

Registration number 24508/23.06.2023

ENDORSED BY

Dan Dragoş Drăgan

Chairman of the Board of Directors

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

Subject: Request for approval to withdraw from the “Joint Operating Agreement referring to Bilca Gas Project Area, from EIII-1 Brodina Block”

Titleholders of the Concession Agreement for EIII-1 Brodina Block are S.N.G.N. Romgaz S.A. (“Romgaz”) and Raffles Energy SRL (“Raffles”).

On February 11, 2003 Romgaz and Raffles concluded a Joint Operating Agreement (JOA) related to EIII-1 Brodina block for petroleum exploration, development and production.

The JOA related to EIII-1 Brodina block was amended and the following agreements are currently active:

1. the “Joint Operating Agreement referring to Bilca Gas Project Area, from EIII-1 Brodina Block” concluded on November 20, 2007, governing the rights and obligations of the parties concerning Bilca productive area.

The participating interests are:

- Raffles 62.5%(Operator),
- Romgaz 37.5%.

In 2011 a Processing Agreement relating to natural gas processing at Bilca Gas Processing Plant was signed in order to provide processing services for EIV-1 Suceava block, owned by Raffles.

2. the “Joint Operating Agreement for Non-Bilca Gas Area” was concluded by addendum, in 2012, amended in 2014 and remains in force regarding the GasToPower Voitinel project.

Bilca production area has 3 reservoirs (Bilca, Fratauti and Vicsani) with 5 wells drilled, out of which 3 were already abandoned between 2013-2015. The last gas production was recorded in 2018 from well 1 Bilca.

Related to Bilca reservoir, Raffles performed, at its own risk, a study to assess the potential transformation of the reservoir in a gas storage, study which is currently pending required approvals.

According to the analysis performed by Romgaz technical team, the reservoirs from Bilca production area no longer have development opportunities.

Profitability

The only income of the association derives from gas processing services from EIV-1 Suceava block held by Raffles Energy, the association currently recording losses.

Sale of Romgaz Participating Interest

The high depletion degree of these reservoirs, the lack of solutions to recover production determined Romgaz to initiate in 2018 a process to sell its participating interest.

Three companies reviewed data available in the Data Room but none was interested in purchasing Romgaz participating interest.

Analysis of the Joint Operating Agreement and of the Concession Agreement

According to the internal legal analysis:

- in compliance with Art. 11.4.2 of the JOA, Romgaz has the obligation to contribute to the abandonment costs in case of withdrawal from Romgaz-Raffles association;
- in compliance with Art. 17.2.3 of the JOA, withdrawal of a party is conditioned upon the transfer of all rights, privileges, duties or obligations to the non-withdrawing party or parties;
- following termination - according to Art. 18.1, the JOA shall remain in force to the extent and for the period required to effect a final accounting and settlement between the parties, including but not limited to Operator overheads (indirect costs) and administrative expenses under this Agreement.

Analysis of the Processing Agreement

Unilateral termination clauses of the Processing Agreement are not applicable. The solution to terminate this agreement is to conclude an addendum related to termination but the termination of the Processing Agreement prior to Romgaz withdrawal from the Bilca Area JOA was not accepted by Raffles.

Raffles accepted the increase of the processing tariff for the period July 01, 2022-June 30, 2023.

Fixed Assets

S.N.G.N. Romgaz S.A. holds 37.5% of the fixed assets from Bilca production area. Taking into account that Raffles is still analysing development possibilities for Bilca reservoirs, there is no possibility to sell Romgaz share of 37.5%.

Protocol agreed to be signed on the date of Romgaz withdrawal

Romgaz agreed with Raffles to conclude a Protocol upon Romgaz withdrawal, which:

- provides the modality in which Raffles will transfer the 37.5% share from the amount to be recovered following sale of Bilca area fixed assets as an exception from the rights and obligations of parties upon withdrawal of one of the parties,
- defines Romgaz financial obligations pursuant to the JOA and the Concession Agreement following its withdrawal.

Actions to be taken by Romgaz to withdraw from the JOA

1. to send the withdrawal notice to Raffles;
2. to sign the agreed Protocol;
3. to terminate the Gas Processing Agreement.

