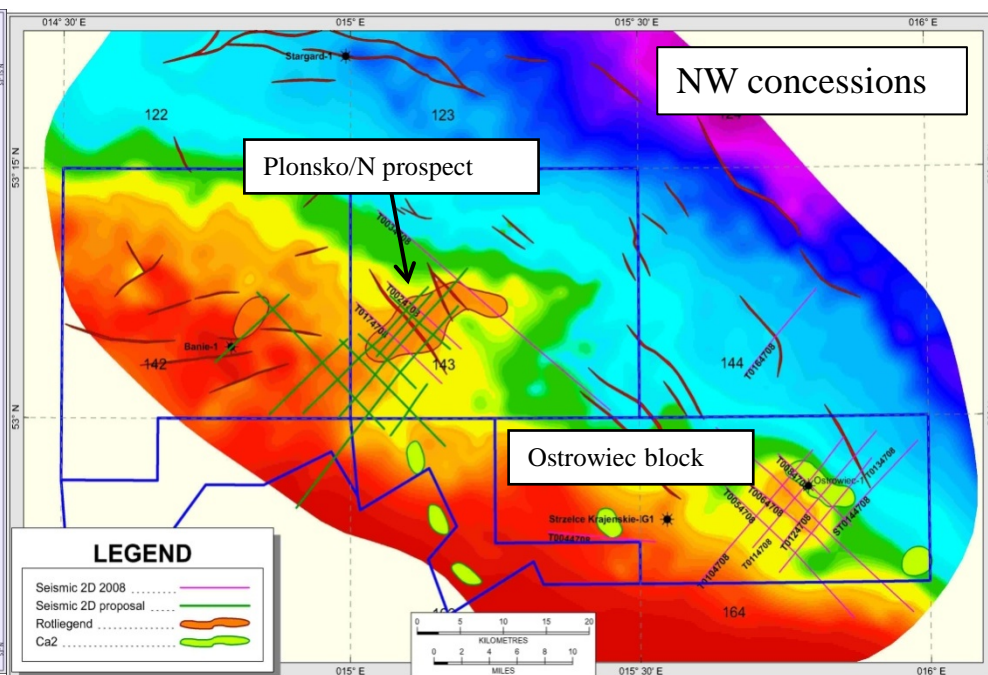
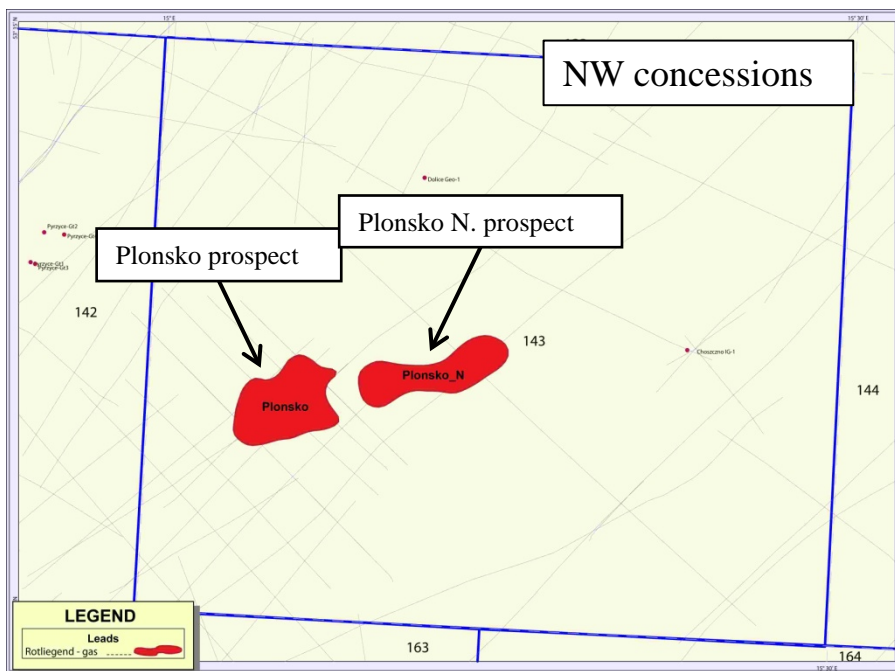
## ➤ Warsaw South Concessions

