Current Report No. 16/2014

Drawn up on: 11 July 2014

Subject: Conclusion of a credit agreement with Bank Polska Kasa Opieki S.A. to finance the expansion of the LTE and HSPA+ telecommunication network.

Legal basis: Article 56 par. 1 pt. 1 of the Public Offering Act - confidential information

Content of the report:

The Management Board of Midas S.A. (the "Company") hereby announces that on (the evening of) 10 July 2014, the Company, together with the following of its subsidiaries: Aero 2 Sp. z o.o. ("Aero2"), CenterNet S.A. ("CenterNet") and Mobyland Sp. z o.o. ("Mobyland", and together with the Company, Aero2 and CenterNet jointly referred to as the "Borrowers"), entered with Bank Polska Kasa Opieki S.A. (the "Bank") into an agreement (the "Agreement") concerning investment credit for up to PLN 200,000,000 (the "Credit") for the purpose of expanding the LTE and HSPA+ telecommunication network. The above Agreement was concluded following negotiations simultaneously conducted by the Company with the Bank and with Bank Zachodni WBK S.A. ("BZWBK") and Banco Santander S.A. ("Banco Santander").

On 21 March 2014, the Company received a proposal from BZWBK and Banco Santander that contained the term sheet of the credit, which was to be backed by export credit agencies: EKN and Finnvera. The proposal was a modification of an earlier proposal accepted by the Company on 5 November 2012, which it notified in its Current Report No. 49/2012 of 5 November 2012 (the proposal was defined therein as Term Sheet 1). The proposal of 21 March 2014 was the starting point for subsequent, more in-depth discussions aimed at negotiating, to the satisfaction of both parties, the terms and conditions on which the Company would obtain financing for the expansion of a commercial telecommunications network in Poland carried out by the Company on the basis of framework agreements for the supply, integration and maintenance of access elements of the telecommunications network concluded with Ericsson and Nokia Siemens Networks (currently: Nokia Systems & Networks). The Company entered into the stage in the negotiations aimed at determining the final terms of financing to be granted by the consortium of banks arranged by BZWBK/Banco Santander.

Furthermore, on 11 April 2014, the Company received a proposal with respect to financing the expansion of the LTE and HSPA+ telecommunication network also from the Bank, and thus entered with the Bank into the stage in the negotiations aimed at determining the final terms of financing to be granted by the Bank.

Acting pursuant to Article 57 of the Public Offering [...] Act, the Management Board of the Company decided to postpone sending information about the negotiations under way and, on 21 March 2014 and 11 April 2014, respectively, sent appropriate notifications to the Polish Financial Supervision Authority. In the Management Board's view, fulfilling the obligation to publish information on commencing the above stages of negotiations with the above two banks could have affected the just interests of the Company. As on the date of postponement of the information, it was impossible to anticipate the outcome of the negotiations, let alone the final wording of the terms of the financing. Thus, immediate announcement that either of the proposals has been received could have affected the course or outcome of the negotiations, significantly weakened the Company's negotiating leverage and ultimately had a negative influence on the just interests of the Company and, as a result, of its Shareholders.

Under the Agreement, the Borrowers may utilise the Credit after the Bank notifies the Borrowers, within the time frame specified in the Agreement, that all of the conditions precedent set forth in the Agreement (and described in more detail below) for the utilisation of the Credit (the "Conditions Precedent") have been satisfied, but no later than one year from the date of entering into the Agreement (the "Availability Period"). The Credit will each time be disbursed upon written instruction from a Borrower (the "Utilisation Request"), prepared in accordance with the Agreement. The credit will be repaid in 48 equal monthly principal instalments (the "Repayment Period"), starting from the month following the month of the last day of the Availability Period, but no later than on the fifth anniversary of executing the Agreement. The interest, calculated on the basis of the 1M WIBOR rate increased by the Bank's margin, will also be repaid in monthly periods. In the case set forth in the Agreement and related to the accounting revenue of Midas Group entities generated until the end of 2015, the Bank will be entitled to shorten the Repayment Period so that it ends on the third anniversary of executing the Agreement, unless the Borrowers provide a solution acceptable to the Bank, which will require the Borrowers to obtain external assistance that will ensure timely debt repayment. For granting the Credit and for its early repayment, the Bank is also entitled to commission, the amount of which has been determined at a market level. The Agreement also defines events ("Events of Default") that will cause the Bank's margin to be increased by the amount specified in the Agreement. The higher margin for the Bank will be in effect until an Event of Default has been remedied by the Borrowers. The list of Events of Default defined in the Agreement is a standard list commonly used in these types of agreements. The Borrowers are jointly and severally liable for any amounts payable to the Bank under the Agreement.

