

## IMPORTANT NOTICE

***IMPORTANT: You must read the following before continuing.***

The following applies to the prospectus (the “**Prospectus**”) following this page and you are therefore advised to read the disclaimers set out in this electronic transmission carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Company, the Selling Shareholder or the Managers (each as defined in the Prospectus) as a result of such access. You acknowledge that this electronic transmission and the delivery of the Prospectus is confidential and intended for you only and you agree you will not forward, reproduce or publish this electronic transmission and/or the Prospectus in any manner whatsoever to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION OR THE PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO IN THE PROSPECTUS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND SUCH SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S (“**REGULATION S**”) UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND IN PARTICULAR MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR APPLICABLE LAWS OF OTHER JURISDICTIONS.

NEITHER THE PROSPECTUS NOR ANY PART OR COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO AUSTRALIA, CANADA OR JAPAN OR TO ANY RESIDENT OF JAPAN, OR DISTRIBUTED DIRECTLY OR INDIRECTLY IN AUSTRALIA, CANADA OR JAPAN OR TO ANY RESIDENT OF JAPAN.

THIS ELECTRONIC TRANSMISSION, THE PROSPECTUS AND THE OFFERING (AS DEFINED IN THE PROSPECTUS) IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER: (1) “QUALIFIED INSTITUTIONAL BUYERS” (“**QIBs**”) UNDER RULE 144A (“**RULE 144A**”) UNDER THE SECURITIES ACT OR (2) NON-US PERSONS (AS DEFINED IN REGULATION S) OUTSIDE OF THE UNITED STATES.

THIS ELECTRONIC TRANSMISSION, THE PROSPECTUS AND THE OFFERING MADE PURSUANT THERETO ARE ADDRESSED ONLY TO AND DIRECTED ONLY AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“**EEA**”), OTHER THAN ROMANIA, WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC), AS AMENDED (“**QUALIFIED INVESTORS**”). IN ADDITION, IN THE UNITED KINGDOM, THIS ELECTRONIC TRANSMISSION AND THE PROSPECTUS IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED ONLY AT, QUALIFIED INVESTORS WHO (I) ARE PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “**FINANCIAL PROMOTION ORDER**”), (II) ARE PERSONS WHO FALL WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER OR (III) ARE OTHER PERSONS TO WHOM THEY MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS, INCLUDING QUALIFIED INVESTORS, TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS ELECTRONIC TRANSMISSION AND THE PROSPECTUS MUST NOT BE ACTED ON OR RELIED ON (I) IN THE UNITED KINGDOM, BY PERSONS WHO ARE NOT RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EEA OTHER THAN ROMANIA, BY PERSONS WHO ARE NOT QUALIFIED INVESTORS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ELECTRONIC TRANSMISSION AND THE PROSPECTUS RELATES IS AVAILABLE ONLY TO,

(I) THE PUBLIC IN ROMANIA, (II) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (III) IN ANY MEMBER STATE OF THE EEA OTHER THAN ROMANIA, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS.

**Confirmation of your Representation:** In order to be eligible to view the Prospectus or make an investment decision with respect to the securities described herein, you must be either (1) a QIB or (2) subscribing for or purchasing the securities outside the United States in reliance on Regulation S. This electronic transmission and the Prospectus is being sent at your request and by accepting the e-mail and accessing the Prospectus, you shall be deemed to have represented to the Company, the Ministry of Economy acting through the Romanian Department for Energy (the “**Selling Shareholder**”) and Erste Group Bank AG, Banca Comerciala Romana S.A., Goldman Sachs International and SSIF Raiffeisen Capital & Investment S.A (together, the “**Managers**”) that (i) you are a person that is outside the United States for the purpose of Regulation S or a QIB, and in the latter case, you are acquiring the securities for your own account and/or for the account of another QIB, or (ii) you are a person in a member state of the EEA, other than Romania and you are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors or Relevant Persons, to the extent that you are acting on behalf of persons or entities in the EEA or Romania, or (iii) you are a person in the United Kingdom and you are a Relevant Person and/or a Relevant Person acting on behalf of Relevant Persons or Qualified Investors, to the extent that you are acting on behalf of persons or entities in the United Kingdom or in the EEA, or (iv) you are an institutional investor that is otherwise eligible to receive this electronic transmission and the Prospectus. You shall also be deemed to have represented to the Company, the Selling Shareholder and each of the Managers that you consent to delivery of this electronic transmission and the Prospectus by electronic transmission.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver the Prospectus, electronically or otherwise, to any other person. If you receive the Prospectus by e-mail, you should not reply by e-mail. Any reply to e-mail communications, including those you generate by using the “reply” function on your e-mail software, will be ignored or rejected. If you receive the Prospectus in electronic format by e-mail, your use of such Prospectus in electronic format and such e-mail is at your own risk and it is your responsibility to take precautions to ensure that each is free from viruses and other items of a destructive nature.

The materials relating to the Offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Selling Shareholder in such jurisdiction.

The Prospectus has been sent to you in an electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Managers, or any person who controls any of them, nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from Banca Comerciala Romana S.A. and SSIF Raiffeisen Capital & Investment S.A.

None of the Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this electronic transmission or the Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Selling Shareholder or the securities or the offering referred to herein. The Managers and each of their affiliates disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of this electronic transmission, the Prospectus or any such statement. No representation or warranty, express or implied, is made by any of the Managers or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in this electronic transmission or the Prospectus.



## SOCIETATEA NAȚIONALĂ DE GAZE NATURALE “ROMGAZ” S.A.

(A joint stock company incorporated under the laws of Romania)

### Offering of up to 57,813,360 Shares in the form of Offer Shares and Offer Global Depositary Receipts, each GDR representing one Share, by the Ministry of Economy of Romania acting through the Romanian Department for Energy Offer Price Range between RON 24 and 32 per Offer Share and between US\$7.38 and 9.84 per Offer Global Depositary Receipt

This document has been approved by the Romanian Financial Supervisory Authority (the “**Romanian FSA**”), which is the Romanian competent authority for the purposes of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and relevant implementing measures in Romania, as a prospectus (the “**Prospectus**”) in accordance with Law no. 297/2004 on capital markets (the “**Capital Markets Law**”), Regulation no. 1/2006 on issuers and operations with securities issued by the Romanian National Securities Commission and Regulation (EC) No. 809/2004 of 29 April 2004 implementing the Prospectus Directive.

This Prospectus relates to an offering (the “**Offering**”) by the Romanian Ministry of Economy (acting through the Romanian Department for Energy) (the “**Selling Shareholder**”) of up to 57,813,360 existing ordinary shares in the share capital of Societatea Națională de Gaze Naturale “ROMGAZ” S.A. (“**Romgaz**” or the “**Company**”), a joint stock company incorporated under the laws of Romania, each of which are issued, fully paid with a par value of RON 1 and carrying one vote in a general meeting of shareholders (the “**Shares**”). The Offering comprises an offering of up to 57,813,360 Shares in the form of Shares (the “**Offer Shares**”) and/or global depositary receipts (the “**GDRs**”) and, together with the Shares, the “**Securities**”) which represent the Shares (the “**Offer GDRs**”) and, together with the Offer Shares, the “**Offer Securities**”) with one GDR representing an interest in one Share. The GDRs are to be issued against the deposit of Shares (to the extent permitted by applicable law) with Raiffeisen Bank S.A., as custodian (the “**Custodian**”) for The Bank of New York Mellon, as depositary (the “**GDR Depositary**”). The final offer price (the “**Final Offer Price**”) of the Offer Securities will be within the offer price range (the “**Offer Price Range**”). For details on the mechanism for calculating the Final Offer Price, see “*Subscription and Sale*”.

In connection with the Offering, the Selling Shareholder has agreed that the Stabilising Manager(s) will retain 13% of the gross proceeds obtained by the Selling Shareholder from the Offering (the “**Stabilisation Proceeds**”) and will use such Stabilisation Proceeds for the purposes of conducting stabilisation activities, if any, in the Securities, during the **Stabilisation Period** (as defined below). At the end of the Stabilisation Period, the Stabilising Manager(s) will return to the Selling Shareholder the Securities which have been purchased in the market as a result of stabilisation activities and/or any remaining portion of the Stabilisation Proceeds which was not used for the stabilisation activities, as well as any interest that has accumulated for the amounts corresponding to the Stabilisation Proceeds.

Application will be made to: (1) S.C. Bucharest Stock Exchange S.A. (the “**Bucharest Stock Exchange**”) for admission of the Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange; and (2) (i) the United Kingdom Financial Conduct Authority (the “**United Kingdom FCA**”), in its capacity as competent authority under the United Kingdom Financial Services and Markets Act 2000 (“**FSMA**”), for the GDRs to be admitted to listing on the official list of the United Kingdom FCA (the “**Official List**”) and (ii) the London Stock Exchange plc (the “**London Stock Exchange**”), for admission to trading of the GDRs on the London Stock Exchange’s main market for listed securities. The Bucharest Stock Exchange and the London Stock Exchange are both regulated markets in the European Economic Area (the “**EEA**”) for the purposes of Directive 2004/39/EC (the “**Directive on Markets in Financial Instruments**”). Prior to the Offering, there has been no public market for the Securities.

This Prospectus has been approved by the Romanian FSA but has not been, and will not be, approved by the United Kingdom FCA or any other competent authority of the EEA. The Company has requested that the Romanian FSA provide the United Kingdom FCA with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive (the “**Notification**”).

Admission of the Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange is expected to take place on or around 12 November 2013 (the “**Closing Date**”). The Shares are expected to be traded on the Regulated Spot Market of the Bucharest Stock Exchange under the symbol “SNG”.

Admission to the Official List and unconditional trading in the GDRs on the London Stock Exchange through the International Order Book (“**IOB**”) is expected to take place on or around the Closing Date, which will take place following the United Kingdom FCA’s receipt of Notification from the Romanian FSA. The GDRs are expected to be traded on the London Stock Exchange under the symbol SNGR. The Offering may be extended at any time without cause.

The Offering is structured as an offering of Offer Securities: (1) in Romania to the public; (2) in the United States to certain qualified institutional buyers (“**QIBs**”) as defined in, and in reliance on, Rule 144A (“**Rule 144A**”) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or another exemption from the registration requirements of the Securities Act; and (3) outside the United States and Romania in offshore transactions in reliance on Regulation S under the Securities Act (“**Regulation S**”).

**An investment in the Securities involves a high degree of risk. See “Risk Factors” beginning on page 37 for a discussion of certain matters that investors should consider prior to making an investment in the Securities.**

**THIS PROSPECTUS HAS BEEN APPROVED BY THE ROMANIAN FSA. THE APPROVAL VISA APPLIED ON THIS PROSPECTUS DOES NOT CONSTITUTE A GUARANTEE OR ANY KIND OF ASSESSMENT BY THE ROMANIAN FSA WITH REGARD TO THE OPPORTUNITY, THE ADVANTAGES OR DISADVANTAGES, THE PROFIT OR RISKS INVOLVED IN ACCEPTING THE OFFERING, OBJECT OF THE APPROVAL DECISION; THE APPROVAL CERTIFIES ONLY THE CONFORMITY OF THIS PROSPECTUS WITH THE LEGAL REQUIREMENTS AND THE RULES ADOPTED FOR THE APPLICATION THEREOF.**

*Joint Global Coordinators and Joint Bookrunners*

**Goldman Sachs International**

**Erste Group Bank AG**

*Domestic Lead Managers*

**Banca Comerciala Romana**

**SSIF Raiffeisen Capital & Investment**

The date of this Prospectus is 18 October 2013.

## IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This document comprises a prospectus relating to the Company, the Selling Shareholder and the Securities for the purposes of the Prospectus Directive.

The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except to persons reasonably believed to be QIBs in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act or outside the United States in offshore transactions in reliance on Regulation S. Prospective purchasers are hereby notified that sellers of the Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a discussion of these and certain further restrictions on offers, sales and transfers of the Securities and the distribution of this Prospectus, see “*Terms and Conditions of the Global Depositary Receipts*” and “*Selling and Transfer Restrictions*”.

The Offering may be extended at any time without cause. The GDRs will be issued in master form. The GDRs offered and sold in the United States (the “**Rule 144A GDRs**”) will be evidenced by a Rule 144A Master Global Depositary Receipt (the “**Rule 144A Master GDR**”) deposited with The Bank of New York Mellon in New York as custodian for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company (“**DTC**”) in New York. The GDRs offered and sold outside the United States (the “**Regulation S Master GDRs**”) will be evidenced by a Regulation S Master Global Depositary Receipt (the “**Regulation S Master GDR**” and, together with the Rule 144A Master GDR, the “**Master GDRs**”) registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York Mellon, London Branch, as common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”). Except as described herein, beneficial interests in the Master GDRs will be shown on, and transfers thereof will be effected only through the records of DTC with respect to the Rule 144A GDRs and Euroclear and Clearstream, Luxembourg with respect to the Regulation S GDRs. It is expected that delivery of the GDRs will be made against payment therefor in US dollars in same day funds through the facilities of DTC, Euroclear and Clearstream, Luxembourg on the Closing Date.

The Company and, as the case may be, the Selling Shareholder accept responsibility for the information contained in this Prospectus. To the best of the Company’s and the Selling Shareholder’s knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorised to give any information or to make any representation in connection with the Offering or sale of the Securities other than as contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, the Selling Shareholder or any of the Managers or their respective affiliates. If anyone provides any investor with different or inconsistent information, such investor should not rely on it.

This Prospectus is being furnished by the Company and the Selling Shareholder for the purpose of enabling a prospective investor to consider subscribing for and purchasing the Securities. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, the Selling Shareholder, the GDR Depository or any Manager that any recipient of this Prospectus should subscribe for or purchase the Securities. No representation or warranty, express or implied, is made by any Manager, the GDR Depository or any of their respective affiliates or advisors as to the accuracy or completeness of any information contained in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by any Manager or the GDR Depository as to the past or the future. Any reproduction or distribution of this Prospectus, in whole or in part, any disclosure of its contents, except to the extent that such contents are otherwise publicly available, and any use of any information herein for any purpose other than considering an investment in the Securities, is prohibited. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the Company’s affairs since the date hereof, or that the information contained herein is correct at any time subsequent to such date. Each prospective investor, by accepting delivery of this Prospectus, agrees to the foregoing.



None of the Managers or the GDR Depositary makes any representation, express or implied, with respect to the accuracy or completeness of any of the information in this Prospectus. Each potential subscriber for or purchaser of the Securities should determine for itself the relevance of the information contained in this Prospectus, and its subscription for or purchase of the Securities should be based upon such investigation, as it deems necessary, including the assessment of risks involved and its own determination of the suitability of any such investment, with particular reference to their own investment objectives and experience and any other factors that may be relevant to such investor in connection with the subscription for or purchase of the Securities.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Capital Markets Law and Regulation no. 1/2006 on issuers an operations with securities issued by the Romanian National Securities Commission, neither the delivery of this Prospectus nor any purchase made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that information contained herein is correct as at any time subsequent to, the date of this Prospectus.

Prospective investors should not consider any information in this Prospectus to be investment, legal or tax advice. Each prospective investor should consult its own legal counsel, financial adviser, accountant and other advisors for legal, tax, business, financial and related advice regarding subscribing for or purchasing the Securities. None of the Company, the Selling Shareholder, the GDR Depositary or any of the Managers makes any representation to any offeree or purchaser of or subscriber for the Securities regarding the legality of an investment in the Securities by such offeree or purchaser or subscriber under appropriate investment or similar laws. The price of the Securities as well as the income and dividends, if any, from them can go down as well as up.

In connection with the Offering, the Managers and any of their respective affiliates acting as an investor for its or their own account(s) may subscribe for or purchase the Securities and, in that capacity, may retain, subscribe for, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the Securities being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Managers or any of their respective affiliates acting as an investor for its or their own account(s). The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Selling Shareholder and the Managers reserve the right, following the allocation procedure, to reject any offer to subscribe for or purchase the Securities, in whole or in part, and to sell to any prospective investor less than the full amount of Securities sought by such investor.

Information on the Company's website, any website mentioned in this Prospectus or any website directly or indirectly linked to the Company's website is not incorporated by reference into this Prospectus and any decision to subscribe for or purchase the Securities should not be made in reliance on such information.

This Prospectus does not constitute an offer to sell, or a solicitation by or on behalf of the Company, the Selling Shareholder, the GDR Depositary or any Manager to any person to subscribe for or purchase any of the Securities in any jurisdiction where it is unlawful for such person to make such an offer or solicitation. The distribution of this Prospectus and the offer and sale of the Securities may be restricted by law in certain jurisdictions. You must inform yourself about, and observe any such restrictions. No action has been taken by the Company, the Selling Shareholder, the GDR Depositary or the Managers that would permit, otherwise than in Romania and the United Kingdom under the Offering, an offer of the Securities, or possession or distribution of this Prospectus or any other offering material or application form relating to the Securities in any jurisdiction where action for that purpose is required. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. Further information with regard to restrictions on offers and sales of the Securities is set forth below and under "*Subscription and Sale*", "*Terms and Conditions of the Global Depositary Receipts*" and "*Selling and Transfer Restrictions*". None of the Company, the Selling Shareholder or the Managers is making an offer to sell the Securities or a solicitation of an offer to buy any of the Securities to any person in any jurisdiction except where such an offer or solicitation is permitted.