Whereas:

- the development opportunities presented by Raffles are of no interest for Romgaz,
- the association records losses,
- Romgaz has the possibility to recover 37.5% of the income obtained from the sale of fixed assets pursuant to the Protocol
- Raffles stated that it accepted to take over Romgaz share according to Article 17 of the JOA
- Board of Directors endorsement according to Board of Directors Resolution no. 68/2022

we propose the following Draft Resolution:

S.N.G.N. Romgaz S.A. Extraordinary General Meeting of Shareholders approves S.N.G.N. Romgaz S.A. withdrawal from the “Joint Operating Agreement referring to Bilca Gas Project Area from EIII-1 Brodina Block”, under the conditions mentioned in the document number 24508/23.06.2023.

Attachments hereto:

Annex 1-Draft Withdrawal Protocol

CHIEF EXECUTIVE OFFICER

Răzvan POPESCU

CHIEF FINANCIAL OFFICER

Gabriela TRÂNBÎȚAȘ

LEGAL VISA

Prepared By

DIRECTOR OF EXPLORATION AND PRODUCTION SUPPORT DEPARTMENT

Rodica Sasu

DRAFT

PROTOCOL
on
S.N.G.N. ROMGAZ S.A. WITHDRAWAL FROM
BILCA - EIII-1 BRODINA BLOCK JOINT OPERATING AGREEMENT

This PROTOCOL is made on between:

Societatea Nationala de Gaze Naturale ROMGAZ SA, having its registered headquarters in 551130 Medias Piața C.I. Motas No. 4, county of Sibiu, telephone 0269/201020, fax 0269/846901, Tax Identification Number RO14056826, registered with the Trade Register under number J 32/392/2001, IBAN R008 RNCB 0231 0195 2533 0001 opened at BCR - Sucursala Medias, legally represented by Mr. Răzvan POPESCU, as Chief Executive Officer (hereinafter referred to as "ROMGAZ");

and

Raffles ENERGY SRL, having its registered headquarters in Bulevardul Maresal Alexandru Averescu No. 15A, 5th floor, Ap. 9, Sector 1, 011455, Municipality of Bucharest, telephone 0212224209, fax 0212224206, Tax Identification Number RO7745453, registered with the Trade Register under number J40/6830/1995, IBAN RO42 BACX 0000 0010 6590 2006 opened at UniCredit Bank Romania, Sucursala SMB, legally represented by Mr. Silviu Iulian STAN, General Director (hereinafter referred to as "RAFFLES").

ROMGAZ and RAFFLES are individually referred to herein as a „PARTY” and collectively as “PARTIES”.

WHEREAS:

- (A) The Parties concluded the Joint Operating Agreement referring to the EIII-1 Brodina Block, registered under No. 144 of February 11, 2003, hereinafter referred to as the “JOA”;
- (B) ROMGAZ notified RAFFLES on, under Article 17 of the JOA, its intention to withdraw from the JOA as regards the Bilca productive area;
- (C) This Protocol shall be concluded for issues that are exceptional to the JOA, and in fact ROMGAZ shall remain responsible after its withdrawal for all payments accrued by events prior to its withdrawal from the JOA and the Joint Venture;
- (D) In accordance with the JOA, Article 17.1.1, based on the withdrawal notification issued by ROMGAZ, the withdrawal date is at least sixty (60) days and at most one hundred and eighty (180) days from notification;
- (E) The PARTIES wish to record certain payment obligations of the PARTIES, by way of exception from the provisions surviving the withdrawal date;

Bearing in mind the mutual agreements provided in this PROTOCOL, the PARTIES to the JOA agree as follows:

1. DEFINITIONS

1.1 Unless not otherwise defined hereunder, the words and terms in capital letters in this PROTOCOL shall have the same meaning as in the JOA.

2. INTERPRETATION

2.1 Words used in the singular shall include the plural, and vice-versa, and words indicating the masculine shall include the feminine and the neutral, and vice-versa.

