

Registration No. 37628/04.11.2021

To The Ordinary General Meeting of Shareholders of S.N.G.N. ROMGAZ S.A.

Request for approval of *the credit facility extension for issuing bank guarantee letters up to RON 350 million limit*

1. Brief history

Since 2010, SNGN Romgaz SA has concluded annually credit facility contracts referring to granting bank credits in the form of bank guarantee letters with various banking corporations, and as of 2018, the company carries out a credit facility contract with BCR up to the limit of USD 100 million, which is annually extended, the current validity period ending on December 19, 2021.

2. Current status

We hereby state that this contract was concluded under favourable terms and conditions for S.N.G.N. Romgaz S.A., namely *no costs* related to bank commissions have been incurred (for not using the facility, issuance, validity extension, increase the value of bank guarantee letters etc.) without lodging a security (cash collateral deposit or other forms) for granting the facility by issuing bank guarantee letters.

During 2021, the average value used from the credit facility was USD 40 million.

- The Energy Trading Department issued by Letter No. 25101 as of August 3, 2021 the estimated value of bank guarantee letters in amount of USD 66.5 million for contracts to be concluded in 2022, having as scope:
 - the sale of natural gas on double competitive markets. In accordance with the trading procedure, both seller and buyer have to submit performance bonds;
 - the sale of electricity on the centralised market for electricity bilateral contracts following auctions organized by OPCOM; this requires the seller to issue a performance bond;
 - the electricity sale contracts by using the trading procedure on Double Competitive Markets, on the Day-Ahead Market and on the Intraday Market; this requires submission of tender guarantees in favour of OPCOM and BRM, similar to bid bonds;
 - natural gas transmission or gas balancing services; the company is required to issue a payment bond or a performance bond in favour of S.N.T.G.N. Transgaz S.A.;
 - transmission services or for maintaining registration as BRP (Balance Responsible Parties) in favour of C.N. Transelectrica SA.
- The credit facility granted under the contract does not provide for a limitation to the issuing of bank guarantee letters for certain transactions; guarantee letters are issued for all types of contracts, including those contracts entered into/carried out by the Branches of the Company (lease contracts for farmlands, lease contracts for location, concession of natural gas distribution services etc.) fiscal charges etc.

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- The current activity of the company requires the issuance of contract performance bonds, payment bonds or bid bonds;
- Pursuant to Letter No. 31572 registered at S.N.G.N. ROMGAZ S.A. on September 24, 2021 referring to Financial Offer No. 545 as of September 23, 2021, BCR confirms to maintain all terms and conditions for granting the credit facility for 2022, namely at no costs for Romgaz for the limit of RON 350 million (approx. USD 80 million).
- Such a credit facility is necessary to cover the unforeseen events generated by the instability at legislative level referring to the trading obligation on centralised markets, rapid changes that may occur on trade markets requiring all participants to submit guarantees for all operations.

Taking into consideration the above mentioned, we hereby find the following to be necessary:

- To change the currency of the credit facility from USD into RON, because most bank guarantee letters are issued in RON and reporting of the amount used always implies currency exchange from USD, according to the granted limit, into RON according to the requirements for issuing letters of bank guarantee, considering that the evolution of the USD exchange rate is continuously rising;
- To lower the credit facility limit from USD 100 million to RON 350 million, equivalent value of approx. USD 80 million;
- To extend by 1 year, namely until December 19, 2022 the credit facility contract no. 201812070225 concluded with Banca Comerciala Romana S.A. for issuing letters of bank guarantee in the limit of RON 350 million, having regard that the credit contract does not provide for setting up or submitting any security by S.N.G.N. Romgaz S.A. (cash collateral deposit or other forms).

Moreover, we state that:

1. In compliance with article 1 of S.N.G.N. Romgaz S.A. Articles of Incorporation paragraph 4 letter g), the General Meeting of Shareholders has the competence to approve loan agreements with the value exceeding, individually or cumulated, the equivalent in RON of EUR 100 million;
2. The limit of RON 350 million, namely approx. EUR 70 million (approx., USD 80 million) of the credit facility contract for which we request extension, together with the bank loan of EUR 325 million for acquiring ExxonMobil Exploration and Production Romania Limited stake, exceed the limit of EUR 100 million set by the Articles of Incorporation at article 12, paragraph 4, letter g);

3. Endorsement of ROMGAZ Board of Directors

During the meeting of November 2, 2021, Romgaz Board of Directors endorsed the following:

- a) extension by 1 year, to change the currency of the credit facility contract and to reduce the limit of the Credit Facility Contract No. 201812070225 concluded with Banca Comerciala Romana S.A. for issuing letters of bank guarantee to the limit of RON 350 million;
- b) to authorise the Chief Executive Officer and the Chief Financial Officer of S.N.G.N. ROMGAZ S.A. to sign the Addendum to extend the Credit Facility Contract No. 201812070225;
- c) to authorise the persons with signature right type I and II at Banca Comerciala Romana S.A. to sign the requests for issuing and amending letters of bank guarantee related to the facility granted by Banca Comerciala Romana S.A., as well as any other documents related to the credit contract, regardless of their form, including, without limitation, addenda, requests for draw-down/issuing/amending letters of guarantee.

4. Draft Resolution submitted to the approval of S.N.G.N. ROMGAZ S.A. Ordinary General Meeting of Shareholders

Bearing in mind the above mentioned, we hereby submit the following to the approval of the Ordinary Meeting of Shareholders of S.N.G.N. ROMGAZ S.A.:

Item 1

Extension by 1 year, to change the currency of the credit facility contract and to reduce the limit of the Credit Facility Contract No. 201812070225 concluded with Banca Comerciala Romana S.A. for issuing letters of bank guarantee to the limit of RON 350 million.

Item 2

Authorising the Chief Executive Officer and the Chief Financial Officer of S.N.G.N. ROMGAZ S.A. to sign the Addendum to extend the Credit Facility Contract No. 201812070225;

Item 3

Authorising the persons with signature right type I and II at Banca Comerciala Romana S.A. to sign the requests for issuing and amending letters of bank guarantee related to the facility granted by Banca Comerciala Romana S.A., as well as any other documents related to the credit contract, regardless of their form, including, without limitation, addenda, requests for draw-down/issuing/amending letters of guarantee.

Chief Executive Officer
Aristotel Marius JUDE

Chief Financial Officer
Răzvan POPESCU

Director of Legal Department
Endre IOO