The Managers are acting exclusively for the Selling Shareholder and no one else in connection with the Offering, and will not be responsible to any other person for providing the protection afforded to their clients or for providing advice in relation to the Offering. None of the Managers accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it or any of them or on its or their behalf in connection with the Company, the Selling Shareholder or the Securities. Each of the Managers accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

**In connection with the Offering, the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s), may (but will be under no obligation to), to the extent permitted by applicable law, effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail in an open market for a limited period. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of it/them) will undertake stabilisation action. Any stabilisation action may begin on the date of the commencement of trading of the Securities and, if begun, may be ended at any time but must end no later than 30 calendar days thereafter (the “Stabilisation Period”). Any stabilisation action must be undertaken in accordance with applicable laws and regulations. Save as required by law or regulation, the Stabilising Manager(s) do not intend to disclose the extent of any stabilisation transactions concluded in relation to the Offering.**

This Prospectus will be available on the website of the Bucharest Stock Exchange at [www.bvb.ro](http://www.bvb.ro), and on the website of the Company at [www.romgaz.ro](http://www.romgaz.ro) and copies thereof will be provided upon request during normal business hours at the headquarters of Banca Comerciala Romana S.A. located at 5 Regina Elisabeta Blvd. 3<sup>rd</sup> District, Bucharest, Romania, at the headquarters of SSIF Raiffeisen Capital & Investment S.A. located at 246D Calea Floreasca, 2<sup>nd</sup> Floor, 1<sup>st</sup> District, Bucharest, Romania and at the Distribution Group (as defined in the “*Definitions and Glossary of Selected Terms*”). The English-language Prospectus will be available on the website of the Company at [www.romgaz.ro](http://www.romgaz.ro) and copies thereof will be provided upon request during normal business hours at the headquarters of Banca Comerciala Romana S.A. located at 5 Regina Elisabeta Blvd. 3<sup>rd</sup> District, Bucharest, Romania, at the headquarters of SSIF Raiffeisen Capital & Investment S.A. located at 246D Calea Floreasca, 2<sup>nd</sup> Floor, 1<sup>st</sup> District, Bucharest, Romania. The information set forth in this Prospectus is only accurate as of the date on the front cover of this Prospectus. The Company’s business and financial condition may have changed since that date.

The Company’s articles of incorporation are available on the Company’s website at [www.romgaz.ro](http://www.romgaz.ro).

## **NOTICE TO INVESTORS IN THE UNITED STATES**

The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States for offer or sale as part of their distribution and, subject to certain exceptions, may not be offered or sold in the United States. The Securities offered hereby are being offered and sold in the United States only to QIBs in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act and outside the United States in offshore transactions in reliance on Regulation S. Prospective investors are hereby notified that any seller of the Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Securities are not transferable except in accordance with the restrictions described herein. See “*Selling and Transfer Restrictions*”.

**Neither the United States Securities and Exchange Commission (the “SEC”) nor any state securities commission nor any non-U.S. securities authority except the Romanian FSA has approved or disapproved of the Securities or determined that this Prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

## NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE, NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE, CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT, NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION, MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

## NOTICE TO INVESTORS IN EEA

This Prospectus has been prepared on the basis that all offers of the Offer Securities (other than in Romania) will be made pursuant to an exemption under Article 3 of the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of the Offer Securities. Accordingly, any person making or intending to make any offer within the EEA of the Securities should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholder, the Managers or any other person to produce a prospectus for such offer. The Company, the Selling Shareholder and the Managers have not authorised, nor do they authorise, the making of any offer of the Offer Securities through any financial intermediary, other than offers made by the Managers, including through the Distribution Group (as defined in the “*Definitions and Glossary of Selected Terms*”), which constitute the final placement of the Offer Securities contemplated in this Prospectus.

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, the offer of any Offer Securities which are the subject of the Offering contemplated by this Prospectus is not being made and will not be made to the public in that Relevant Member State (other than in Romania), other than: (a) to any legal entity which is a “**qualified investor**” as defined in Article 2(1)(e) of the Prospectus Directive; (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in any Relevant Member State; or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; **provided that** no such offer of the Securities shall require the Company or the Selling Shareholder to publish a prospectus pursuant to Article 3 of the Prospectus or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this notice to investors, the expression an “**offer of the Offer Securities**” in relation to the Offer Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Securities to be offered so as to enable an investor to decide to subscribe for or purchase the Offer Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each subscriber for or purchaser of Offer Securities in the Offering located within a member state of the EEA (other than in Romania) will be deemed to have represented, acknowledged and agreed that it is a qualified investor. The Company, the Selling Shareholder, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement.

For the purposes of this Prospectus, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in each Relevant Member State), and includes any relevant implementing measure in each Relevant Member State of the EEA and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

## NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is for distribution only to, and is directed only at qualified investors who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are other persons to whom they may otherwise lawfully be communicated (all such persons, including qualified investors, together being referred to as “**relevant persons**”).

In the United Kingdom, this Prospectus is directed only at relevant persons and must not be acted on or relied on by anyone who is not a relevant person. In the United Kingdom, any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are not historical facts and are “**forward-looking**” within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). This Prospectus includes forward-looking statements, which include, without limitation, any statements preceded by, followed by or that include the words “**may**”, “**will**”, “**would**”, “**should**”, “**expect**”, “**intend**”, “**estimate**”, “**forecast**”, “**anticipate**”, “**project**”, “**believe**”, “**seek**”, “**plan**”, “**predict**”, “**continue**”, “**commit**”, “**undertaking**” and similar expressions or their negatives. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause its actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. Among the important factors that could cause the Company’s actual results, performance or achievements to differ materially from those expressed in such forward-looking statements are those in “*Operating and Financial Review*”, “*Risk Factors*” and elsewhere in this Prospectus. These factors include, but are not limited to:

- the concentration of reserves in one area;
- requirement for significant capital expenditures to increase production levels and improve overall efficiency;
- estimation of current reserves and forward production data;
- operational risks involved in drilling;
- default or delays by counterparties;
- uncertainties in connection with exploration and development due to the need to acquire rights of access to the surface of lands;
- limited control over activities in connection with assets as to which the Company does not control a majority interest;
- significant influence by the Romanian Government;
- revenues and results of operations being subject to climatic conditions and seasonal variations;
- ability to compete effectively in bidding for new licences;
- requirements for various administrative authorisations and permits from Romanian authorities to operate;
- complying with environmental, health and safety laws and regulations and maintaining environmental, health and safety regulatory approvals;
- changes in the regulated market;
- changes in the European Union’s renewable energy policy and an accelerated shift towards renewable energy sources;



- development of procedures to increase robustness of internal reporting and controls procedures and its disclosure policies;
- unethical conduct and non-compliance with applicable laws and regulations;
- decommissioning costs;
- decreases in the prices obtained for the Company's natural gas and electricity;
- exposure to changes in the taxes and royalties imposed on operations;
- application of specific procurement procedures;
- reliance on services of third parties, the availability and quality of which cannot be assured;
- the validity of certain petroleum agreements;
- exchange rate fluctuations;
- gradual deterioration of equipment and components at the Company's facilities;
- difficulty in hiring, training and retaining sufficient qualified staff;
- strikes or other forms of labour disruption at the Company's facilities;
- inadequate insurance coverage;
- changes in the taxes and royalties imposed on operations; and
- property being subject to certain restitution claims.

The above list of important factors is not exhaustive. When reviewing forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Company operates. Forward-looking statements contained in this Prospectus speak only as at the date of this Prospectus. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any of such statements are based unless required to do so by any applicable regulatory regime.

### **AVAILABLE INFORMATION**

For so long as any Securities are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such person pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto) to permit compliance with Rule 144A in connection with resales of GDRs.

### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

The Company is incorporated under the laws of Romania. Certain persons referred to herein are residents of Romania and certain entities referred to herein are organised under the laws of Romania. All or a substantial portion of the assets of such persons and entities are located in Romania. As a result, it may not be possible for investors to:

- effect service of process within the United States or other countries upon any of the Company's directors and senior managers named in this Prospectus; or
- enforce, in the United States or other countries, court judgments obtained in courts of the United States or such other countries against the Company or any of its directors and senior managers named in this Prospectus in any action.

In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, liabilities predicated upon US securities laws, as the case may be.

Furthermore, the United States and Romania currently do not have bilateral or other treaties between them providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. A final and conclusive judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon US federal securities laws, would not automatically be recognised or enforceable in Romania.

A judgment of a court of law of a non-EU member state or of Denmark made *in personam* for a certain sum, which is not impeachable as void or voidable under the internal laws of the foreign jurisdiction (a “**Non-EU Judgment**”) would be recognised in Romania **provided that**: (a) the Non-EU Judgment is final (“*hotarare definitiva*”) according to the law of the state where it was given; (b) the court rendering such Non-EU Judgment had, according to *lex fori*, jurisdiction to try the relevant litigation, but without relying exclusively on the presence in that jurisdiction of the defendant or of some of its assets which are not directly connected with that litigation; (c) there exists reciprocity regarding the effects of foreign judgments between Romania and the foreign jurisdiction which rendered the Non-EU Judgment whose recognition is sought; (d) when given in default of appearance, the party who lost the trial was served in due course with the summoning for appearance for the hearing where the court tried the merits of the case and with the document which instituted the proceedings, was given the possibility to defend itself and was given the possibility to challenge the Non-EU Judgment; (e) such Non-EU Judgment was not obtained by fraud or in a manner manifestly inconsistent with or contrary to public order of Romanian international private law; (f) where the Non-EU Judgment is rendered in an area of law where persons cannot dispose freely of their rights, the Non-EU Judgment was not obtained exclusively for the purpose of withholding the matter from the incidence of the law that would otherwise be applicable pursuant to Romanian conflict of law rules; (g) no substantially similar action or proceeding involving the same parties resulted in a judgment (even if not final) of the Romanian courts or is pending before Romanian courts as at the date the action or proceeding commenced before the foreign jurisdiction which rendered the Non-EU Judgment; (h) the Non-EU Judgment is not irreconcilable with a prior foreign judgment which may be recognised in Romania; (i) Romanian courts did not have exclusive jurisdiction to try the subject matter of the Non-EU Judgment pursuant to Romanian civil procedure laws; (j) the right of defence was not breached; (k) the Non-EU Judgment may not be challenged in any other manner in the state where it was rendered; and (l) the application for recognition before Romanian courts is duly made according to the Romanian procedural rules and encloses all the documentation thereby required. Additionally, the recognition of the Non-EU Judgment may not be refused solely for the reason that the foreign court rendering the Non-EU Judgment applied another law than the law that would have been applicable according to Romanian conflict of law rules, except where the trial concerns the civil status and the capacity of a Romanian citizen and the solution adopted by the court differs from the solution that would have been reached according to the Romanian law.

A Non-EU Judgment can be enforced in Romania based on a final decision of a Romanian competent court approving the enforcement, only if: (i) the requirements mentioned above for the recognition in Romania of Non-EU Judgments are met; (ii) the Non-EU Judgment is enforceable according to the law of the jurisdiction where it was made; (iii) where the Non-EU Judgment establishes an obligation arising from a foreign fiscal law, there exists reciprocity regarding the effects of foreign judgments in the relevant fiscal matter between Romania and the foreign jurisdiction which rendered the Non-EU Judgment whose recognition and enforcement is sought; (iv) the enforcement of such Non-EU Judgment does not constitute, directly or indirectly, the enforcement of foreign penal laws; (v) the right to require enforcement has not expired/did not prescribe according to the statute of limitation provisions (“*prescriptia dreptului de a cere executarea silita*”) of the Romanian law; and (vi) the application for enforcement before Romanian courts is duly made according to the Romanian procedural rules and encloses all the documentation thereby required.

A court judgment rendered in an EU member state other than Romania and Denmark (an “**EU Judgment**”) would be recognised in Romania only if: (a) such recognition is not manifestly contrary to public order in Romania; (b) where it was given in default of appearance, if the defendant was served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable him to arrange for his defence and failing that, if the defendant failed to commence proceedings to challenge the judgment when it was possible for him to do so; (c) it is not irreconcilable with a judgment given in a dispute between the same parties in Romania; (d) it is not irreconcilable with an earlier judgment given in a EU member state (other than Romania and Denmark)

or in a third state involving the same cause of action and between the same parties, **provided that** the earlier judgment fulfils the conditions necessary for its recognition in Romania; and (e) the EU Judgement does not conflict with the provisions of Council Regulation (EC) No 44/2001 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters dealing with jurisdiction in matters relating to insurance, jurisdiction over customer contracts and exclusive jurisdiction.

An EU Judgment can be enforced in Romania based on a final decision of a Romanian competent court approving the enforcement, only if: (i) it is enforceable in the EU member state where the EU Judgment was made; (ii) the Romanian competent court is provided with a copy of the EU Judgment which satisfies the conditions necessary to establish its authenticity; (iii) the Romanian competent court is provided with an original certificate issued by the relevant EU member state's court or other competent authority substantially in the form set out in Annex V of the Council Regulation (EC) No 44/2001 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters and none of the conditions above preventing the recognition of an EU Judgment is applicable; (iv) where the EU Judgment orders a periodic payment by way of penalty, (including but not limited to, default interest), the amount of the payment has been finally determined by the courts of the EU member state of origin; and (v) the right to enforce the final judgment is not restricted by any limitation period.

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### *General*

**Investors should rely only on the information in this Prospectus. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Offer and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Selling Shareholder or the Managers. No representation or warranty, express or implied, is made by any Manager or any selling agent as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish an amendment to the prospectus pursuant to section 87G of the FSMA and PR 3.4.1 of the Prospectus Rules, neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.**

The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial advisor or tax advisor for legal, financial or tax advice in relation to any subscription, purchase or proposed subscription or purchase of Offer Securities.

In connection with the Offer, each of the Managers and any of their affiliates, acting as investors for its or their own accounts, may subscribe for and/or purchase Offer Securities, and in that capacity may retain, purchase, sell, offer to sell or subscribe for or otherwise deal for its or their own accounts in such Offer Securities and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Offer Securities being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by any Manager and any of its affiliates acting as an investor for its own accounts. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

None of the Company, Selling Shareholder or the Managers is making any representation to any offeree or purchaser of the Offer Securities regarding the legality of an investment by such offeree or purchaser.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Managers by the FSMA or the regulatory regime established thereunder, the United Kingdom FCA or any other

applicable regulatory regime, none of the Managers accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Offer Securities or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of the Managers accordingly disclaim all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

Prior to making any decision as to whether to subscribe for or purchase the Offer Securities, prospective investors should read this Prospectus in its entirety. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Prospectus, including the risks involved.

**Financial Statements of the Company.** The Company's audited individual financial statements as of and for the years ended 31 December 2012, 2011 and 2010 (the "**Audited Individual Financial Statements**") and the Company's unaudited individual financial information as of 30 June 2013 and for the six months ended 30 June 2013 and 2012 (the "**Interim Individual Financial Statements**" and, together with the Audited Individual Financial Statements, the "**Individual Financial Statements**") are included in this Prospectus. The Audited Individual Financial Statements included in this Prospectus have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as adopted by the European Union. The Interim Individual Financial Statements have been prepared in accordance with IFRS as adopted by the European Union. The Individual Financial Statements are presented in Romanian Lei ("**RON**").

**Unaudited operating information.** The Company's unaudited operating information in relation to its business is derived from the following sources: (i) internal records related to production and sales of natural gas; (ii) accounting systems (based on invoices issued and/or received); (iii) internal reporting systems supporting the preparation of financial statements; (iv) management assumptions and analyses; and (v) discussions with key operating personnel. Operating information derived from management accounts or internal reporting systems in relations to the Company's business is to be found principally in "*Operating and Financial Review*" and "*Business*".

#### **Certain Reserves Information.**

**Cautionary note to US investors:** The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that they have demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. The natural gas reserves data presented in this Prospectus have been estimated at the request of the Company by DeGolyer and MacNaughton ("**D&M**"), an internationally recognised firm of oil and gas consultants and reservoir engineers, according to standards prepared under the Petroleum Resources Management System ("**PRMS**") approved by the Society of Petroleum Engineers and the World Petroleum Council and thus proved reserves may differ from those estimated according to definitions used by the SEC. Further, the Company uses certain terms in this Prospectus in referring to its reserves, such as "probable" or "possible" reserves, or its resources that the SEC's guidelines would prohibit it from including in filings with the SEC if the Company were subject to reporting requirements under the Exchange Act. Prospective investors should read the report prepared by D&M (the "**D&M Report**") for more information on the Company's reserves and resources and the reserves and resources definitions that the Company uses.

The information on reserves in this Prospectus and the D&M Report is based on economic assumptions that may prove to be incorrect. The Romanian economy is more unstable and subject to more significant and sudden changes than the economies of many other developed countries and, therefore, economic assumptions in Romania are subject to a high degree of uncertainty. Prospective investors should not place undue reliance on the forward-looking statements in the D&M Report, on the ability of the D&M Report to predict actual reserves or on comparisons of similar reports concerning companies established in countries with more mature economic systems.

This Prospectus includes descriptions of contingent resources which have been extracted from the D&M Report. Special uncertainties exist with respect to the estimation of contingent resources in



addition to those set forth above that apply to reserves. **CONTINGENT RESOURCES ARE DEFINED AS THOSE RESOURCES THAT ARE ESTIMATED, AS OF A GIVEN DATE, TO BE POTENTIALLY RECOVERABLE FROM KNOWN ACCUMULATIONS BUT ARE NOT CURRENTLY CONSIDERED TO BE COMMERCIALY RECOVERABLE. THE PROBABILITY THAT CONTINGENT RESOURCES WILL BE ECONOMICALLY RECOVERABLE IS CONSIDERABLY LOWER THAN FOR PROVED, PROBABLE OR POSSIBLE RESERVES. VOLUMES ASSOCIATED WITH CONTINGENT RESOURCES SHOULD BE CONSIDERED HIGHLY SPECULATIVE.** Such information, data and statistics have been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published or provided by the aforementioned sources, no facts have been omitted which would render the reproduced information, data and statistics inaccurate or misleading.