2.2 Any reference to a PARTY shall include a corporation and other corporate entities affiliated to the Parties, their successors in rights (and obligations) and assignees.

2.3 All and any documents and annexes attached to this PROTOCOL form an integral part of this PROTOCOL.

2.4 In case of a specified period of time within a specific day or the day of a certain act or event, such shall be calculated without that specific day, and if a period of time does not fall in a business day, such period of time shall be deemed to expire on the following business day. To avoid any doubt, "business day" shall mean any day (except for Saturdays, Sundays and legal holidays) when the commercial banks in Bucharest are open for business.

3. OBLIGATIONS UNDERTAKEN BY THE PARTIES

The PARTIES hereby agree, by way of exception to the PARTIES rights and obligation under the JOA, upon withdrawal from the JOA:

3.1 The PARTIES agreed, bearing in mind ROMGAZ declared intention to withdraw from the JOA, to approve a Joint Venture Income and Expenditure Budget for the first six (6) months of the year (January - June 2023), with an option to extend such period by three (3) months, in case ROMGAZ withdrawal procedure is not completed by September 30, 2023.

3.2 The PARTIES agree that upon ROMGAZ withdrawal date the following amounts shall represent payments to be performed by ROMGAZ under the JOA (in case such amounts are not included in the January - September 2023 Budget):

(i) The amount representing costs to restore land to its former condition as agricultural land resulting by abandonment of 1-Frătăuți well within thirty (30) calendar days of receipt of invoice/settlement related to such cost;

(ii) The amount representing the abandonment costs of 1-Bilca well, only in case *Agenția Națională de Resurse Minerale* (The National Agency for Mineral Resources, hereinafter referred to as "ANRM") does not approve conversion of the Bilca reservoir into underground

gas storage, and 1-Bilca well is abandoned and such block is relinquished. In such case, ROMGAZ shall participate in proportion to its JOA participating interest share to the costs related to the abandonment and the relinquishment study. ROMGAZ shall perform the payment within thirty (30) calendar days of receipt of well abandonment invoice/ settlement;

(iii) The amount representing the costs related to obtaining the ANRM certification minutes referring to the relinquishment of Vicșani block. ROMGAZ shall perform the payment within thirty (30) calendar days of receipt of the related invoice/settlement.

3.3 The PARTIES agree that upon ROMGAZ withdrawal date the following amounts shall represent payments to be performed by RAFFLES, under the prior agreement of the PARTIES, stipulated under(Minutes.....), as follows:

a) In case RAFFLES withdraws from the Bilca productive area within three (3) years of ROMGAZ withdrawal, RAFFLES undertakes to pay Romgaz 37.5 % of the amount obtained from the sale of joint property fixed assets of the Joint Venture (Annex 1 - List of Joint Venture joint property fixed assets), that can be sold upon RAFFLES withdrawal from the area, deducted by costs related to such sale. Payment shall be performed within thirty (30) calendar days of collecting the amounts resulted from such sale.

4. DUE DATE

4.4 Failure to pay on the due date represents failure to comply with the obligation of the PARTIES, without any obligation to notify, raise claims or legal interpretation, and the PARTY in default shall pay, additionally to the amount not paid, an interest as provided under the JOA, from the due date up to the effective payment date.

5. GENERAL PROVISIONS

5.1 The PARTIES shall perform and execute or determine the performance or execution of all additional acts, deeds or facts and documents that may be necessary to enforce the terms of this PROTOCOL.

5.2 This PROTOCOL is binding upon the legal successors and assignees of the PARTIES hereto.

5.3 This PROTOCOL has been executed in copies, (.....) original copies in the Romanian language.

5.4 In case of any conflict or contradiction between the JOA and the PROTOCOL, the PARTIES agree that the intention, interpretation and terms of the JOA shall prevail.

IN WITNESS WHEREOF, the legal representatives of the PARTIES have duly executed this PROTOCOL on the day and year above mentioned.

S.N.G.N ROMGAZ S.A.

RAFFLES ENERGY SRL

Răzvan POPESCU
CEO
SNGN ROMGAZ SA

Silviu Iulian STAN
General Director
RAFFLES ENERGY SRL