- 880,000 acres/3,561 km<sup>2</sup>; FX operates, holds 51% ; PGNiG earned 49%
- Terminus of the Permian Basin; prime location for trapping; Cal reef, Carboniferous and Rotliegend leads
- FX' first well (Machnatka-2, P&A) found no trap, but did see continuous gas shows and good porosity (over 50 net meters above 11% average) in lower Carboniferous sands
- Currently acquiring new seismic; anticipate next well(s) in 2013



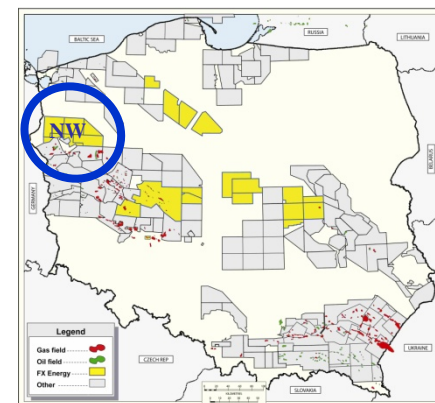


# NW Concessions

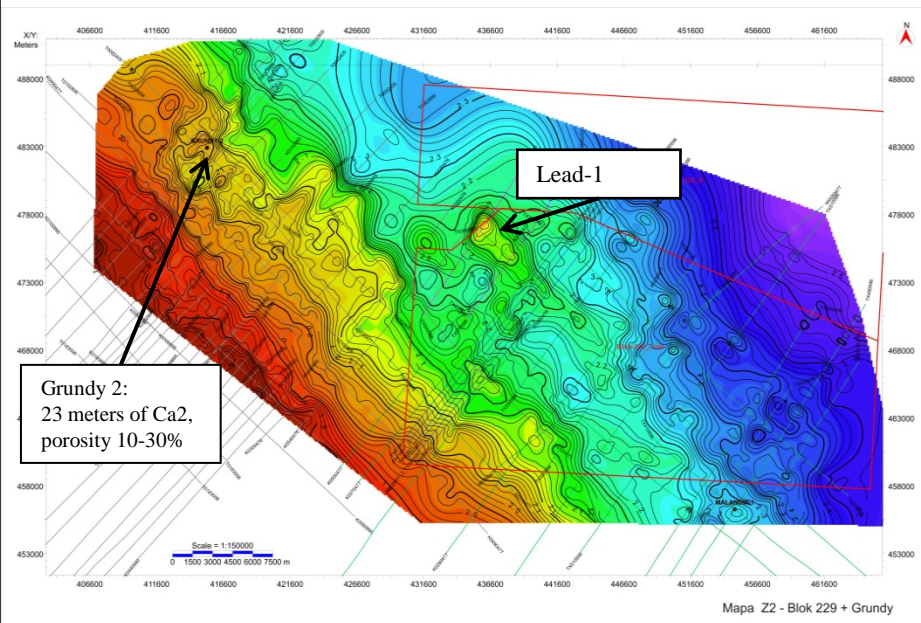
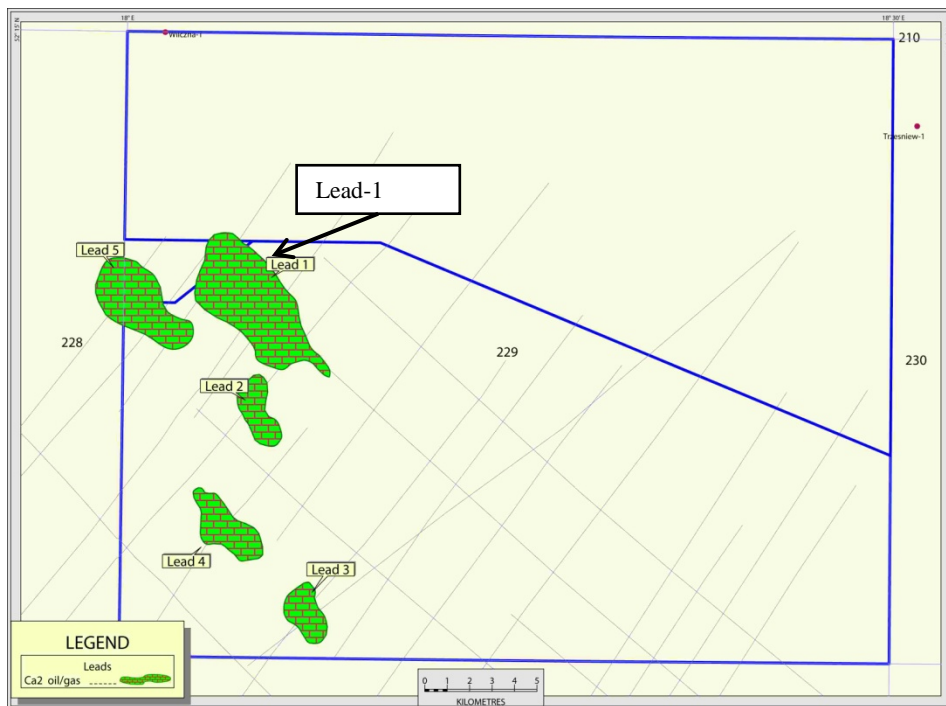