**Non-IFRS measures.** The Company has included certain measures in this Prospectus that are not measures defined by IFRS. These include adjusted EBITDA, adjusted EBITDA margin, working capital, liquidity, other current financial debt, current financial debt, net current financial indebtedness, non current financial indebtedness and net financial indebtedness. The Company has included these measures for the reasons described below, however, these measures should not be used instead of, or considered as alternatives to, its historical financial results based on IFRS.

The Company defines adjusted EBITDA as profit/(loss) for the period before net finance costs, income tax expense, depreciation, amortization and impairment of property, plant and equipment. The Company believes that the presentation of adjusted EBITDA enhances an investor's understanding of the Company's financial performance. Adjusted EBITDA is not a presentation made in accordance with IFRS and the Company's use of the term adjusted EBITDA may vary from others in the Company's industry. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for financial information as reported under IFRS. For example, adjusted EBITDA does not reflect the effect of finance costs, income tax expense or depreciation, amortization and impairment on the Company's operating performance. Adjusted EBITDA should not be considered as an alternative to net profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of the Company's liquidity. In particular, adjusted EBITDA should not be considered as a measure of discretionary cash available to the Company to invest in the growth of its business. The Company defines adjusted EBITDA margin as adjusted EBITDA divided by revenue.

The Company defines working capital as current assets of the period minus current liabilities.

**Market Information.** Market data used in this Prospectus under the captions "*Summary*", "*Risk Factors*", "*Operating and Financial Review*", "*Industry*" and "*Business*" has been extracted from official and industry sources and other sources the Company believes to be reliable. Sources of such information, data and statistics include the National Regulatory Agency in the Energy Sector ("**ANRE**"), Eurostat, the National Prognosis Commission, the IMF and the Romanian Institute for Statistics. Further sources include the D&M Report and ERM Report, which are reports of independent third parties attached hereto as Annex A and Annex B, respectively. Such information, data and statistics have been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published or provided by the aforementioned sources, no facts have been omitted which would render the reproduced information, data and statistics inaccurate or misleading.

**Countries.** In this Prospectus, all references to "**US**" are to the United States of America, all references to "**UK**" are to the United Kingdom, all references to the "**EU**" are to the European Union and its member states as of the date of this Prospectus, and all references to the "**EEA**" are to the European Economic Area and its member states as of the date of this Prospectus.

**Currencies.** In this Prospectus, all references to "**RON**" and "**Lei**" are to the lawful currency of Romania, all references to "**€**", "**EUR**" and "**euro**" are to the lawful currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended, and all references to "**US\$**", "**\$**", "**US dollar**", "**USD**" and "**dollar**" are to the lawful currency of the United States.

Solely for the convenience of the reader, and except as otherwise stated, this Prospectus contains translations of certain RON amounts, derived from the Individual Financial Statements and

other financial information included in the Prospectus, into US dollars/euro at the average rate for 2012 of RON 3.4682 to US\$ 1.00 and, respectively RON 4.4560 to EUR 1.00. The translations of some RON or US dollar/euro amounts derived from third party sources may differ from the convenience translations used in this Prospectus. The Company makes no representation that the RON amounts referred to in this Prospectus could have been or could be converted into any currency at the above exchange rate, at any other rate or at all. The Company's functional and reporting currency is the RON, as it reflects the economic substance of the Company's underlying events and circumstances. See also, "*Exchange Rate Information*".

***Rounding.*** Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## EXCHANGE RATE INFORMATION

The following tables show, for the periods indicated, information relating to the exchange rates between the RON and the US dollar, based on information derived from the National Bank of Romania. The columns titled “Average” in the tables below show the average of the daily reference rates for the respective periods.

<u>Years ended 31 December</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
			(RON per US dollar)	
2008 .....	3.0628	2.2319	2.5189	2.8342
2009 .....	3.4257	2.7883	3.0493	2.9361
2010 .....	3.5697	2.8388	3.1779	3.2045
2011 .....	3.3423	2.7408	3.0486	3.3393
2012 .....	3.8343	3.2357	3.4682	3.3575
<u>9-month period ended 30 September</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
			(RON per US dollar)	
2012 .....	3.8343	3.2357	3.4633	3.5029
2013 .....	3.4628	3.2033	3.3474	3.3051
<u>Months ended</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
			(RON per US dollar)	
July 2013 .....	3.4628	3.3029	3.3829	3.3169
August 2013 .....	3.3562	3.3110	3.3306	3.3510
September 2013.....	3.4106	3.2838	3.3437	3.3051
October 2013 (up to 10 October 2013).....	3.2988	3.2560	3.2782	3.2987

Source: National Bank of Romania

The following tables show, for the periods indicated, information relating to the exchange rates between the RON and the EUR, based on information derived from the National Bank of Romania. The columns titled “Average” in the tables below show the average of the daily reference rates for the respective periods.

<u>Year ended 31 December</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
			(RON per EUR)	
2008 .....	3.9964	3.4719	3.6827	3.9852
2009 .....	4.3127	4.0296	4.2373	4.2282
2010 .....	4.3688	4.0653	4.2099	4.2848
2011 .....	4.3620	4.0735	4.2379	4.3197
2012 .....	4.6481	4.3219	4.4560	4.4287
<u>9-month period ended 30 September</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
			(RON per EUR)	
2012 .....	4.6481	4.3219	4.4341	4.5331
2013 .....	4.5535	4.3072	4.4076	4.4604
<u>Months ended</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
			(RON per EUR)	
July 2013 .....	4.4914	4.3886	4.4257	4.4048
August 2013 .....	4.4937	4.4111	4.4353	4.4367
September 2013.....	4.4847	4.4221	4.4627	4.4604
October 2013 (up to 10 October 2013).....	4.4631	4.4304	4.4463	4.4623

Source: National Bank of Romania

The Company makes no representation that the RON amounts referred to in this Prospectus could have been or could be converted into any currency at the above exchange rates, at any other rate or at all.

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1–E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable.”

<b>Section A—Introduction and warnings</b>		
<b>A.1</b>	<i>Warning.</i>	This summary should be read as an introduction to the prospectus (the “ <b>Prospectus</b> ”); any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor; where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
<b>A.2</b>	<i>Consent by the issuer or person responsible for drawing up the prospectus to the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries.</i>	Not applicable. Societatea Nationala de Gaze Naturale “Romgaz” S.A. (“ <b>Romgaz</b> ” or the “ <b>Company</b> ”) has not consented to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

<b>Section B—Issuer</b>		
<b>B.1</b>	<i>The legal and commercial name of the issuer.</i>	The Company’s legal name and commercial name is Societatea Nationala de Gaze Naturale “Romgaz” S.A. and its registered commercial name is S.N.G.N. “ROMGAZ S.A.”.
<b>B.2</b>	<i>The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation.</i>	The Company is a joint stock company, registered with the Romanian Trade Registry Office attached to the Sibiu Court under number J32/392/2001, having sole registration code RO14056826. The Company’s corporate seat is in Medias, Romania and its business address is 4 Piata Constantin Motas, Medias, Sibiu County 551130, Romania. The Company was founded in the form of a joint stock company in accordance with the incorporation certificate no. 1914453, the provisions of Government Decision no. 575/2001, and the provisions of Law no. 31/1990 on companies, as amended (the “ <b>Companies Law</b> ”).

<p><b>B.3</b></p>	<p><i>A description of, and key factors relating to, the nature of the issuer's current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes.</i></p>	<p>Romgaz is the largest natural gas producer and supplier in Romania, and its core business segments are: gas exploration and production, gas supply, underground gas storage and electricity production. In 2012, Romgaz produced 5.66 billion m<sup>3</sup> of natural gas and, according to National Regulatory Authority in the Energy Sector (“ANRE”), had a market share of 50.12% of sales of domestically produced natural gas. The Company’s daily production averaged approximately 15.8 million m<sup>3</sup> for the six months ended 30 June 2013.</p> <p>In Romania, Romgaz currently operates 3,257 gas producing wells which access 147 commercial fields and holds 29 exploration wells in nine on-shore exploration blocks. As at 30 June 2013, according to the D&amp;M Report the Company held net proved reserves of 62.1 billion m<sup>3</sup> (equivalent of 2,192.4 billion ft<sup>3</sup>) of gas and net probable reserves of 13.2 billion m<sup>3</sup> (equivalent of 464.6 billion ft<sup>3</sup>) of gas.</p> <p>The Company has also entered into several partnerships and other joint operating agreements for exploration and development of certain concessioned perimeters, both abroad and in Romania. In Slovakia, the Company holds a 25% partnership share in the licence for the exploration, development and exploitation of three blocks—Svidnik, Medzilaborce and Snina, and similar interests held in the corresponding joint operating agreements concluded between partners, corresponding to the three blocks. In Poland, the Company holds a 30% partnership interest in a partnership agreement with respect to two exploration blocks: Torzym and Cybinka. Within Romania, in the region of Moldavia, the Company has shared interests in two further blocks—Brodina, in which, according to the concession agreement, it holds a 37.5% partnership interest (according to the joint operation agreement, the Brodina block was split by the partners into two areas: (i) Brodina exploration, where the Company holds 50% and (ii) Brodina production area, where the Company holds 37.5%) and Bacau (in which it holds a 40% interest (according to the joint operation agreement, the Bacau block was split by the partners into two areas: (i) Bacau Nord, where the Company holds 40% and (ii) Bacau Sud, where the Company holds 100%). The Company has a series of collaborative agreements with ExxonMobil Exploration and Production Romania Limited (“<b>ExxonMobil</b>”), OMV Petrom S.A. (“<b>OMV Petrom</b>”), Lukoil, Vanco, Amromco and Schlumberger Logelco Inc. (“<b>Schlumberger</b>”) together with other joint venture agreements to explore, develop or rehabilitate various blocks or facilities in Romania and in offshore areas.</p> <p>The Company is also the largest underground gas storage operator in Romania. The Company owns and operates six underground storage deposits with total working volume of 2.76 billion m<sup>3</sup> and, according to ANRE, it had a market share for underground gas storage in Romania of 90% in 2012. The Company is also a shareholder in two other underground gas storage operators: Depomures S.A. (in which the Company holds a 40% stake) and Amgaz S.A. (in which the Company</p>
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		<p>holds a 35% stake and which operates the Nades-Prod-Seleus underground storage deposit, with a storage capacity of 75 million m<sup>3</sup>/cycle storage). Depomures S.A. operates the Targu Mures underground gas storage deposit, with a storage capacity of 300 million m<sup>3</sup>/cycle.</p> <p>On 31 January 2013, Romgaz took over CTE Iernut thermal powered electricity production plant (“<b>CTE Iernut</b>”) from Electrocentrale Bucuresti S.A. (“<b>Electrocentrale Bucuresti</b>”). CTE Iernut has an installed capacity of 800MW. During 2012, CTE Iernut produced 464GWh. From a total capacity of 800 MW the Company estimates that 160 MW of such capacity will be utilised on average in 2013.</p>
<p><b>B.4a</b></p>	<p><i>A description of the most significant recent trends affecting the issuer and the industries in which it operates.</i></p>	<p>Romania has the largest natural gas market in Central and Eastern Europe and it was the first country to use natural gas for industrial purposes. The natural gas market has reached record size in the early 1980s, as a result of the application of government policies geared towards the elimination of country’s dependence on imports.</p> <p>The natural gas market in Romania is structured after a pattern that has resulted from legislative constraints imposed by the European Union for the free movement of commodities and services and reducing Government involvement in economic activity, as well as the need to increase efficiency activity in general. This objective has been achieved by restructuring activities and privatization of enterprises in the gas sector.</p> <p>A major step in the process of amending the market model was full deregulation of the Romanian natural gas market so that currently, customers can opt for one of the natural gas suppliers licensed by the regulatory authority and to negotiate directly contract provisions and price for the supply of natural gas. Thus, the customer may exercise his choice for supplier directly, without carrying out any administrative formalities. As of 31 December 2012, approximately 60% of customers (in terms of volume) had opted to choose their supplier, leaving approximately 40% as regulated customers. In 2012, the regulated customers accounted for 40% of the Romanian market by volume and the remaining 60% of the Romanian market comprised the unregulated market. Total consumption for the regulated and unregulated market in 2012 were 52.6 TW and 78.9 TW, respectively.</p> <p>In particular, the Romanian natural gas sector has undergone a process of comprehensive restructuring, having as main pillars:</p> <ul style="list-style-type: none"> <li>• separation of activities in autonomous sectors of manufacturing, storage, transmission and distribution;</li> <li>• decentralization of natural gas production and imports by granting licenses and permits to a growing number of companies;</li> <li>• regulation of non-discriminatory access of third parties to deposits of underground natural gas storage facilities; and</li> </ul>

		<ul style="list-style-type: none"> <li>regulation of non-discriminatory third party access to the transmission system.</li> </ul> <p>Prerequisites for the initiation of the privatization process were created in the sector by the restructuring of the natural gas industry.</p> <p>In addition, Romania has undertaken to fully liberalise the gas price for domestic production as well as the end-customer prices. In February 2013, the Romanian government started to implement a plan to deregulate natural gas prices by raising gas prices by 5% for non-household customers. It has planned to achieve the complete price deregulation by until 1 October 2014 for regulated customers and by 1 October 2018 for non-regulated customers. For non-household customers, the price of domestic gas is to increase from 49 RON/MWh as of 1 February 2013 to 119 RON/MWh until 1 October 2014, and for household customers, the price is to increase from 45.7 RON/MWh, in 31 December 2012 to 119 RON/MWh, by 1 October 2018.</p> <p>The profound changes in the market configuration and in the natural gas sector, which occurred in 2000 and continue to be present today, have resulted in adjustment of the regulatory and institutional framework to the new situations.</p>
<b>B.5</b>	<i>If the issuer is part of a group, a description of the group and the issuer's position within the group.</i>	Not applicable. As of the date of this Prospectus, the Company does not have any subsidiaries nor is part of a broader corporate group.
<b>B.6</b>	<i>In so far as is known, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest. Whether the issuer's major shareholders have different voting rights if any. To the extent known to the issuer, state whether the issuer is directly or indirectly owned by controlled and by whom and describe the nature of such control.</i>	<p>As at the date of the Prospectus, (i) the Ministry of Economy (acting through the Romanian Department for Energy) (the "<b>Selling Shareholder</b>") has a 85.0071% interest in the Shares of the Company, equating to a holding of 327,636,440 Shares, and (ii) S.C. Fondul Proprietatea S.A. ("<b>Fondul Proprietatea</b>") has a 14.9929% interest in the Shares equating to a holding of 57,785,960 Shares.</p> <p>Following the Offering (assuming that no Securities are purchased in connection with the stabilisation activities), the Selling Shareholder will hold a 70.0071% interest in the Company's Shares, equating to a holding of 269,823,080 Shares, and will continue to control the Company.</p> <p>There is only one class of share capital in the Company and all Shares rank equally. No shareholder has different voting rights attached to the Shares to any other shareholder.</p> <p>The Company is directly controlled by the Selling Shareholder, which currently owns 85.0071% of the Shares in the Company.</p>



**B.7** *Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information. This should be accompanied by a narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.*

The financial information set forth below as of and for the six months ended 30 June 2013 and 2012 and for the years ended 31 December 2012, 2011 and 2010 has been extracted from the Company's audited individual financial statements as of and for the years ended 31 December 2012, 2011 and 2010 and the unaudited interim financial statements as of and for the six months ended 30 June 2013 included in the Prospectus.

