

Registration nr. 24516/23.06.2023

**Chairman of the Board of Directors
Dan Dragoş Drăgan**

To: S.N.G.N. ROMGAZ S.A. General Meeting of Shareholders

Subject: Approve conclusion of a loan agreement between S.N.G.N. Romgaz S.A. and Romgaz Black Sea Limited

In 2022, S.N.G.N. Romgaz S.A. ("Romgaz") as buyer, concluded the sale-purchase agreement of all shares issued by ExxonMobil Exploration and Production Romania Limited ("EMEPRL") with ExxonMobil Exploration and Production Romania Holdings Limited, ExxonMobil Exploration and Production Romania (Domino) Limited, ExxonMobil Exploration and Production Romania (Pelican South) Limited, ExxonMobil Exploration and Production Romania (Califar) Limited and ExxonMobil Exploration and Production Romania (Nard) Limited, as sellers.

EMEPRL (renamed Romgaz Black Sea Limited ("RBSL"), as of October 6, 2022) holds 50% of the rights and obligations under the Petroleum Agreement for petroleum exploration, development and production in XIX Neptun Deep Block ("Neptun Deep") in the Black Sea, approved by Government Decision No.1233/2000, as subsequently amended and supplemented ("Petroleum Agreement"). The remaining 50% rights and obligations are held by OMV Petrom S.A. ("OMV Petrom"), both companies concluding a Joint Operating Agreement for Neptun Deep Block ("JOA"), setting the rights and obligations of the parties (RBSL and OMV Petrom) as regards performance of joint operations related to the Petroleum Agreement, OMV Petrom being the Operator.

Whereas:

- RBSL does not generate and will not generate income until gas from XIX Neptun Deep Block is produced and traded,
- RBSL has to fulfil financial obligations resulting from the Petroleum Agreement and from the JOA,
- Current operating expenses of RBSL and of Bucharest Branch have to be supported/ensured,

- ROMGAZ, as sole shareholder of RBSL, shall finance activities by a loan agreement; such a loan agreement between Romgaz and RBSL is considered to be a transaction with an affiliate, therefore it is required to comply with the market value principle, so the level of interest charged must be similar to that charged between independent persons;

against this context, ROMGAZ concluded with RBSL a Loan Agreement (no. 39097/08.09.2022) approved by Resolution of Romgaz Board of Directors no. 48/2022, taken on July 28, 2022, to finance current operational needs of RBSL and capital needs resulted from petroleum operations carried out in compliance with the Petroleum Agreement and the JOA.

To elaborate the principles underlying the above-mentioned Loan Agreement, Romgaz performed a study (external consultancy), in order to determine the market level of interest rates applicable to a loan, with the characteristics of the loan required to finance RBSL.

Whereas:

- ✓ the amounts used until today according to the provisions of the Loan Agreement and those that can be used under this agreement, namely maximum RON 247.5 million, equivalent value of EUR 50 million (approval of such corporate loans falls within the Board of Directors competence, according to ROMGAZ Articles of Incorporation),
- ✓ the requirement to finance RBSL activities (operating expenses and working capital required to cover RBSL share to work programs approved or that will be approved under the JOA),
- ✓ according to the analysis/estimate of the financing required for RBSL activities related to Neptun Deep project, the amounts required to fund RBSL activities (Neptun Deep working capital and RBSL operating expenses) exceed the limit of corporate loans that may be granted by decision of the Board of Directors (from the threshold of RON 247.5 million, it will be possible to ensure the funds necessary for activities until June 2023 - costs that will be re-invoiced in July 2023),
- ✓ the current scenario related to performance of the exploration-development phase of Neptun Deep Project implies performance of the exploration-development phase, cumulative costs starting as of July 2023 until the end of March 2024, as regards RBSL share being estimated at USD 475 million (representing mainly operating costs, development costs and VAT related to such costs re-invoiced by OMV, value that will be recovered by RBSL).

it is required to conclude a new loan agreement between ROMGAZ and RBSL in amount of RON 2.1 billion (approximately USD 454 million) representing the finances required by RBSL (until March 2024) additional to the maximum threshold of RON 247,5 million (including for contingencies).

Approval of such loan falls within ROMGAZ General Meeting of Shareholders competence, the Board of Directors having the competence to grant corporate loans to companies ROMGAZ is associated with, whose value does not exceed, individually or cumulated, with other corporate loans in progress, the equivalent value of EUR 50 million (see article 19, paragraph 3, letter l of ROMGAZ Articles of Incorporation).

Therefore, we propose for approval of ROMGAZ General Meeting of Shareholders the conclusion of a loan agreement in total amount of RON 2.1 billion (equivalent value of USD 454 million) required to finance RBSL, for the period July 2023-May 2024.

The terms and conditions of the loan agreement (the principles underlying such an agreement) are similar to those considered in the study performed by ROMGAZ in July 2022 (by external consultancy) in order to determine the market value of interest rates applicable to a loan, with the characteristics of the loan required to finance RBSL. Therefore, the interest rate considered in the loan agreement shall be the same as in the Loan Agreement.

Resolution Draft

S.N.G.N. Romgaz S.A. General Meeting of Shareholders approves conclusion of a loan agreement between S.N.G.N. ROMGAZ S.A. (as lender) and Romgaz Black Sea Limited by Romgaz Black Sea Limited Nassau (Bahamas), Sucursala București (as borrower) in maximum amount of RON 2.1 billion (equivalent value of USD 454 million), to ensure the financing required by Romgaz Black Sea Limited for the period between the signing date of the loan agreement until May 2024. The interest rate shall be the one provided in the Loan Agreement no. 39097/08.09.2022, namely ROBOR 12 months + 1.74%.

**DIRECTOR GENERAL,
Răzvan POPESCU**

**DIRECTOR GENERAL ADJUNCT
Aristotel Marius JUDE**

**DIRECTOR ECONOMIC,
Gabriela TRÂNBIȚAȘ**

Legal Visa

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