## ➤ NW Concessions

- 828,000 gross (724,000 net) acres; FX operates and holds 100% (51% in Ostrowiec block)
- Plonsko, Plonsko N: Rotliegend potential
- Possibility for Fences type potential along depth contour from NW to SE throughout the blocks

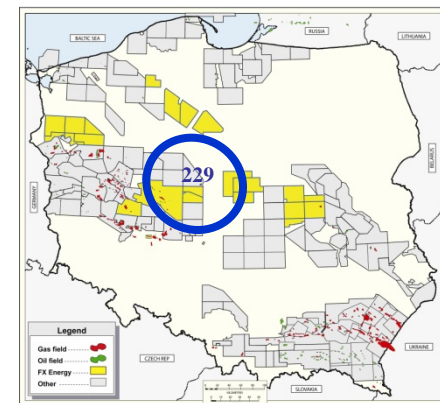


# Block 229



## ➤ Block 229 Concession

- 230,000 gross and net acres; FX operates and holds 100%
- Five reef prospects: Ca2 potential – analog to PGNiG's BMB and LMG fields, with reported aggregate 1 Tcfe recoverable oil and gas
- Block 229 leads (5) cover more total acreage than BMB





# Upside Potential – 6 Major Projects

## ➤ **FX 2011 year end reserves**

- 95 Bcfe (2.5 Bcm) of 2P(P50) reserves at 12/31/2011; \$289mm pre-tax pv10%

## ➤ **Fences**

- Potential up to 125 Bcf (3.4 Bcm) net to FX fully developed from Plawce tight sand prospect; first well to frac mid-2012
- Potential up to 170 Bcf (4.6 Bcm) net to FX fully developed from Lisewo SE: 3-D seismic processing/interpretation due 3Q2012; first well to spud 4Q2012
- Potential up to 45 Bcf (1.2 Bcm) net to FX from satellite wells in Lisewo area and Mieczewo well in KSK area; Komorze-3 results expected 3Q2012; Mieczewo results expected 4Q2012

## ➤ **Kutno**

- Potential up to 4.75 Tcf (125 Bcm) net to FX fully developed from Kutno 35,000 acre prospect; potential for gas in Rotliegend; results expected 3Q 2012

## ➤ **Frankowo**

- Potential up to 50 Bcf (1.3 Bcm) net to FX fully developed from Frankowo prospect: potential for gas in Rotliegend; results expected 4Q2012

## ➤ **Tuchola**

- Potential up to 110 Bcfe (2.9 Bcme) net to FX fully developed from Tuchola prospect: potential for gas in Ca2 and oil in Devonian; results expected 4Q2012



# NAV and Forward Drilling Program

<i>Net Asset Value (NAV) Analysis 12/31/2011 (\$ in millions, except per share amounts)</i>			
	<b>Total</b>	<b>per share</b>	<b>per share</b>
P50 value pre-tax	\$289	\$5.46	\$5.46
Net cash	\$11	\$0.21	\$0.21
<b>P-50 Net Asset Value</b>	<b>\$300</b>	<b>\$5.67</b>	<b>\$5.67</b>