**Summary of statement of individual comprehensive income**

	6-month period ended 30 June		Year ended 31 December		
	2013	2012	2012	2011	2010
	(Unaudited)		(Audited)		
	(RON thousands)				
Revenue .....	1,901,139	2,192,193	3,837,941	4,195,477	3,497,461
Cost of commodities sold .....	(302,048)	(591,965)	(904,580)	(1,168,545)	(715,785)
Investment income ...	59,003	78,517	148,326	106,797	94,287
Other gains and losses .....	32,418	(14,895)	(49,806)	76,596	(36,646)
Changes in inventories of finished goods and work in progress ...	33,055	12,429	110,852	80,545	80,007
Raw materials and consumables used .....	(56,976)	(61,382)	(118,364)	(131,475)	(125,868)
Depreciation, amortization and impairment expenses .....	(449,043)	(324,874)	(606,114)	(703,384)	(840,006)
Employee benefit expense .....	(244,607)	(225,095)	(503,044)	(478,322)	(477,755)
Finance costs .....	(15,230)	(26,850)	(24,233)	(24,705)	(27,463)
Exploration expense .....	(17,453)	(15,359)	(193,304)	(186,868)	(126,209)
General, selling and administrative expense .....	(240,927)	(168,827)	(435,705)	(505,728)	(906,189)
Other income .....	26,285	99,721	133,672	82,074	106,372
<b>Profit before tax ....</b>	<b>725,616</b>	<b>953,613</b>	<b>1,395,641</b>	<b>1,342,462</b>	<b>522,206</b>
Income tax expense .....	(103,231)	(156,579)	(276,462)	(154,767)	(177,739)
<b>Profit for the year ...</b>	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>
<b>Average number of shares .....</b>	<b>38,542,240</b>	<b>38,303,838</b>	<b>38,303,838</b>	<b>38,303,838</b>	<b>38,303,838</b>
Basic and diluted earnings per share .....	0.0161	0.0208	0.0292	0.0310	0.0090
<b>Total comprehensive income for year ...</b>	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>

## Summary of statement of individual financial position

	6-month period ended June	Year ended 31 December		
	2013	2012	2011	2010
	(Unaudited)	(Audited)		
	(RON thousands)			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment .....	5,779,940	5,880,770	6,364,469	6,534,469
Other intangible assets .....	259,005	230,704	117,504	189,309
Associates .....	7,614	7,614	7,084	7,337
Trade and other receivables .....	—	52,646	145,350	92,053
Other financial assets .....	77,641	1,646	900	900
Other non-current assets .....	16,752	16,926	8,572	—
<b>Total non-current assets .....</b>	<b>6,140,952</b>	<b>6,190,306</b>	<b>6,643,879</b>	<b>6,824,068</b>
<b>Current assets</b>				
Inventories .....	452,794	507,849	451,241	1,084,461
Trade and other receivables .....	629,950	906,806	930,760	860,337
Other financial assets .....	428,640	928,235	1,090,101	203,693
Other assets .....	124,337	132,434	165,689	93,786
Cash and cash equivalents .....	2,028,748	1,739,330	1,428,649	808,335
<b>Total current assets .....</b>	<b>3,664,469</b>	<b>4,214,654</b>	<b>4,066,440</b>	<b>3,050,612</b>
<b>Total assets .....</b>	<b>9,805,421</b>	<b>10,404,960</b>	<b>10,710,319</b>	<b>9,874,680</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital .....	1,892,681	1,890,297	1,890,297	1,890,297
Reserves .....	1,949,229	1,773,651	1,680,547	1,602,021
Retained earnings .....	5,067,504	5,680,812	5,592,775	5,190,342
<b>Total equity .....</b>	<b>8,909,414</b>	<b>9,344,760</b>	<b>9,163,619</b>	<b>8,682,660</b>
<b>Non-current liabilities</b>				
Retirement benefit obligations .....	71,453	63,785	53,627	52,773
Deferred tax liabilities .....	213,193	257,835	266,159	400,310
Provisions .....	180,264	164,515	253,387	211,573
<b>Total non-current liabilities .....</b>	<b>464,910</b>	<b>486,135</b>	<b>573,173</b>	<b>664,656</b>
<b>Current liabilities</b>				
Trade and other payables .....	193,542	292,685	638,688	286,144
Borrowings .....	—	—	6,803	13,230
Current tax liabilities .....	62,874	68,044	79,133	55,036
Provisions .....	30,211	28,735	20,130	27,132
Other liabilities .....	144,470	184,601	228,773	145,822
<b>Total current liabilities .....</b>	<b>431,097</b>	<b>574,065</b>	<b>973,527</b>	<b>527,364</b>
<b>Total liabilities .....</b>	<b>896,007</b>	<b>1,060,200</b>	<b>1,546,700</b>	<b>1,192,020</b>
<b>Total equity and liabilities .....</b>	<b>9,805,421</b>	<b>10,404,960</b>	<b>10,710,319</b>	<b>9,874,680</b>

## Summary of statement of individual cash flows

	6-month period ended 30 June		Year ended 31 December		
	2013	2012	2012	2011	2010
	(Unaudited)		(Audited)		
	(RON thousands)				
<b>Cash flows from operating activities</b>					
<b>Net profit for the year</b> . . . . .	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>
Adjustments for:					
Income tax expense . . . . .	103,231	156,579	276,462	154,767	177,739
Interest expense . . . . .	—	236	562	1,097	1,673
Unwinding of decommissioning provision . . . . .	15,230	26,614	23,671	23,608	25,790
Interest revenue . . . . .	(59,003)	(78,517)	(148,326)	(106,797)	(94,287)
(Gain)/Loss on disposal of non-current assets . . . . .	1,114	6,055	15,741	4,886	(21,178)
Change in decommissioning provision recognized in profit or loss, other than unwinding . . . . .	(221)	(23,272)	(27,414)	(16,296)	(3,659)
Change in other provisions . . . . .	7,231	(595)	20,377	4,960	6,687
Impairment of exploration assets . . . . .	43,726	(90)	(81,696)	22,189	134,125
Exploration projects written-off . . . . .	17,453	15,359	193,304	186,868	126,209
Impairment of property, plant and equipment . . . . .	45,785	—	45,470	6,001	6,237
Depreciation and amortization . . . . .	359,532	324,964	642,340	675,194	699,644
Impairment of investment in associates . . . . .	—	—	—	3,391	—
Losses from trade receivables from other assets . . . . .	(5,263)	(4)	134,707	(81,390)	56,926
Receivables reactivated . . . . .	(28,941)	—	(115,824)	(100)	(1)
Movements in write-down allowances for inventory . . . . .	—	—	—	(8,434)	(494)
	<b>1,122,259</b>	<b>1,224,363</b>	<b>2,098,553</b>	<b>2,057,639</b>	<b>1,459,878</b>
<b>Movements in working capital</b>					
(Increase)/Decrease in inventory . . . . .	55,055	(142,735)	(56,608)	641,654	(26,140)
(Increase)/Decrease in trade and other receivables . . . . .	277,041	40,752	89,070	(318,195)	(283,349)
Increase/(decrease) in trade and other liabilities . . . . .	(106,228)	(305,410)	(382,836)	659,057	301,369
<b>Cash generated from operations</b> . . . . .	<b>1,348,127</b>	<b>816,970</b>	<b>1,748,179</b>	<b>3,040,155</b>	<b>1,451,758</b>
Interest paid . . . . .	—	(326)	(651)	(1,178)	(1,721)
Income taxes paid . . . . .	(153,043)	(180,981)	(295,874)	(264,821)	(246,964)
<b>Net cash generated by operating activities</b> . . . . .	<b>1,195,084</b>	<b>635,663</b>	<b>1,451,654</b>	<b>2,774,156</b>	<b>1,203,073</b>
<b>Cash flows from investing activities</b>					
Acquisition of investments in associates . . . . .	—	(530)	(530)	(3,138)	(700)
Decrease/(Increase) in other financial assets . . . . .	451,641	500,069	178,593	(873,040)	(47,151)
Interest received . . . . .	97,080	75,203	130,618	93,204	102,996
Proceeds from sale of non-current assets . . . . .	1,788	1,710	793	1,008	48,028
Loans granted to associates . . . . .	—	(4,256)	(8,119)	(8,347)	—
Acquisition of non-current assets . . . . .	(268,213)	(90,842)	(283,137)	(357,898)	(540,456)
Acquisition of exploration assets . . . . .	(127,847)	(94,125)	(214,439)	(292,549)	(367,927)
<b>Net cash used in investing activities</b> . . . . .	<b>154,449</b>	<b>387,229</b>	<b>(196,221)</b>	<b>(1,440,760)</b>	<b>(805,210)</b>

		6-month period ended 30 June		Year ended 31 December		
		2013	2012	2012	2011	2010
		(Unaudited)		(Audited)		
		(RON thousands)				
		<b>Cash flows from financing activities</b>				
		Repayment of borrowings..... — (3,458) (6,714) (6,346) (4,544)				
		Dividends paid..... (1,060,115) (938,038) (938,038) (706,736) (585,807)				
		<b>Net cash used in financing activities.....</b> (1,060,115) (941,496) (944,752) (713,082) (590,351)				
		<b>Net increase/(decrease) in cash and cash equivalents.....</b> 289,418 81,396 310,681 620,314 (192,488)				
		<b>Cash and cash equivalents at the beginning of the financial year.....</b> 1,739,330 1,428,649 1,428,649 808,335 1,000,823				
		<b>Cash and cash equivalents at the end of the financial year.....</b> 2,028,748 1,510,045 1,739,330 1,428,649 808,335				
		<p>Gas production for July, August and September 2013 was 430.3 million m<sup>3</sup>, 445.2 million m<sup>3</sup> and 459.912 million m<sup>3</sup> amounting to 1,335.5 million m<sup>3</sup> for Q3 2013, which represents an increase of 24.21 million m<sup>3</sup> compared with the third quarter of 2012.</p> <p>Volumes of gas sold from internal production and joint agreements for July and August were of 311.5 million m<sup>3</sup> at an average selling price of 556.8 Lei/thousand m<sup>3</sup>, and 258.9 million m<sup>3</sup> at an average selling price of 568.5 Lei/thousand m<sup>3</sup>, which prices were in line with the government pricing schedule. The average selling price for which Romgaz delivered gas from internal production and joint agreements in July 2013 has increased with 16.1% compared with July 2012, and the average selling price for which Romgaz delivered gas from internal production and joint agreements in August 2013 has increased with 18.6% compared with August 2012.</p> <p>In the period post 30 June 2013, receivables for the gas and services sold to certain customers of S.N.G.N. Romgaz S.A. became overdue. The estimated additional provision for impairment of the receivables as a result of becoming overdue, which will be recorded in the financial statements prepared in accordance with IFRS for the period ended 30 September 2013 is RON 68.2 million.</p> <p>Except as described above, there has been no significant change since 30 June 2013 (which represents the end of the last financial period in relation to which financial information has been published) in the financial or trading position of the Company.</p>				
<b>B.8</b>	<p><i>Selected key pro forma financial information, identified as such.</i></p> <p><i>The selected key pro forma financial information must clearly state the fact that because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the company's actual financial position or results.</i></p>	Not applicable. The Prospectus does not include any pro forma financial information.				

<b>B.9</b>	<i>Where a profit forecast or estimate is made, state the figure.</i>	Not applicable. The Prospectus does not include a profit forecast or estimate by the Company.
<b>B.10</b>	<i>A description of the nature of any qualifications in the audit report on the historical financial information.</i>	Not applicable. There are no qualifications in the audit reports on the historical financial information.
<b>B.11</b>	<i>If the issuer's working capital is not sufficient for the issuer's present requirements an explanation should be included.</i>	Not applicable. The Company is of the opinion that it has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of publication of this Prospectus.
<b>B.31</b>	<b>Information about the issuer of the underlying shares</b>	
<b>B.1</b>	<i>The legal and commercial name of the issuer.</i>	The Company's legal name is Societatea Națională de Gaze Naturale "Romgaz" S.A. and its registered commercial name is S.N.G.N. "ROMGAZ S.A.".
<b>B.2</b>	<i>The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation.</i>	The Company is a joint stock company, registered with the Romanian Trade Registry Office attached to the Sibiu Court under number J32/392/2001, having sole registration code RO14056826. The Company's corporate seat is in Medias, Romania and its business address is 4 Piata Constantin Motas, Medias, Sibiu County 551130, Romania. The Company was founded in the form of a joint stock company in accordance with the incorporation certificate no. 1914453 and the Companies Law.
<b>B.3</b>	<i>A description of, and key factors relating to, the nature of the issuer's current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes.</i>	<p>Romgaz is the largest natural gas producer and supplier in Romania, and its core business segments are: gas exploration and production, gas supply, underground gas storage and electricity production. In 2012, Romgaz produced 5.66 billion m<sup>3</sup> of natural gas and, according to ANRE, had a market share of 50.12% of sales of domestically produced natural gas. The Company's daily production averaged approximately 15.8 million m<sup>3</sup> for the six months ended 30 June 2013.</p> <p>In Romania, Romgaz currently operates 3,257 gas producing wells which access 147 commercial fields and holds 29 exploration wells in nine on-shore exploration blocks. As at 30 June 2013, according to the D&amp;M Report the Company held net proved reserves of 62.1 billion m<sup>3</sup> (equivalent of 2,192.4 billion ft<sup>3</sup>) of gas and net probable reserves of 13.2 billion m<sup>3</sup> (equivalent of 464.6 billion ft<sup>3</sup>) of gas.</p> <p>The Company has also entered into several partnerships and other joint operating agreements for exploration and development of certain concessioned perimeters, both abroad and in Romania. In Slovakia, the Company holds a 25% partnership share in the licence for the exploration, development and exploitation of three blocks—Svidnik, Medzilaborce and Snina, and similar interests held in the corresponding</p>



			<p>joint operating agreements concluded between partners, corresponding to the three blocks. In Poland, the Company holds a 30% partnership interest in a partnership agreement with respect to two exploration blocks: Torzym and Cybinka. Within Romania, in the region of Moldavia, the Company has shared interests in two further blocks—Brodina, in which, according to the concession agreement, it holds a 37.5% partnership interest (according to the joint operation agreement, the Brodina block was split by the partners into two areas: (i) Brodina exploration, where the Company holds 50% and (ii) Brodina production area, where the Company holds 37.5%) and Bacau (in which it holds a 40% interest (according to the joint operation agreement, the Bacau block was split by the partners into two areas: (i) Bacau Nord, where the Company holds 40% and (ii) Bacau Sud, where the Company holds 100%). The Company has a series of collaborative agreements with ExxonMobil, OMV Petrom, Lukoil, Vanco, Amromco and Schlumberger together with other joint venture agreements to explore, develop or rehabilitate various blocks or facilities in Romania and in offshore areas.</p> <p>The Company is also the largest underground gas storage operator in Romania. The Company owns and operates six underground storage deposits with total working volume of 2.76 billion m<sup>3</sup> and, according to ANRE, it had a market share for underground gas storage in Romania of 90% in 2012. The Company is also a shareholder in two other underground gas storage operators: Depomures S.A. (in which the Company holds a 40% stake) and Amgaz S.A. (in which the Company holds a 35% stake and which operates the Nades-Prod-Seleus underground storage deposit, with a storage capacity of 75 million m<sup>3</sup>/cycle storage). Depomures S.A. operates the Targu Mures underground gas storage deposit, with a storage capacity of 300 million m<sup>3</sup>/cycle.</p> <p>On 31 January 2013, Romgaz took over CTE Iernut from Electrocentrale Bucuresti. CTE Iernut has an installed capacity of 800MW. During 2012, CTE Iernut produced 464GWh. From a total capacity of 800 MW the Company estimates that 160 MW of such capacity will be utilised on average in 2013.</p>
	<b>B.4a</b>	<i>A description of the most significant recent trends affecting the issuer and the industries in which it operates.</i>	<p>Romania has the largest natural gas market in Central and Eastern Europe and it was the first country to use natural gas for industrial purposes. The natural gas market has reached record size in the early 1980s, as a result of the application of government policies geared towards the elimination of country's dependence on imports.</p>

			<p>The natural gas market in Romania is structured after a pattern that has resulted from legislative constraints imposed by the European Union for the free movement of commodities and services and reducing Government involvement in economic activity, as well as the need to increase efficiency activity in general. This objective has been achieved by restructuring activities and privatization of enterprises in the gas sector.</p> <p>A major step in the process of amending the market model was full deregulation of the Romanian natural gas market so that currently, customers can opt for one of the natural gas suppliers licensed by the regulatory authority and to negotiate directly contract provisions and price for the supply of natural gas. Thus, the customer may exercise his choice for supplier directly, without carrying out any administrative formalities. As of 31 December 2012, approximately 60% of customers (in terms of volume) had opted to choose their supplier, leaving approximately 40% as regulated customers. In 2012, the regulated customers accounted for 40% of the Romanian market by volume and the remaining 60% of the Romanian market comprised the unregulated market. Total consumption for the regulated and unregulated market in 2012 were 52.6 TW and 78.9 TW, respectively.</p> <p>In particular, the Romanian natural gas sector has undergone a process of comprehensive restructuring, having as main pillars:</p> <ul style="list-style-type: none"> <li>• separation of activities in autonomous sectors of manufacturing, storage, transmission and distribution;</li> <li>• decentralization of natural gas production and imports by granting licenses and permits to a growing number of companies;</li> <li>• regulation of non-discriminatory access of third parties to deposits of underground natural gas storage facilities; and</li> <li>• regulation of non-discriminatory third party access to the transmission system.</li> </ul> <p>Prerequisites for the initiation of the privatisation process were created in the sector by the restructuring of the natural gas industry.</p> <p>In addition, Romania has undertaken to fully liberalise the gas price for domestic production as well as the end-customer prices. In February 2013, the Romanian government started to implement a plan to deregulate natural gas prices by raising gas prices by 5% for non-household customers. It has planned to achieve the complete price deregulation by 1 October 2014 for regulated customers and by 1 October 2018 for non-regulated customers. For non-household customers, the price of domestic gas is to</p>
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		<p>increase from 49 RON/MWh as of 1 February 2013 to 119 RON/MWh by 1 October 2014, and for household customers, the price is to increase from 45.7 RON/MWh in 31 December 2012 to 119 RON/MWh by 1 October 2018.</p> <p>The profound changes in the market configuration and in the natural gas sector, which occurred in 2000 and continue to be present today, have resulted in adjustment of the regulatory and institutional framework to the new situations.</p>
<p><b>B.4b</b></p>	<p><i>A description of any known trends affecting the issuer and the industries in which it operates.</i></p>	<p><b>Weather</b></p> <p>Weather significantly impacts the demand for natural gas, and therefore, the financial performance and results of operations of the Company will also be impacted by any extreme weather experienced in each year. Changes in the weather conditions from year to year can influence demand for natural gas as longer nights and colder weather from October to March in a particular year increase demand for natural gas as compared with other years, and longer days and warmer weather from April to September increase demand for electricity. In addition, in a particularly cold winter, the sale of natural gas from the underground storage facilities will increase and result in higher revenue for the Company. Demand may also fluctuate from year to year due to changes in weather patterns.</p> <p><b>Natural gas prices</b></p> <p>Natural gas sale prices of the Company are influenced by volumes, prices on the international markets, the time lag between purchase and sale and the price alignment calendar.</p> <p>Fluctuations of volumes and prices on international markets, which would in turn cause fluctuations in natural gas prices in future periods could have a material impact on the Company's reported results of operations.</p> <p><b>Production</b></p> <p>The Company is able to sell all of the natural gas it produces. Therefore, the Company's results of operations will also be significantly impacted by aggregate production volumes. In the six-month periods ended 30 June 2013 and 30 June 2012, the Company produced 2.86 billion m<sup>3</sup> and 2.89 billion m<sup>3</sup>, respectively, and in the years ended 31 December 2012, 2011 and 2010, the Company produced 5.66 billion m<sup>3</sup>, 5.64 billion m<sup>3</sup> and 5.70 billion m<sup>3</sup>, respectively.</p> <p>The volumes of natural gas produced and expected to be produced from the Company's assets involve a degree of uncertainty. Natural gas production involves high operational and other risks, which even a combination of</p>