The Conditions Precedent set forth in the Agreement are: (a) providing the Bank with the documents set forth in the Agreement, including copies of the constitutional documents, current excerpts from the KRS, powers of attorney and any required corporate approvals for all of the Borrowers; (b) providing the Bank with legal opinions prepared by the Bank's legal counsel (on the validity and enforceability of the Bank's rights under the Agreement, among other things) and the Borrowers' legal counsel (on the Borrowers' ability to enter into and perform the Agreement and the documents concerning the collateral for the Credit); (c) providing the Bank with the Finance Documents as defined in the Agreement, i.e. in particular: duly executed documents on establishing a collateral for the Credit (the "Security Documents"), proof of payment and filing with competent courts of motions to register collaterals for the Credit, proof of delivery of any notices under the Security Documents, excerpts from the register of pledges and the register of fiscal pledges confirming that no registered pledges (other than as defined in the Agreement) or fiscal pledges have been established over the Company's assets or the assets and shares of the other Borrowers; (d) providing the Bank with any other documents specified in the Agreement.

The Credit is secured by: (a) a registered pledge for up to PLN 300,000,000 over the shares of CenterNet, Aero2 and Mobyland; (b) a registered pledge for up to PLN 300,000,000 over a pool of assets and rights owned by the Borrowers and treated as a single economic unit; (c) assignment of rights under the insurance policies concluded by Aero2 concerning assets securing the Credit; (d) assignment of receivables under the agreements on wholesale data transfer services concluded by

Mobyland with Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o.; (e) subordination of the receivables of an entity outside the Borrower's group (save for Alior Bank SA, Plus Bank SA and holders of the Company's Series A bonds) providing financing for the Borrowers, with respect to the Bank's receivables from the Borrowers under the Finance Documents; (f) conditional powers of attorney authorising the Bank to act on behalf of the Borrowers (save for the Company) before the Polish Office of Electronic Communications; (g) powers of attorney for the Borrowers' bank accounts; (h) a declaration of submission to enforcement for up to PLN 300,000,000 made by the Borrowers in favour of the Bank pursuant to Article 97 of the Banking Law of 29 August 1997; (i) a declaration by Mr. Zygmunt Solorz-Żak on providing, within the scope of rights vested in shareholders of public companies, assistance throughout the term of the Agreement, which, in particular, involves making efforts to ensure that the Borrowers repay any and all of their obligations towards the Bank in a timely manner, remain in sound economic and financial standing and obtain additional financing sufficient to satisfy their obligations towards the Bank in the event of a delay in their repayment. Until the publication of this Current Report, the Security Documents have not been signed, save for the above declaration by Mr. Zygmunt Solorz-Żak.

Furthermore, each potential prospective guarantor of the Credit agrees to issue a guarantee to the Bank for up to PLN 300,000,000, as well as other collaterals that may be agreed with the Bank (the obligation is in effect until 30 June 2022). In the Agreement, the Borrowers also agreed to open temporary bank accounts to which payments will be made under agreements on wholesale data transfer services and insurance policies, as well as a DSRA account, in which a balance of no less than 10 per cent of the value of the disbursed Credit will be maintained throughout the term of the Credit. Subject to the terms and in the manner set forth in the Agreement, the Bank may block certain amounts in the above accounts and apply them towards satisfying due and payable obligations of the Borrowers under the Credit. The Company also agrees that, without the Bank's written approval (which approval will not be unreasonably denied by the Bank), it will not exercise its early redemption option with respect to the Company's Series A bonds.

The Company has also agreed that, until the lapse of the Repayment Period, it will not disburse dividends or refund contributions or any other compensation or payments on its share capital, except in the event of a possible consolidation of the Company's shares, and that none of the Borrowers will acquire (directly or indirectly) any entity or enterprise, except as provided in the Agreement. The Company also restricts the Borrowers' ability to dispose of their assets and to encumber and divide the Borrowers' assets, save for any exceptions stipulated in the Agreement. The Agreement also contains provisions concerning General Obligations, both by the Borrowers and by the Bank, which do not vary considerably from provisions commonly used in these types of agreements.

The Management Board of the Company also announces that, referring to previously published information on the level of financing required to implement phase 3 of the expansion of the telecommunication network (up to PLN 364,000,000), the amount of PLN 200,000,000 is currently sufficient for that purpose. Such a reduction in the amount of financing stems from lower-than-estimated prices of telecommunication equipment and reallocating some expenditures from CAPEX to OPEX, with no significant change to the number of base stations commissioned as part of Phase 3. The Company believes that the number of base stations may be higher than initially presented with no change to the total cost of their commissioning and operation. The financing obtained and the operating cash flows generated by the Borrowers during the term of external financing will be sufficient to cover the cost of commissioning and operating base stations.

The Agreement concluded does not provide for any contractual penalties. The Agreement is a significant agreement, as defined in the Regulation of the Minister of Finance on current and periodic information (...). The Company assumed the criterion of 10 per cent of the equity of the Company as the criterion for considering the agreement to be significant.