Prospect	Potential Recoverable		FX Net Interest after 1st well	Net Potential Recoverable		Chance of Success	Est. Net Value (mm) *	Risked Value per share	Unrisked Value per share	Net Cost to FX (mm) First Well
	(Bcfe)	(Bcme)		(Bcfe)	(Bcme)					
<b>BOLD=Well in current budget</b>										
Fences - Lisewo satellites (5)	<b>60</b>	<b>1.6</b>	<b>49%</b>	<b>29</b>	<b>0.8</b>	<b>75%</b>	<b>\$67</b>	<b>\$1.27</b>	<b>\$1.69</b>	<b>\$5</b>
Fences - Lisewo SE	<b>350</b>	<b>9.4</b>	<b>49%</b>	<b>172</b>	<b>4.6</b>	<b>50%</b>	<b>\$262</b>	<b>\$4.94</b>	<b>\$9.88</b>	<b>\$5</b>
Fences - Plawce (tight gas)	<b>250</b>	<b>6.7</b>	<b>49%</b>	<b>123</b>	<b>3.3</b>	<b>50%</b>	<b>\$187</b>	<b>\$3.53</b>	<b>\$7.06</b>	<b>\$7</b>
Fences - Mieczewo	<b>30</b>	<b>0.8</b>	<b>49%</b>	<b>15</b>	<b>0.4</b>	<b>50%</b>	<b>\$22</b>	<b>\$0.42</b>	<b>\$0.85</b>	<b>\$5</b>
Fences - Miloslaw	50	1.3	49%	25	0.7	20%	\$15	\$0.28	\$1.41	\$5
Fences - Plawce East	875	23.5	49%	429	11.5	20%	\$262	\$4.94	\$24.71	\$5
<b>Block 246 - Frankowo</b>	<b>50</b>	<b>1.3</b>	<b>100%</b>	<b>50</b>	<b>1.3</b>	<b>20%</b>	<b>\$31</b>	<b>\$0.58</b>	<b>\$2.88</b>	<b>\$6</b>
Block 246 - Gorka Duchowna	50	1.3	100%	50	1.3	20%	\$31	\$0.58	\$2.88	\$6
<b>Edge - Tuchola</b>	<b>110</b>	<b>2.9</b>	<b>100%</b>	<b>110</b>	<b>2.9</b>	<b>20%</b>	<b>\$67</b>	<b>\$1.27</b>	<b>\$6.34</b>	<b>\$10</b>
Edge - Unislaw	110	2.9	100%	110	2.9	20%	\$67	\$1.27	\$6.34	\$12
WS - Grojec	100	2.7	51%	51	1.4	20%	\$31	\$0.59	\$2.94	\$5
WS - Boglewice	200	5.4	51%	102	2.7	20%	\$62	\$1.18	\$5.88	\$5
WS - Potycz	90	2.4	51%	46	1.2	20%	\$28	\$0.53	\$2.65	\$5
NW - Plonsko N	150	4.0	100%	150	4.0	20%	\$92	\$1.73	\$8.64	\$12
<b>Kutno</b>	<b>9500</b>	<b>254.7</b>	<b>50%</b>	<b>4750</b>	<b>127.3</b>	<b>10%</b>	<b>\$1,449</b>	<b>\$27.37</b>	<b>\$273.73</b>	<b>\$10</b>
<b>Total Risked Potential</b>	<b>11,975</b>	<b>321.0</b>		<b>6,210</b>	<b>166.5</b>		<b>\$2,671</b>	<b>\$50.47</b>	<b>\$357.88</b>	<b>\$103</b>

Shares Outstanding (millions)	52.9	52.9
<b>Risked Discovery Potential and Net Asset Value Per Share</b>	<b>\$56.14</b>	<b>\$363.55</b>

*Note: estimated net value calculated at \$3.05/mcf or \$113/mcm; \$3.05 is the average 2P (P50) pv-10 value in the Company's 12/31/2011 reserve report. (The 1P (P90) value is \$3.70/mcf.) Development costs are not shown and may be expected to vary considerably from project to project.*