			<p>experience, knowledge and careful evaluation are not able to fully eliminate. In addition, well production may decrease for a number of geological or other reasons, and at times production may need to be stopped altogether for geological or other operational or technological reasons.</p> <p>Commercial factors, such as natural gas prices, may also affect the Company's production decisions. Lower natural gas prices may reduce the amount of natural gas that the Company or operators of the fields where the Company holds an interest are able to produce economically, which may result in a decrease in production volumes.</p> <p>As a result of all of these factors, the Company could experience period to period fluctuations in natural gas and electricity production volumes, which would impact the Company's revenues and operating profit in those periods.</p> <p><b><i>Impact of the global financial crisis and current financial market conditions</i></b></p> <p>Romania has recently experienced some contraction in its economy and other adverse economic and financial effects as a result of the global financial crisis, including a correction in the real estate sector and limited access to international capital markets, followed by a moderate resumption of growth starting in 2011. For example, gross domestic product ("GDP") declined by 1.4% in 2010 as compared to 2009 and 7.1% in 2009 as compared to 2008, before increasing by 2.5% in 2011 as compared to 2010, and by 0.3% in 2012 as compared to 2011. Due to these and other pressures resulting from the global economic crisis, Romania recorded (cash) budget deficits of 6.4% and 4.3% of GDP in 2010 and 2011, and 2.5% of GDP as at 31 December 2012, respectively.</p> <p>Accordingly, the revenue of the Company increased by 20.0% from 2010 to 2011 and decreased slightly (due to other factors) by 8.5% from 2011 to 2012 and 13.3% from the first half of 2013 as compared to the first half of 2012. Also the net profit of the Company increased by 244.8% from 2010 to 2011, decreased by 5.8% from 2011 to 2012 and decreased by 21.9% from the first half of 2013 as compared with the first half of 2012.</p> <p>Although the correlation is not precise, economic events at the global level or within Romania may significantly impact the business, results of operation and prospects of the Company.</p> <p><b><i>Taxes and royalties</i></b></p> <p>Under Government Ordinance 7 dated 23 January 2013, a "windfall profit tax" was set on</p>
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		<p>the additional revenues obtained by natural gas producers as a result of price deregulation “until 31 December 2014, including this day”. The tax is calculated (by the formula: additional revenue minus gas royalty corresponding to the additional revenue minus capex, without exceeding 30% of the additional revenue, by multiplying the result by 0.6) and paid on a monthly basis, until the 25th day of the month following the month for which the tax is due.</p> <p>The Company pays a royalty of between 3.5% to 13% of the value of its gross extracted production to the state budget. The average level of royalties paid was approximately 7% in 2012.</p> <p><b>Price Liberalisation</b></p> <p>In addition, Romania has undertaken to fully liberalise the gas price for domestic production as well as the end-customer prices. In February 2013, the Romanian government started to implement a plan to deregulate natural gas prices by raising gas prices by 5% for non-household customers. It has planned to achieve the complete price deregulation by 1 October 2014 for regulated customers and by 1 October 2018 for non-regulated customers. For non-household customers, the price of domestic gas is to increase from 49 RON/MWh, as of 1 February 2013 to 119 RON/MWh, by 1 October 2014, and for household customers, the price is to increase from 45.7 RON/MWh, in 31 December 2012 to 119 RON/MWh, by 1 October 2018.</p>
<b>B.5</b>	<i>If the issuer is part of a group, a description of the group and the issuer’s position within the group.</i>	Not applicable. The Company is not part of a group.
<b>B.6</b>	<i>In so far as is known, the name of any person who, directly or indirectly, has an interest in the issuer’s capital or voting rights which is notifiable under the issuer’s national law, together with the amount of each such person’s interest. Whether the issuer’s major shareholders have different voting rights if any. To the extent known to the issuer, state whether the issuer is directly or indirectly owned by controlled and by whom and describe the nature of such control.</i>	<p>As at the date of the Prospectus, (i) the Selling Shareholder has a 85.0071% interest in the Shares equating to a holding of 327,636,440 Shares, and (ii) Fondul Proprietatea has a 14.9929% interest in the Shares equating to a holding of 57,785,960 Shares. Following the Offering (assuming that no Securities are purchased in connection with the stabilisation activities), the Selling Shareholder will hold a 70.0071% interest in the Shares, equating to a holding of 269,823,080 Shares and will continue to control the Company.</p> <p>There is only one class of share capital in the Company and all Shares rank equally. No shareholder has different voting rights attached to the Shares to any other shareholder.</p> <p>The Company is directly controlled by the Selling Shareholder, which currently owns 85.0071% of the Shares in the Company.</p>



**B.7**

*Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information. This should be accompanied by a narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.*

The financial information set forth below as of and for the six months ended 30 June 2013 and 2012 and for the years ended 31 December 2012, 2011 and 2010 has been extracted from the Company's audited individual financial statements as of and for the years ended 31 December 2012, 2011 and 2010 and the unaudited individual interim financial statements as of and for the six months ended 30 June 2013 included in the Prospectus.

**Summary statement of individual comprehensive income**

	6-month period ended 30 June		Years ended 31 December		
	2013	2012	2012	2011	2010
	(Unaudited)		(Audited)		
	(RON thousands)				
Revenue .....	1,901,139	2,192,193	3,837,941	4,195,477	3,497,461
Cost of commodities sold .....	(302,048)	(591,965)	(904,580)	(1,168,545)	(715,785)
Investment income .....	59,003	78,517	148,326	106,797	94,287
Other gains and losses .....	32,418	(14,895)	(49,806)	76,596	(36,646)
Changes in inventories of finished goods and work in progress .....	33,055	12,429	110,852	80,545	80,007
Raw materials and consumables used .....	(56,976)	(61,382)	(118,364)	(131,475)	(125,868)
Depreciation, amortization and impairment expenses .....	(449,043)	(324,874)	(606,114)	(703,384)	(840,006)
Employee benefit expense .....	(244,607)	(225,095)	(503,044)	(478,322)	(477,755)
Finance costs .....	(15,230)	(26,850)	(24,233)	(24,705)	(27,463)
Exploration expense ..	(17,453)	(15,359)	(193,304)	(186,868)	(126,209)
General, selling and administrative expense .....	(240,927)	(168,827)	(435,705)	(505,728)	(906,189)
Other income .....	26,285	99,721	133,672	82,074	106,372
<b>Profit before tax .....</b>	<b>725,616</b>	<b>953,613</b>	<b>1,395,641</b>	<b>1,342,462</b>	<b>522,206</b>
Income tax expense .....	(103,231)	(156,579)	(276,462)	(154,767)	(177,739)
<b>Profit for the year .....</b>	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>
<b>Average number of shares .....</b>	<b>38,542,240</b>	<b>38,303,838</b>	<b>38,303,838</b>	<b>38,303,838</b>	<b>38,303,838</b>
Basic and diluted earnings per share .....	0.0161	0.0208	0.0292	0.0310	0.0090
<b>Total comprehensive income for year .....</b>	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>

## Summary statement of individual financial position

	As at	As at 31 December		
	30 June	2012	2011	2010
	2013	(Audited)		
	(Unaudited)	(RON thousands)		
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment .....	5,779,940	5,880,770	6,364,469	6,534,469
Other intangible assets .....	259,005	230,704	117,504	189,309
Associates .....	7,614	7,614	7,084	7,337
Trade and other receivables .....	—	52,646	145,350	92,053
Other financial assets .....	77,641	1,646	900	900
Other non-current assets .....	16,752	16,926	8,572	—
<b>Total non-current assets .....</b>	<b>6,140,952</b>	<b>6,190,306</b>	<b>6,643,879</b>	<b>6,824,068</b>
<b>Current assets</b>				
Inventories .....	452,794	507,849	451,241	1,084,461
Trade and other receivables .....	629,950	906,806	930,760	860,337
Other financial assets .....	428,640	928,235	1,090,101	203,693
Other assets .....	124,337	132,434	165,689	93,786
Cash and cash equivalents .....	2,028,748	1,739,330	1,428,649	808,335
<b>Total current assets .....</b>	<b>3,664,469</b>	<b>4,214,654</b>	<b>4,066,440</b>	<b>3,050,612</b>
<b>Total assets .....</b>	<b>9,805,421</b>	<b>10,404,960</b>	<b>10,710,319</b>	<b>9,874,680</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital .....	1,892,681	1,890,297	1,890,297	1,890,297
Reserves .....	1,949,229	1,773,651	1,680,547	1,602,021
Retained earnings .....	5,067,504	5,680,812	5,592,775	5,190,342
<b>Total equity .....</b>	<b>8,909,414</b>	<b>9,344,760</b>	<b>9,163,619</b>	<b>8,682,660</b>
<b>Non-current liabilities</b>				
Retirement benefit obligations .....	71,453	63,785	53,627	52,773
Deferred tax liabilities .....	213,193	257,835	266,159	400,310
Provisions .....	180,264	164,515	253,387	211,573
<b>Total non-current liabilities .....</b>	<b>464,910</b>	<b>486,135</b>	<b>573,173</b>	<b>664,656</b>
<b>Current liabilities</b>				
Trade and other payables .....	193,542	292,685	638,688	286,144
Borrowings .....	—	—	6,803	13,230
Current tax liabilities .....	62,874	68,044	79,133	55,036
Provisions .....	30,211	28,735	20,130	27,132
Other liabilities .....	144,470	184,601	228,773	145,822
<b>Total current liabilities .....</b>	<b>431,097</b>	<b>574,065</b>	<b>973,527</b>	<b>527,364</b>
<b>Total liabilities .....</b>	<b>896,007</b>	<b>1,060,200</b>	<b>1,546,700</b>	<b>1,192,020</b>
<b>Total equity and liabilities .....</b>	<b>9,805,421</b>	<b>10,404,960</b>	<b>10,710,319</b>	<b>9,874,680</b>

## Summary statements of individual cash flows

	6-month period ended 30 June		Years ended 31 December		
	2013	2012	2012	2011	2010
	(Unaudited)		(Audited)		
	(RON thousands)				
<b>Cash flows from operating activities</b>					
Net profit for the year ...	622,385	797,034	1,119,179	1,187,695	344,467
Adjustments for:					
Income tax expense .....	103,231	156,579	276,462	154,767	177,739
Interest expense .....	—	236	562	1,097	1,673
Unwinding of decommissioning provision .....	15,230	26,614	23,671	23,608	25,790
Interest revenue .....	(59,003)	(78,517)	(148,326)	(106,797)	(94,287)
(Gain)/Loss on disposal of non-current assets .....	1,114	6,055	15,741	4,886	(21,178)
Change in decommissioning provision recognized in profit or loss, other than unwinding .....	(221)	(23,272)	(27,414)	(16,296)	(3,659)
Change in other provisions .....	7,231	(595)	20,377	4,960	6,687
Impairment of exploration assets .....	43,726	(90)	(81,696)	22,189	134,125
Exploration projects written-off .....	17,453	15,359	193,304	186,868	126,209
Impairment of property, plant and equipment ...	45,785	—	45,470	6,001	6,237
Depreciation and amortization .....	359,532	324,964	642,340	675,194	699,644
Impairment of investment in associates .....	—	—	—	3,391	—
Losses from trade receivables from other assets .....	(5,263)	(4)	134,707	(81,390)	56,926
Receivables reactivated .....	(28,941)	—	(115,824)	(100)	(1)
Movements in write-down allowances for inventory .....	—	—	—	(8,434)	(494)
	<b>1,122,259</b>	<b>1,224,363</b>	<b>2,098,553</b>	<b>2,057,639</b>	<b>1,459,878</b>
<b>Movements in working capital</b>					
(Increase)/Decrease in inventory .....	55,055	(142,735)	(56,608)	641,654	(26,140)
(Increase)/Decrease in trade and other receivables .....	277,041	40,752	89,070	(318,195)	(283,349)
Increase/(decrease) in trade and other liabilities .....	(106,228)	(305,410)	(382,836)	659,057	301,369
<b>Cash generated from operations .....</b>					
	<b>1,348,127</b>	<b>816,970</b>	<b>1,748,179</b>	<b>3,040,155</b>	<b>1,451,758</b>
Interest paid .....	—	(326)	(651)	(1,178)	(1,721)
Income taxes paid .....	(153,043)	(180,981)	(295,874)	(264,821)	(246,964)
<b>Net cash generated by operating activities ...</b>					
	<b>1,195,084</b>	<b>635,663</b>	<b>1,451,654</b>	<b>2,774,156</b>	<b>1,203,073</b>
<b>Cash flows from investing activities</b>					
Acquisition of investments in associates .....	—	(530)	(530)	(3,138)	(700)
Decrease/(Increase) in other financial assets ..	451,641	500,069	178,593	(873,040)	(47,151)
Interest received .....	97,080	75,203	130,618	93,204	102,996
Proceeds from sale of non-current assets .....	1,788	1,710	793	1,008	48,028
Loans granted to associates .....	—	(4,256)	(8,119)	(8,347)	—
Acquisition of non-current assets .....	(268,213)	(90,842)	(283,137)	(357,898)	(540,456)
Acquisition of exploration assets .....	(127,847)	(94,125)	(214,439)	(292,549)	(367,927)
<b>Net cash used in investing activities ...</b>					
	<b>154,449</b>	<b>387,229</b>	<b>(196,221)</b>	<b>(1,440,760)</b>	<b>(805,210)</b>

		6-month period ended 30 June		Years ended 31 December		
		2013	2012	2012	2011	2010
		(Unaudited)		(Audited)		
		(RON thousands)				
		<b>Cash flows from financing activities</b>				
		Repayment of borrowings .....				
		—	(3,458)	(6,714)	(6,346)	(4,544)
		(1,060,115)	(938,038)	(938,038)	(706,736)	(585,807)
		<b>Net cash used in financing activities ..</b>				
		<u>(1,060,115)</u>	<u>(941,496)</u>	<u>(944,752)</u>	<u>(713,082)</u>	<u>(590,351)</u>
		<b>Net increase/(decrease) in cash and cash equivalents .....</b>				
		<u>289,418</u>	<u>81,396</u>	<u>310,681</u>	<u>620,314</u>	<u>(192,488)</u>
		<b>Cash and cash equivalents at the beginning of the financial year .....</b>				
		<u>1,739,330</u>	<u>1,428,649</u>	<u>1,428,649</u>	<u>808,335</u>	<u>1,000,823</u>
		<b>Cash and cash equivalents at the end of the financial year .....</b>				
		<u>2,028,748</u>	<u>1,510,045</u>	<u>1,739,330</u>	<u>1,428,649</u>	<u>808,335</u>
		<p>Gas production for July, August and September 2013 was 430.3 million m<sup>3</sup>, 445.2 million m<sup>3</sup> and 459.912 million m<sup>3</sup> amounting to 1,335.5 million m<sup>3</sup> for Q3 2013, which represents an increase of 24.21 million m<sup>3</sup> compared with the third quarter of 2012.</p> <p>Volumes of gas sold from internal production and joint agreements for July and August were of 311.5 million m<sup>3</sup> at an average selling price of 556.8 Lei/thousand m<sup>3</sup>, and 258.9 million m<sup>3</sup> at an average selling price of 568.5 Lei/thousand m<sup>3</sup>, which prices were in line with the government pricing schedule. The average selling price for which Romgaz delivered gas from internal production and joint agreements in July 2013 has increased with 16.1% compared with July 2012, and the average selling price for which Romgaz delivered gas from internal production and joint agreements in August 2013 has increased with 18.6% compared with August 2012.</p> <p>In the period post 30 June 2013, receivables for the gas and services sold to certain customers of S.N.G.N. Romgaz S.A. became overdue. The estimated additional provision for impairment of the receivables as a result of becoming overdue, which will be recorded in the financial statements prepared in accordance with IFRS for the period ended 30 September 2013 is RON 68.2 million.</p> <p>Except as described above, there has been no significant change since 30 June 2013 (which represents the end of the last financial period in relation to which financial information has been published) in the financial or trading position of the Company.</p>				
<b>B.9</b>	<i>Where a profit forecast or estimate is made, state the figure.</i>	Not applicable. The Prospectus does not include a profit forecast or estimate by the Company.				

	<p><b>B.10</b> <i>A description of the nature of any qualifications in the audit report on the historical financial information.</i></p>	<p>Not applicable. There are no qualifications in the audit reports on the historical financial information.</p>
	<p><b>D.4/ D.2</b> <i>Key information on the key risks that are specific to the issuer.</i></p>	<ul style="list-style-type: none"> <li>• Reserves are concentrated in one area and so the Company must acquire or develop additional natural gas reserves to sustain its current reserve and production levels;</li> <li>• The Company must make significant capital expenditures in order to increase its production levels and improve overall efficiency, and the inability to finance these and other expenditures in the longer term could have a material adverse effect on the Company's business, prospects, financial condition and results of operations;</li> <li>• Current reserves and forward production data are only estimates and are inherently uncertain; total reserves may decline in the future and the Company may not achieve estimated production levels;</li> <li>• Drilling involves numerous operational risks, which may result in losses or additional expenditures, and the Company may not achieve its planned production targets;</li> <li>• Default or delay by any of the Company's counterparties may have an impact on the Company's results of operations and financial condition;</li> <li>• Significant uncertainties in connection with exploration and development activities due to the need to acquire rights of access to the surface of lands as to which the Company holds underground exploration and development rights;</li> <li>• Limited control over the activities in connection with assets as to which the Company does not control a majority interest, which may determine a reduced capacity of the Company to control risks and costs;</li> <li>• The Romanian Government will continue to have significant influence over the Company after the Offering, and its interests may not be aligned with those of the other shareholders of the Company;</li> <li>• Revenues and results of operations are subject to climatic conditions and seasonal variations;</li> <li>• Bidding for new licences in the natural gas industry is intensely competitive and the Company may not be able to compete effectively; and</li> </ul>



			<ul style="list-style-type: none"> <li>• A decrease of the petroleum price, natural gas and electricity might have a significant adverse effect on the Company's operational results.</li> </ul>
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**B.32 Information about the issuer of the depositary receipts.**

<p><i>Name and registered office of the issuer of the depositary receipts. Legislation under which the issuer of the depositary receipts operates and legal form which it has adopted under the legislation.</i></p>	<p>The depositary is The Bank of New York Mellon (the “<b>GDR Depositary</b>”), a state chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Banking Department. The GDR Depositary was constituted in 1784 in the State of New York. It is a wholly-owned subsidiary of The Bank of New York Mellon Corporation, a New York bank holding company. Its principal administrative offices are located at 101 Barclay Street, 22 Floor West, New York, NY 10286. A copy of the GDR Depositary's articles of association, as amended, together with copies of The Bank of New York Mellon Corporation's most recent financial statements and annual report are available for inspection at the principal office of the GDR Depositary located at One Wall Street, New York, NY 10286 and at The Bank of New York Mellon, One Canada Square, London E14 5AL.</p>
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**Section C—Securities**

<p><b>C.1</b></p> <p><i>A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.</i></p>	<p>The offering (“<b>Offering</b>”) comprises an offer by the Selling Shareholder of up to 57,813,360 Shares in the form of Shares (the “<b>Offer Shares</b>”) and/or global depositary receipts (the “<b>GDRs</b>”, and together with the Shares, the “<b>Securities</b>”) which represent the Shares (the “<b>Offer GDRs</b>” and, together with the Offer Shares, the “<b>Offer Securities</b>”).</p> <p>In connection with the Offering, the Selling Shareholder has agreed that the Stabilising Manager(s) will retain 13% of the gross proceeds obtained by the Selling Shareholder from the Offering (the “<b>Stabilisation Proceeds</b>”) and will use such Stabilisation Proceeds for the purposes of conducting stabilisation activities, if any, in the Securities, during the Stabilisation Period. At the end of the Stabilisation Period the Stabilising Manager(s) will return to the Selling Shareholder the Securities which have been purchased in the market as a result of stabilisation activities and/or any remaining portion of the Stabilisation Proceeds which was not used for the stabilisation activities, as well as any interest that has accumulated for the amounts corresponding to the Stabilisation Proceeds.</p> <p>The security code and identification numbers and trading symbols of the Shares and GDRs are expected to be as follows:</p> <p>Shares ISIN: ROSNGNACNOR3 Bucharest Stock Exchange Share trading symbol: SNG</p>
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		<p>Regulation S GDR ISIN: US83367U2050</p> <p>Regulation S GDR Common Code: 098521674</p> <p>Regulation S GDR CUSIP: 83367U 205</p> <p>Regulation S GDR SEDOL: BFTD6P1</p> <p>Rule 144A GDR ISIN: US83367U1060</p> <p>Rule 144A GDR Common Code: 098521666</p> <p>Rule 144A GDR CUSIP: 83367U 106</p> <p>Rule 144A GDR SEDOL: BFTD6M8</p> <p>London Stock Exchange GDR trading symbol: SNG</p>
<b>C.2</b>	<i>Currency of the securities issue.</i>	<p>The currency of the Shares is RON.</p> <p>The currency of the GDRs is US dollars.</p>
<b>C.3</b>	<i>The number of shares issued and fully paid and issued but not fully paid. The par value per share, or that the shares have no par value.</i>	<p>As at the date of the Prospectus, the Company's issued share capital comprises 385,422,400 Shares, each of which is fully paid with a par value of RON 1.</p>
<b>C.4</b>	<i>A description of the rights attached to the securities.</i>	<p>Each GDR represents an interest in one Share on deposit with Raiffeisen Bank S.A., as custodian (the "<b>Custodian</b>") and registered in the name of the GDR Depository (the "<b>Deposited Shares</b>"). A holder of GDRs (each, a "<b>Holder</b>") will have the rights set out in the terms and conditions of the GDRs (as endorsed on each GDR certificate) and the Regulation S Master Global Depositary Receipt and a Rule 144A Master Global Depositary Receipt (together, the "<b>Master GDRs</b>"), which may be summarised as:</p> <ul style="list-style-type: none"> <li>• the right to withdraw the Shares and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares;</li> <li>• the right to receive payment in US dollars from the GDR Depository of an amount equal to cash dividends or other cash distributions received by the GDR Depository from the Company in respect of the Deposited Shares;</li> <li>• the right to receive from the GDR Depository additional GDRs representing additional Shares received by the GDR Depository from the Company by way of dividend or free distribution (or if the issue of additional GDRs is deemed by the GDR Depository not to be reasonably practicable or to be unlawful, the net proceeds in US dollars of the sale of such Shares);</li> <li>• the right to receive from the GDR Depository any dividend or distribution in the form of property other than Shares or cash received by the GDR Depository from the Company (or if such distribution is deemed by the GDR Depository not to be reasonably practicable or to be unlawful, the net proceeds in US dollars of the sale of such property);</li> <li>• the right to request the GDR Depository to exercise subscription or similar rights made available by the Company to holders of Shares (or if such process is</li> </ul>

		<p>deemed by the GDR Depository not to be lawful and reasonably practicable, the right to receive the net proceeds in US dollars of the sale of the relevant rights or the sale of the assets resulting from the exercise of such rights);</p> <ul style="list-style-type: none"> <li>• the right to instruct the GDR Depository regarding the exercise of any voting rights notified by the Company to the GDR Depository subject to conditions; and</li> <li>• the right to receive from the GDR Depository copies received by the GDR Depository of notices provided by the Company to holders of shares or other material information,</li> </ul> <p>in each case subject to applicable law, and the detailed terms set out in the terms and conditions of the GDRs (as endorsed on each GDR certificate) and the Master GDRs.</p>
<b>C.5</b>	<i>A description of any restrictions on the free transferability of the securities.</i>	<p>The Securities are freely transferable (subject, in the case of the Shares to the rules of the Regulated Spot Market of the S.C. Bucharest Stock Exchange S.A. (the “<b>Bucharest Stock Exchange</b>”), and clearing and settlement rules of S.C. Depozitarul Central S.A. (the “<b>Romanian Central Depository</b>”), and in the case of the GDRs, to the clearing and settlement rules of The Depository Trust Company (in the case of the GDRs represented from time to time by the Rule 144A Master GDR) and Euroclear Bank SA/NV (“<b>Euroclear</b>”) and Clearstream Banking, <i>société anonyme</i> (“<b>Clearstream, Luxembourg</b>”) (in the case of the GDRs represented from time to time by the Regulation S Master GDR), as applicable and the terms and conditions of the GDRs), subject to selling and transfer restrictions under the relevant laws in certain jurisdictions applicable to the transferor or transferee, including the United States, the United Kingdom, the European Economic Area (the “<b>EEA</b>”) and Romania and contractual lock-up arrangements applicable to the Selling Shareholder, Fondul Proprietatea and the Company.</p>
<b>C.6</b>	<i>An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded.</i>	<p>Application will be made: (1) to the Bucharest Stock Exchange, for an admission of the Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange; and (2) (i) to the United Kingdom Financial Conduct Authority (the “<b>United Kingdom FCA</b>”), in its capacity as competent authority under the United Kingdom Financial Services and Markets Act 2000, for the GDRs to be admitted to listing on the official list of the United Kingdom FCA and (ii) to the London Stock Exchange plc (the “<b>London Stock Exchange</b>”), for admission to trading of the GDRs on the London Stock Exchange’s main market for listed securities. The Bucharest Stock Exchange and the London Stock Exchange are both regulated markets in the European Economic Area (the “<b>EEA</b>”) for the purposes of Directive 2004/39/EC (the “<b>Directive on Markets in Financial Instruments</b>”).</p>
<b>C.7</b>	<i>A description of dividend policy.</i>	<p>Under the current legislation and in accordance with the Company’s articles of incorporation, each fully paid Share</p>

		<p>gives its owner the right to receive dividends. Dividends are distributed to the shareholders on a pro-rata basis proportionately to their participation in the paid-up share capital of the Company. The Company will pay dividends denominated in RON.</p> <p>The general meeting of shareholders determines the amount of dividends to be distributed considering the specific provisions on the distribution of profits applicable to national companies and companies fully or partially owned by the state.</p> <p>Profits for the financial years ended 31 December 2012, 2011 and 2010, respectively, were distributed subject to the accounting profits registered under the statutory financial statements. The statutory financial statements of the Company are drafted in accordance with Order of the Ministry of Finance no. 3055/2009, as subsequently amended and supplemented. According to the Order of the Ministry of Finance no. 881/2012, the companies whose securities are admitted to trading on a regulated market must prepare financial statements according to IFRS which become the statutory statements of the companies. Therefore, following its listing, the Company will distribute the profits according to the financial statements prepared in accordance with IFRS.</p> <p>As an exception, for the financial year ended 31 December 2010, the share of profit distributed as dividends was increased from 50% to 90%. Additionally, for the financial years ending 31 December 2012 and 2013, the obligation of wholly or mostly state-owned companies to distribute an 85% share of profit as dividends was approved by the Government (under the Memorandum “<i>Measures which must be observed while drafting the revenues and expenses budgets of economic operators having whole or majority state participation</i>”).</p> <p>According to the Companies Law, in case of assignment of shares, the assignee shall be entitled to the right to dividends due for the period after the assignment is complete.</p>
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<b>C.13</b>	<b>Information about the underlying shares</b>	
	<p><b>C.1</b></p> <p><i>A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.</i></p>	<p>The Offering comprises an offer by the Selling Shareholder of up to 57,813,360 Shares (in the form of Shares and/or GDRs) at the Final Offer Price per Share.</p> <p>The security identification number and trading symbol of the Shares are expected to be as follows:</p> <p>Shares ISIN: ROSNGNACNOR3</p> <p>Bucharest Stock Exchange Share trading symbol: SNG</p>
	<p><b>C.2</b></p> <p><i>Currency of the securities issue.</i></p>	<p>The currency of the Shares is RON.</p>

<b>C.3</b>	<i>The number of shares issued and fully paid and issued but not fully paid. The par value per share, or that the shares have no par value.</i>	As at the date of the Prospectus, the Company's issued share capital is 385,422,400 Shares, each of which is fully paid with a par value of RON 1.
<b>C.4</b>	<i>A description of the rights attached to the securities.</i>	<p>All shareholders are to be treated equally to other shareholders that own the same type of shares, with the material rights set forth below:</p> <ul style="list-style-type: none"> <li>• the pre-emptive right of the shareholders to subscribe for any issue of new shares on a pro rata basis, unless such pre-emptive right is limited by the general meeting of shareholders in accordance with the law and the Articles of Association of the Company;</li> <li>• the right to vote and participate in the general meetings of the shareholders;</li> <li>• the right to receive dividends;</li> <li>• the right to information (e.g. to be informed about the activity of the Company, to obtain any information regarding the exercise of voting rights and information regarding the voting results in the general shareholders meetings)</li> <li>• the right to withdraw from the Company and to request the Company to acquire their shares, in case the shareholders did not vote in favour of a certain decision in the general meeting of shareholders;</li> <li>• the right to challenge the decisions of the general meeting of shareholders; and</li> <li>• other rights provided under the Company's Articles of Association, the Companies Law no. 31/1990 and other pieces of legislation and regulations currently in force.</li> </ul>
<b>C.5</b>	<i>A description of any restrictions on the free transferability of the securities.</i>	The Shares are freely transferable subject to the rules of the Regulated Spot Market of the Bucharest Stock Exchange, clearing and settlement rules of Romanian Central Depository and to selling and transfer restrictions under the relevant laws in certain jurisdictions applicable to the transferor or transferee, including the United States, the United Kingdom, the EEA and Romania and contractual lock-up arrangements applicable to the Selling Shareholder, Fondul Proprietatea and the Company.
<b>C.6</b>	<i>An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded.</i>	Application will be made to the Bucharest Stock Exchange for an admission of the Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange.



	<p><b>C.7</b></p>	<p><i>A description of dividend policy.</i></p>	<p>Under the current legislation and in accordance with the Company's articles of incorporation, each fully paid Share gives its owner the right to receive dividends. Dividends are distributed to the shareholders on a pro-rata basis proportionately to their participation in the paid-up share capital of the Company. The Company will pay dividends denominated in RON.</p> <p>The general meeting of shareholders determines the amount of dividends to be distributed considering the specific provisions on the distribution of profits applicable to national companies and companies fully or partially owned by the state.</p> <p>Profits are distributed for the purposes and in the amounts referred to under paragraph above letters (f), (g) and (h), after deduction of the amounts related to the purposes determined under special laws referred to under letters (a), (b), (c), (d) and (e) of the same paragraph.</p> <p>Profits for the financial years ended 31 December 2012, 2011 and 2010, respectively, were distributed subject to the accounting profits registered under the statutory financial statements. The statutory financial statements of the Company are drafted in accordance with Order of the Ministry of Finance no. 3055/2009, as subsequently amended and supplemented. According to the Order of the Ministry of Finance no. 881/2012, the companies whose securities are admitted to trading on a regulated market must prepare financial statements according to IFRS which become the statutory statements of the companies. Therefore, following its listing, the Company will distribute the profits according to the financial statements prepared in accordance with IFRS.</p> <p>As an exception, for the financial year ended 31 December 2010, the share of profit distributed as dividends was increased from 50% to 90%. Additionally, for the financial years ending 31 December 2012 and 2013, the obligation of wholly or mostly state-owned companies to distribute an 85% share of profit as dividends was approved by the Government (under the Memorandum "<i>Measures which must be observed while drafting the revenues and expenses budgets of economic operators having whole or majority state participation</i>").</p> <p>According to the Companies Law, in case of assignment of shares, the assignee shall be entitled to the right to dividends due for the period after the assignment is complete.</p>
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<b>C.14</b>	<b>Information about the global depositary receipts</b>	
<b>C.1</b>	<i>A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number.</i>	<p>The Offering comprises an offer by the Selling Shareholder of up to 57,813,360 Shares (in the form of Shares and/or GDRs) at the Final Offer Price, with one GDR representing an interest in one Share.</p> <p>The security identification codes and numbers and trading symbol of the GDRs are expected to be as follows:</p> <p>Regulation S GDR ISIN: US83367U2050</p> <p>Regulation S Common Code: 098521674</p> <p>Regulation S GDR CUSIP: 83367U 205</p> <p>Regulation S GDR SEDOL: BFTD6P1</p> <p>Rule 144A GDR ISIN: US83367U1060</p> <p>Rule 144A GDR Common Code: 098521666</p> <p>Rule 144A GDR CUSIP: 83367U 106</p> <p>Rule 144A GDR SEDOL: BFTD6M8</p> <p>London Stock Exchange GDR Trading Symbol: SNGR</p>
<b>C.2</b>	<i>Currency of the securities issue.</i>	The currency of the GDRs is US dollars.
<b>C.4</b>	<i>A description of the rights attached to the securities.</i>	<p>Each GDR represents an interest in one Share on deposit with Raiffeisen Bank S.A., as custodian (the “<b>Custodian</b>”) and registered in the name of the GDR Depository (the “<b>Deposited Shares</b>”). A holder of GDRs (each, a “<b>Holder</b>”) will have the rights set out in the terms and conditions of the GDRs (as endorsed on each GDR certificate) and the Regulation S Master Global Depositary Receipt and a Rule 144A Master Global Depositary Receipt (together, the “<b>Master GDRs</b>”), which may be summarised as:</p> <ul style="list-style-type: none"> <li>• the right to withdraw the Shares and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares;</li> <li>• the right to receive payment in US dollars from the GDR Depository of an amount equal to cash dividends or other cash distributions received by the GDR Depository from the Company in respect of the Deposited Shares;</li> <li>• the right to receive from the GDR Depository additional GDRs representing additional Shares received by the GDR Depository from the Company by way of dividend or free distribution (or if the issue of additional GDRs is deemed by the GDR Depository not to be reasonably practicable or to be unlawful, the net proceeds in US dollars of the sale of such Shares);</li> </ul>

		<ul style="list-style-type: none"> <li>• the right to receive from the GDR Depositary any dividend or distribution in the form of property other than Shares or cash received by the GDR Depositary from the Company (or if such distribution is deemed by the GDR Depositary not to be reasonably practicable or to be unlawful, the net proceeds in US dollars of the sale of such property);</li> <li>• the right to request the GDR Depositary to exercise subscription or similar rights made available by the Company to holders of Shares (or if such process is deemed by the GDR Depositary not to be lawful and reasonably practicable, the right to receive the net proceeds in US dollars of the sale of the relevant rights or the sale of the assets resulting from the exercise of such rights);</li> <li>• the right to instruct the GDR Depositary regarding the exercise of any voting rights notified by the Company to the GDR Depositary subject to conditions; and</li> <li>• the right to receive from the GDR Depositary copies received by the GDR Depositary of notices provided by the Company to holders of shares or other material information,</li> </ul> <p>in each case subject to applicable law, and the detailed terms set out in the terms and conditions of the GDRs (as endorsed on each GDR certificate) and the Master GDRs.</p>
<b>C.5</b>	<i>A description of any restrictions on the free transferability of the securities.</i>	The GDRs will be freely transferable, subject to the clearing and settlement rules of The Depository Trust Company (in the case of the GDRs represented from time to time by the Rule 144A Master GDR) and Euroclear and Clearstream, Luxembourg (in the case of the GDRs represented from time to time by the Regulation S Master GDR), as applicable, and subject to selling and transfer restrictions under the relevant laws in certain jurisdictions applicable to the transferor or transferee, including the United States, the United Kingdom, Romania and the EEA, contractual lock-up arrangements applicable to the Selling Shareholder, Fondul Proprietatea and the Company and the terms and conditions of the GDRs.
<b>C.14</b>	<i>Information about the depositary receipts.</i>	The terms and conditions of the GDRs (as endorsed on each GDR certificate) set out the provisions relating to the exercise of and benefit from the rights attaching to the Shares. The following summarises relevant provisions of the terms and conditions of the GDRs relating to the exercise of and benefit from rights attaching to the underlying shares.

	<p><i>Describe the exercise of and benefit from the rights attaching to the underlying shares, in particular voting rights, the conditions on which the issuer of the depositary receipts may exercise such rights, and measures envisaged to obtain the instructions of the depositary receipt holders—and the right to share in profits and any liquidations surplus which are not to be passed on to the holder of the depositary receipt.</i></p>	<p><b>Distributions</b></p> <p>Each Holder of GDRs is entitled to the following distributions:</p> <p><i>Cash Distributions</i>—any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any amounts received in the liquidation of the Company) or otherwise in connection with the Deposited Shares and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (together with the Deposited Shares, the “<b>Deposited Property</b>”) received by the GDR Depositary from the Company. The GDR Depositary shall, as soon as and if practicable: (i) convert the same into US dollars as prescribed; (ii) if practicable in the opinion of the GDR Depositary, give notice to the Holders of its receipt of such payment, specifying the amount per Deposited Share payable in respect of such dividend or distribution and the earliest date, determined by the GDR Depositary, for transmission of such payment to Holders and (iii) distribute any such amounts to the Holders in proportion to the number of Deposited Shares represented by the GDRs so held by them respectively, subject to conditions. Any distributions in cash will be made on the record date established by the GDR Depositary (such date to be as close to the record date set by the Company as is reasonably practicable) in US dollars (if reasonably practicable) by cheque drawn upon a bank in New York City or, in the case of Master GDRs, according to usual practice between the GDR Depositary and Clearstream, Luxembourg, Euroclear or DTC, as the case may be.</p> <p><i>Distributions of Shares</i>—any distribution in respect of Deposited Shares which consists of a dividend or free distribution of Shares received by the GDR Depositary from the Company. The GDR Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, additional GDRs representing an aggregate number of Shares received pursuant to such distribution. Such additional GDRs shall be distributed by an increase in the number of GDRs represented by the Master GDRs or by an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs unless the GDR Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the Depositary withhold an amount on account of taxes or other</p>
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		<p>governmental charges) or to be unlawful, in which case the GDR Depositary shall (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) sell such Shares so received and distribute the net proceeds of such sale as a cash distribution as specified above to the Holders entitled thereto.</p> <p><i>Distributions other than Cash or Shares</i>—any dividend or distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property received by the GDR Depositary from the Company. The GDR Depositary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, in any manner that the GDR Depositary may deem equitable and practicable for effecting such distribution unless Depositary deems any such distribution to all or any Holders not to be reasonably practicable or to be unlawful, in which case the GDR Depositary shall deal with the securities or property so received, or any part thereof, in such way as the GDR Depositary may determine to be equitable and practicable, including, without limitation, by way of sale (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) and shall (in the case of a sale) distribute the resulting net proceeds as a cash distribution as specified above to the Holders entitled thereto.</p> <p>Delivery of any securities or other property or rights other than cash shall be made as soon as practicable to the Holder on the record date established by the GDR Depositary for that purpose.</p> <p><b>Rights Issues</b></p> <p>Each Holder of GDRs is entitled, subject in each case to applicable law and to the provision by the Holder of relevant information required by the GDR Depositary and the relevant payments (including fees, taxes, duties, charges, costs and expenses required under the Deposit Agreement), and to the extent reasonably practicable, either: (i) to request the GDR Depositary to exercise rights to subscribe for or to acquire Shares, securities or other assets where such rights are made available by the Company to Holders of Shares (and where applicable, to subscribe for additional rights not subscribed by other Holders of GDRs); or (ii) to receive a distribution of such rights or the proceeds of any sale thereof.</p> <p><b>Voting Rights</b></p> <p>Each Holder, following receipt from the GDR Depositary of copies of the information provided</p>
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			<p>by the Company (including notice and agenda for a meeting of shareholders of the Company and any proposed written resolution of the Company) is entitled to give instructions to the GDR Depository to vote for or against each and any resolution specified in the agenda for the meeting. In order for each voting instruction to be valid, the voting instructions form must be completed and duly signed by the respective Holder (or in the case of instructions received from the clearing systems should be received by authenticated SWIFT message) in accordance with the written request containing voting instructions and returned to the GDR Depository by such record date as the GDR Depository may specify.</p> <p>Exercise of voting rights from Holders will be subject in each case to Romanian law and the GDR Depository's determination of what is reasonably practicable.</p> <p><b>Payment Entitlements</b></p> <p>The only cash amounts to which a Holder of GDRs are entitled are:</p> <ul style="list-style-type: none"> <li>• a US dollar amount equal to: (i) the amount of any cash dividend or other cash distribution on or in respect of the shares represented by the Holder's GDRs (including any amounts received in the liquidation of the Company) or otherwise in connection with such shares received by the GDR Depository; (ii) the net proceeds of sale of any shares received by the GDR Depository from the Company by way of dividend or free distribution where issuance of GDRs representing such shares is deemed by the GDR Depository not to be reasonably practicable or to be unlawful; (iii) the net proceeds of sale of assets (other than shares or cash) received by the GDR Depository from the Company where distribution of such assets to GDR Holders is deemed by the GDR Depository not to be reasonably practicable or to be unlawful or (iv) the net proceeds of sale of subscription or other rights made available to the GDR Depository as a holder of shares by the Company (or the sale of the assets resulting from the exercise of such rights) where the exercise of such rights by the GDR Holders is deemed not to be lawful or reasonably practicable; and</li> <li>• on cancellation of GDRs or termination of the Deposit Agreement, amounts equal to the cash amounts currently held by the GDR Depository for the Holder of each cancelled GDR or GDR in issue at the time of termination of the Deposit Agreement,</li> </ul>
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		<p><i>Description of the bank or other guarantee attached to the depositary receipt and intended to underwrite the issuer's obligations.</i></p>	<p>in each case subject to applicable law, and the detailed terms set out in the terms and conditions of the GDRs and the Master GDRs.</p> <p>Not applicable. There are no bank or other guarantees attached to the GDRs.</p>
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<b>Section D—Risks</b>		
<b>D.1</b>	<p><i>Key information on the key risks that are specific to the issuer or its industry.</i></p>	<ul style="list-style-type: none"> <li>• Reserves are concentrated in one area and so the Company must acquire or develop additional natural gas reserves to sustain its current reserve and production levels;</li> <li>• The Company must make significant capital expenditures in order to increase its production level and improve overall efficiency, and the inability to finance these and other expenditures in the longer term could have a material adverse effect on the Company's business, prospects, financial condition and results of operations;</li> <li>• Current reserves and forward production data are only estimates and are inherently uncertain; total reserves may decline in the future and the Company may not achieve estimated production levels;</li> <li>• Drilling involves numerous operational risks, which may result in losses or additional expenditures, and the Company may not achieve its planned production targets;</li> <li>• Default or delay by any of the Company's counterparties may have an impact on the Company's results of operations and financial condition;</li> <li>• Significant uncertainties in connection with exploration and development activities due to need to acquire rights of access to the surface of lands as to which the Company holds underground exploration and development rights;</li> <li>• Limited control over the activities in connection with assets as to which the Company does not control a majority interest, which may determine a reduced capacity of the Company to control risks and costs;</li> <li>• The Romanian Government will continue to have significant influence over the Company after the Offering, and its interests may not be aligned with those of the other shareholders of the Company;</li> <li>• Revenues and results of operations are subject to climatic conditions and seasonal variations;</li> <li>• Bidding for new licences in the natural gas industry is intensely competitive and the Company may not be able to compete effectively; and</li> </ul>

		<ul style="list-style-type: none"> <li>• A decrease of the petroleum price, natural gas and electricity might have a significant adverse effect on the Company's operational results.</li> </ul>
<b>D.3</b>	<i>Key information on the key risks that is specific to the securities.</i>	<ul style="list-style-type: none"> <li>• There is currently no trading market for the Securities;</li> <li>• Price volatility of the Securities and liquidity may affect the performance of investments in the Company;</li> <li>• Future sales, or the real or perceived possibility of sales, of a significant number of the Securities in the public market could adversely affect the prevailing trading price of the Securities;</li> <li>• The Securities may not be transferred freely;</li> <li>• Holders of the Securities in certain jurisdictions (including the United States) may not be able to exercise their pre-emptive rights and may therefore be diluted;</li> <li>• Inability to admit the Securities to trading on the Bucharest Stock Exchange and London Stock Exchange, respectively;</li> <li>• Suspension of trading in the Shares could affect the Company's Shares' trading terms;</li> <li>• Investors may be unable to enforce judgments obtained in US courts against the Company;</li> <li>• Exchange rate fluctuations may impair the return on investment in the Shares;</li> <li>• The Company's shareholders may decide not to pay dividends in the future, and any foreign shareholders and holders of the GDRs may be subject, in any event, to limitations or delays in repatriating their earnings from distributions made on the underlying Shares;</li> <li>• Following the Offering, holders of Shares may not be able to deposit the Shares in the Company's GDR facility in order to receive GDRs, and changes in Romanian regulatory policy with respect to the placement and circulation of the Shares outside Romania in the form of GDRs or otherwise may negatively affect the market for the Securities being offered;</li> <li>• Voting rights with respect to the Shares represented by the GDRs will be limited by the terms of the Deposit Agreement and the relevant requirements of Romanian law.</li> </ul>
<b>D.4</b>	<b>Information about the underlying shares</b>	
	<b>D.2</b>	<i>Key information on the key risks that are specific to the issuer.</i>
		<ul style="list-style-type: none"> <li>• Reserves are concentrated in one area and so the Company must acquire or develop additional natural gas reserves to sustain its current reserve and production levels;</li> <li>• The Company must make significant capital expenditures in order to increase its production levels and improve overall</li> </ul>

			<p>efficiency, and the inability to finance these and other expenditures in the longer term could have a material adverse effect on the Company's business, prospects, financial condition and results of operations;</p> <ul style="list-style-type: none"> <li>• Current reserves and forward production data are only estimates and are inherently uncertain; total reserves may decline in the future and the Company may not achieve estimated production levels;</li> <li>• Drilling involves numerous operational risks, which may result in losses or additional expenditures, and the Company may not achieve its planned production targets;</li> <li>• Default or delay by any of the Company's counterparties may have an impact on the Company's results of operations and financial condition;</li> <li>• Significant uncertainties in connection with exploration and development activities due to the need to acquire rights of access to the surface of lands as to which the Company holds underground exploration and development rights;</li> <li>• Limited control over the activities in connection with assets as to which the Company does not control a majority interest, which may determine a reduced capacity of the Company to control risks and costs;</li> <li>• The Romanian Government will continue to have significant influence over the Company after the Offering, and its interests may not be aligned with those of the other shareholders of the Company;</li> <li>• Revenues and results of operations are subject to climatic conditions and seasonal variations;</li> <li>• Bidding for new licenses in the natural gas industry is intensely competitive and the Company may not be able to compete effectively;</li> <li>• A decrease of the petroleum price, natural gas and electricity might have a significant adverse effect on the Company's operational results.</li> </ul>
<b>D.5</b>	<b>Information about depositary receipts</b>		
	<b>D.3</b>	<i>Key information on the key risks that is specific to the securities.</i>	<ul style="list-style-type: none"> <li>• There is currently no trading market for the Securities;</li> <li>• Price volatility of the Securities and liquidity may affect the performance of investments in the Company;</li> </ul>

			<ul style="list-style-type: none"> <li>• Future sales, or the real or perceived possibility of sales, of a significant number of the Securities in the public market could adversely affect the prevailing trading price of the Securities;</li> <li>• The Securities may not be transferred freely;</li> <li>• Holders of the Securities in certain jurisdictions (including the United States) may not be able to exercise their pre-emptive rights and may therefore be diluted;</li> <li>• Inability to admit the Securities to trading on the Bucharest Stock Exchange and the London Stock Exchange;</li> <li>• Suspension of trading in the Shares could affect the Company's Shares' trading terms;</li> <li>• Investors may be unable to enforce judgments obtained in US courts against the Company;</li> <li>• Exchange rate fluctuations may impair the return on investment in the Shares;</li> <li>• The Company's shareholders may decide not to pay dividends in the future, and any foreign shareholders and holders of the GDRs may be subject, in any event, to limitations or delays in repatriating their earnings from distributions made on the underlying Shares;</li> <li>• Following the Offering, holders of Shares may not be able to deposit the Shares in the Company's GDR facility in order to receive GDRs, and changes in Romanian regulatory policy with respect to the placement and circulation of the Shares outside Romania in the form of GDRs or otherwise may negatively affect the market for the Securities being offered; and</li> <li>• Voting rights with respect to the Shares represented by the GDRs will be limited by the terms of the Deposit Agreement and the relevant requirements of Romanian law.</li> </ul>
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<b>Section E—Offer</b>		
<b>E.1</b>	<p><i>The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror.</i></p>	<p>The Selling Shareholder will receive the net proceeds of the Offering.</p> <p>The total commissions, fees and expenses payable by the Selling Shareholder in connection with the Offering are expected to be between approximately RON 16.1 million and RON 21.5 million. The total fees</p>

		and expenses payable by the Company in connection with the Offering are expected to be approximately RON 13.5 million.
<b>E.2a</b>	<i>Reasons for the offer, use of proceeds, estimated net amount of the proceeds.</i>	<p>The Company will not receive any of the proceeds from the Offering from the Selling Shareholder.</p> <p>The Selling Shareholder will receive all the proceeds from the sale of the Offer Securities and will use the proceeds from the Offering for general governmental budgetary purposes.</p>
<b>E.3</b>	<i>A description of the terms and conditions of the offer.</i>	<p>The Offering is structured as an offering of Offer Securities: (1) in Romania to the public; (2) in the United States to certain qualified institutional buyers as defined in, and in reliance on, Rule 144A under the U.S. Securities Act of 1933, as amended (the “<b>Securities Act</b>”) or another exemption from the registration requirements of the Securities Act; and (3) outside the United States and Romania in offshore transactions in reliance on Regulation S under the Securities Act.</p> <p>The Offering is split into two tranches (the “<b>Offer Tranches</b>”) as follows: (1) the Retail Tranche representing 15% of the Offer Shares (8,672,004 Shares (in the form of Shares and GDRs))—offered to individuals or companies who do not meet the criteria to qualify as Institutional Investors (the “<b>Retail Investors</b>”); and (2) the Institutional Tranche representing the remaining Offer Securities (49,141,356 Shares (in the form of Shares and/or GDRs))—offered to (i) credit institutions, (ii) investment firms, (iii) undertakings for collective investments (collective investment schemes, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and management companies of such funds, (vi) traders, (vii) trust companies, (viii) international financial institutions (IFIs), and (ix) other financial institutions, including depository banks (the “<b>Institutional Investors</b>”).</p> <p>The final size of each Offer Tranche will be decided by the Selling Shareholder upon the recommendation of the Joint Bookrunners, based on the level of subscriptions.</p>
<b>E.4</b>	<i>A description of any interest that is material to the issue/offer including conflicting interests.</i>	Other than disclosed in B.6, there are no other interests (including conflicting interests) that are material to the Offering.
<b>E.5</b>	<i>Name of the person or entity offering to sell the security. Lock-up agreements: the parties involved; and indication of the period of the lock-up.</i>	<p>The Selling Shareholder is the Ministry of Economy of Romania (acting through the Romanian Department for Energy).</p> <p>Pursuant to the terms of the Underwriting Agreement and, in the case of Fondul Proprietatea, a lock-up deed, each of the Company, the Selling Shareholder and Fondul Proprietatea will agree with the Managers, subject</p>

		to certain exceptions and existing obligations, that during the period of 180 days from the date of the Underwriting Agreement and the lock-up deed, respectively, it will not offer, issue, sell, contract to sell, pledge (or charge in respect of the Selling Shareholder and Fondul Proprietatea), grant options over or otherwise dispose (or publicly announce any such issuance, offer, sale or disposal) of the Securities, or any of the Company's securities that are substantially similar to the Securities, or enter into any transaction with the same economic effect as any of the foregoing, without the prior written consent of the Managers.
<b>E.6</b>	<i>The amount and percentage of immediate dilution resulting from the offer. In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.</i>	Not applicable. No dilution of the existing shareholders will result from the Offering.
<b>E.7</b>	<i>Estimated expenses charged to the investor by the issuer or offeror.</i>	Not applicable. No commissions, fees or expenses in connection with the Offering will be charged to investors by the Company or the Selling Shareholder. The GDR Depositary will be entitled to charge certain fees to the Holders of GDRs.



## RISK FACTORS

*An investment in the Securities involves a high degree of risk. You should carefully consider the following information about these risks, together with the information contained elsewhere in this Prospectus, before deciding whether to invest in the Securities. Any of the following risks, individually or together, could have a material adverse effect on the Company's business, financial condition and results of operations, and the trading price of the Securities, and you could lose all or part of your investment.*

*The Company and the Selling Shareholder have described the risks and uncertainties that they believe are material, but these risks and uncertainties may not be the only ones the Company faces. Additional risks and uncertainties, including those about which they are currently not aware or which it deems immaterial, could have the effects set forth above. Prospective investors should be aware that the value of the Securities and any income from them (if any) may go down as well as up and that investors may not be able to realise their initial investment.*

### **Risks Relating to the Company's Business and Industry**

***The Company's reserves are concentrated in one area and so it must acquire or develop additional natural gas reserves to sustain its current reserve and production levels***

The Company's future production is dependent on its success in finding and developing or acquiring additional proved oil and natural gas reserves. A material part of the Company's reserves consists of mature gas fields in Romania, and the Company has had annual production and reserve discovery rates in continuous decline since 1986. The gas fields located in the Transylvanian basin, which provide more than 90% of the Company's current production, are depleted in percentages ranging from 55% to 85%. The Company is currently pursuing the extension or obtaining of new exploration and or exploitation licences. In 2012, the Company's capital expenditure in exploration and production was RON 519 million, which was mainly invested in research and exploration activities, including 3D and 2D seismic surveying, drilling exploration wells and experimental production works related to these wells, field exploitation and underground storage facilities operations, upgrading of existing facilities and equipment and reducing impact on the environment. However, the Company's exploration and development activities or efforts to purchase proved reserves may not succeed, or its discoveries or purchases may turn out to be insufficient to replenish its current reserves. The challenges to the extension of the Company's reserves are growing due to increasing competition for access to opportunities globally. If the Company is unsuccessful in finding, acquiring and developing reserves, its total proved reserves may decline and it will not meet its production targets, which will have a material adverse effect on the Company's business, results of operations and financial condition.

Future increases in the Company's reserves will depend not only on its ability to explore and develop its existing properties but also on its ability to select and acquire suitable new proved reserves in a cost-effective manner that permits subsequent production to be economically viable. There are many reasons why the Company may not be able to acquire oil and natural gas reserves or develop them for commercially viable production. For example, the Company may be unable to negotiate commercially reasonable terms for its acquisition, exploration, development or production activities. Factors such as access to the plots of land, adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from political, environmental and other conditions in areas where the reserves are located or through which the Company's products are transported may increase costs and make it uneconomical to develop potential reserves. Without successful exploration or acquisition activities, the Company's reserves, production and revenues will decline.

***The Company must make significant capital expenditures in order to increase its production level and improve overall efficiency, and the inability to finance these and other expenditures in the longer term could have a material adverse effect on the Company's business, prospects, financial condition and results of operations***

The Company's business requires significant capital expenditures for the foreseeable future with respect to development, exploration, maintenance, production and storage. This includes, among other things, drilling wells and improving infrastructure and production technology in an effort to improve access, reduce operating expenses and enhance profit margins. In addition, in accordance with

applicable Romanian law, the Company will incur costs to meet its obligations under environmental laws and regulations, including costs for the decontamination and restoration of the soil and terrestrial ecosystems, for and following, the abandonment of wells and infrastructure.

The Company's ability to arrange future financing, and the cost of financing generally, depends on many factors, including:

- economic and capital markets conditions;
- investor confidence in the natural gas industry in Romania and the Company;
- the business performance of the Company;
- political and regulatory developments; and
- availability of credit from banks and other lenders.

The terms and conditions on which future funding or financing may be made available may not be acceptable or funding or financing may not be available at all. Moreover, if funds are raised in the longer term, the Company may become more leveraged and subject to additional or more restrictive financial covenants and ratios. If additional funds are raised by issuing new Securities, existing holders of Securities may be diluted. The Company's inability in the longer term to procure sufficient financing for these purposes could adversely affect its ability to expand its business and meet its production targets, may result in the Company facing unexpected costs and delays in relation to the implementation of its project development plans, and, if the reductions in financing levels are severe enough, they could adversely affect the Company's ability to maintain its production at current levels. This could have a material adverse effect on the Company's business prospects, financial condition and results of operations, and the trading price of the Securities.

***Current reserves and forward production data in this Prospectus are only estimates and are inherently uncertain; the Company's total reserves may decline in the future and the Company may not achieve estimated production levels***

The natural gas reserves data set forth in this Prospectus is estimated, based primarily, on internal engineering data that has been sourced and then independently verified by an independent reservoir engineer.

Natural gas engineering is a subjective process of estimating underground accumulations of natural gas that cannot be measured in an exact manner. Estimates of the value and quantity of economically recoverable natural gas reserves, production rates, net present value of future cash flows and the timing of development expenditures necessarily depend upon several variables and assumptions, including:

- historical production from the area compared with production from other comparable producing areas;
- interpretation of geological and geophysical data;
- assumed effects of regulations adopted by governmental agencies;
- assumptions concerning future natural gas prices;
- the availability and application of new technologies;
- capital expenditures; and
- assumptions concerning future operating costs, development costs and remedial costs.

Because all reserves estimates are subjective, each of the following items may differ materially from those assumed in estimating the Company's reserves:

- the quantities and qualities of natural gas that are ultimately recovered;
- the production and operating costs;
- the amount and timing of additional exploration and future development expenditures; and
- future natural gas sales prices.

Many of the factors, assumptions and variables used in estimating reserves are beyond the Company's control and may prove to be incorrect over time. Evaluations of reserves necessarily involve multiple uncertainties. The accuracy of any reserves or resources evaluation depends on the

quality of available information and natural gas engineering and geological interpretation. Exploration drilling, interpretation and testing and production after the date of the estimates may require substantial upward or downward revisions in the Company's reserves or resources data. Moreover, different reservoir engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves and resources may vary from estimates, and the variances may be material. The estimation of reserves may also change because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques.

Published reserves estimates may also be subject to correction due to the application of published rules and guidance. The Company's natural gas reserves are currently independently evaluated by D&M in accordance with PRMS guidelines. PRMS standards take into account not only the probability that hydrocarbons are physically present in a given geological formation but also the economic viability of recovering the reserves. The determination of economic viability includes such factors, among others, as exploration and drilling costs, ongoing production costs, transportation costs, prevailing prices for natural gas and corresponding taxes and duties.

***Drilling involves numerous operational risks, which may result in losses or additional expenditures, and the Company may not achieve its planned production targets***

The Company's future success will depend, in part, on its ability to develop oil and natural gas reserves in a timely and cost-effective manner and achieve its production targets. The Company is continuing to develop its assets and the Company's ability to increase production will depend on many factors, some of which are beyond the Company's control. In particular, the Company may be required to curtail, delay or suspend drilling operations because of a variety of operational factors, including natural catastrophes, fires, explosions, unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, premature declines in reservoirs, blowouts, uncontrollable flows of natural gas or well fluids, water cut levels, pollution and other environmental risks, adverse weather conditions, compliance with governmental requirements and shortages or delays in the availability of drilling rigs corresponding equipment, third parties service supply and transport and delivery of equipment. Any of these risks could result in loss of natural gas or could lead to environmental pollution and other damage to the Company's properties or surrounding areas and increased costs. There can be no assurance that the Company will achieve its production targets or that it will successfully implement new infrastructure or technologies in a timely manner or that they will yield the expected improvements in efficiency.

In addition, the Company's oil and natural gas exploration may involve unprofitable efforts, not only from wells that yield no results from the exploration activities, but also from wells that are productive or where production levels decline but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Also, drilling hazards or environmental damage could greatly increase the cost of operations and delay the implementation of new infrastructure technologies. Additionally, various field operating conditions may adversely affect the production from successful wells. In addition, a shortage of power could affect production growth. An increase in production costs as a consequence of these risks could reduce the Company's profitability. The occurrence of any of these events could negatively affect the Company's ability to meet its production targets and comply with the production plans under its licences and could have a material adverse effect on the Company's licences, business, results of operations, financial condition and prospects, and the trading price of the Securities.

***Default or delay by any of the Company's counterparties may have an impact on the Company's results of operations and financial condition***

The Company undertakes significant capital expenditures related to the modernization and renewal of plants. It faces the risk of potential default or delay by its counterparties (which include partners, contractors, subcontractors and suppliers), especially in cases of financial hardship or bankruptcy. Any default by its counterparties may affect the cost and completion of the Company's projects, the quality of its work, the supply of certain critical products or services or expose it to reputational risk, business continuity risk and the loss of important contracts, as well as to substantial additional costs, particularly in cases where the Company would have to pay contractual penalties, find alternative counterparties or complete work itself, which could have a material adverse effect on its business, results of operations and financial condition.

The Company's revenues are generated by sales to suppliers, end-customers or wholesale partners. There is a risk that some of its key counterparties could default on or dispute their contractual obligations towards the Company, which could have a material adverse effect on its business, results of operations and financial condition.

***The Company faces significant uncertainties in connection with its exploration and development activities due to the need to acquire rights of access to the surface of lands as to which the Company holds underground exploration and development rights***

Although the Company holds rights to gas located beneath the ground at various sites, such rights do not confer surface rights to the land from which wells must be drilled to access such gas. In consequence, the Company must acquire access to the land on which it seeks to explore, develop and/or exploit gas reservoirs (located beneath such land), either through the purchase or lease of such land from the owners thereof. Thus, the Company must negotiate with individual owners of property in order to utilise its underground rights. The most significant difficulty encountered in connection with this issue is the uncertainty surrounding availability of adequate evidence of ownership of land in question due to, among other reasons, the lack of a well-developed central land registry, the emigration of owners to other countries, unresolved inheritance issues regarding the land or the inability of the resident to produce evidence of legal ownership. The process is in the majority cases successful but could delay exploration activities and increase costs above those initially estimated by the Company.

The uncertainty related to the acquisition of land from the owners could have a material adverse effect on its business, results of operations and financial condition.

***The Company has limited control over the activities in connection with assets as to which it does not control a majority interest***

Some of the assets in which the Company has an interest are operated by other companies and involve third-party joint venture partners. The Company is presently participating in nine joint ventures and other non-controlling equity interests related to exploration activities, performance of feasibility studies, underground gas storage services, manufacture of inorganic chemical products and services related to extraction of natural gas and oil, with its share capital devoted to the partnerships ranging from 0.12% to 40%. See "*Business—Equity investments*". As a result, the Company has limited ability to influence or control the operation or future development of such assets, including compliance with environmental, safety and other regulations, or the amount of capital expenditures that it will be required to contribute to based on approved work programs with respect to such properties. Moreover, the Company is dependent on the other joint venture partners of such projects to fund their contractual share of the capital expenditures of such projects. These limitations and the Company's dependence on operators and other joint venture partners for these projects could cause it to incur unexpected future costs and could have a material and adverse effect on its business, results of operations, financial condition and prospects.

***The Romanian Government will continue to have significant influence over the Company after the Offering, and its interests may not be aligned with those of the other shareholders of the Company***

Immediately following the Offering, the Romanian Government (the "**Government**") will be the beneficial owner of 70.0071% of the Shares (assuming no Securities are purchased in connection with the stabilisation activities).

As a result, the Government will be able to exercise significant influence over matters requiring shareholder approval, including the election of directors, business strategy, dividend distribution and significant corporate transactions, including debt to equity conversions and acquisitions of participations in other entities, and certain decisions may reflect Government policy. Complying with such decisions could lead to significant capital expenditure or may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination. Past experience indicates the possibility of significant interference by the Government in the companies in which it holds full or majority ownership, including the Company. By way of example, the Government Ordinance for the rectification of the 2010 state budget compelled the Company to make a donation to the State budget of RON 400 million. Similarly, the Government approved in the past the acquisition by the Company of CTE Iernut in order to satisfy an outstanding debt owed to the Company by the owner of CTE Iernut, and may resolve similarly in the future with

respect to other entities that owe money to the Company. Such conversions may involve significant investments and risks, including, but not limited to, liabilities or legal claims on the part of the Company or could turn out to be economically unsuccessful or to be otherwise inconsistent with the desires of minority shareholders.

Differences between the interests of the Government and the other shareholders of the Company may lead to conflicts or may restrict the Company's ability to implement its business strategy, which could materially adversely affect the Company's business, results of operations, financial condition and prospects.

***The Company's revenues and results of operations are subject to climatic conditions and seasonal variations***

Natural gas, electricity and heat consumption is seasonal and is significantly affected by climatic conditions. In Central and South East Europe, natural gas consumption is generally higher during the cold winter months while electricity consumption is higher during the hot summer months. Natural gas production and electricity generation may also be significantly affected by climatic conditions, in particular extremely hot or cold temperatures. Consequently, the Company's income reflects the seasonal character of the demand for natural gas and electricity and may be adversely affected by significant variations in climatic conditions. The Company may need to compensate for a reduction in the availability of natural gas produced or electricity generated by economical means by using other means with a higher production or generation cost, which could have a material adverse effect on its business, results of operations and financial condition.

***The bidding for new licences in the oil and natural gas industry is intensely competitive and the Company may not be able to obtain such new licences***

When seeking to increase or maintain reserves, oil and natural gas companies, including the Company, face increasing competition in bidding for licence blocks. A number of other European natural gas companies, as well as non-European gas companies, compete for licences in Romania and elsewhere, increasing the competition which the Company faces. The Company's competitors include multinational, well-established oil and natural gas companies with significantly greater financial resources and international operating experience than the Company. These companies may be able to pay more for exploration prospects, licences and productive gas properties and to generally make larger investments than the Company. Competition will also continue to grow due to the increasingly limited quantities of unexploited and unallocated natural gas reserves.

Any failure by the Company to compete effectively in bidding either on its own or as part of a consortium on new licence blocks could have a material adverse effect on the Company's business, results of operations, financial condition and prospects, and the trading price of the Securities.

***Operation of the Company's business requires various environmental authorisations and permits issued by Romanian authorities. If any of these authorisations are suspended, restricted, terminated or not extended prior to expiry, this would have a material adverse effect on the Company***

The licensing regime in Romania for the exploration, development and production of natural gas and related products is governed primarily by Petroleum Law No. 238/2004 as subsequently amended (the "**Petroleum Law**") and Energy Law No. 123/2012 (the "**Energy Law**") and numerous regulations issued thereunder. The Company conducts its gas exploration and production activities in Romania under 249 environmental authorisations and water management permits. The suspension and/or loss of any such authorisation would require the Company to stop its production of natural gas from the field covered by the relevant authorisation and, if the Company were unsuccessful in lifting such suspension or re-obtaining the authorisations, the Company would lose its right to extract natural gas from the field altogether. Similarly, authorisations covering underground storage, supply or distribution of natural gas or production of electricity could also be suspended or revoked. Accordingly, any suspension or loss of any such authorisations would materially adversely affect the Company's business, results of operations, financial condition and prospects.



The Company may be unable to, or may voluntarily decide not to, comply with certain authorisation requirements for some or all of its licence areas. In addition, the Company does not have in place a procedure to apply for amended permits prior to the completion of relevant changes at the operation sites, which may lead to the Company performing certain activities without proper authorisation. If the authorities in Romania determine that the Company has failed to fulfil the terms of its authorisation, or if the Company operates in its licence areas in a manner that violates Romanian law, such authorities may impose fines on the Company, suspend or terminate its authorisations or refuse to extend the term of the authorisations. Furthermore, the Company may have to increase spending to comply with authorisations terms. Any suspension, restriction, termination or non-extension of the Company's authorisations could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

***The Company is subject to regulatory, environmental, health and safety laws and must maintain regulatory, environmental, health and safety approvals, and the Company may be exposed to significant liabilities if it fails to maintain such approvals or comply with such laws, including liabilities it might incur if it fails to resolve certain deficiencies identified by Romanian regulators***

The Company is subject to various regulatory, environmental and health and safety laws and regulations governing, among other things: the decommissioning of wells and plants; the decontamination, generation, storage, handling, release, use, disposal and transportation of waste or hazardous materials; the classification, packaging and labelling of dangerous substances; the emission and discharge of hazardous materials into the ground, air or water; cross subsidies between separate activities regulated by ANRE; and the health and safety of the public and its employees. Romanian regulators, EU regulators and regulators in the countries in which it operates administer these laws and regulations.

The Company is also required to obtain environmental and safety permits from various governmental authorities for its operations. Inspections by Romanian regulators have identified a series of deficiencies in the Company's compliance with health and safety requirements as regards the use of personal protective equipment, availability of warning signs for hazardous places and stored materials labelling, execution of regular fire-fighting equipment inspections, emergency response awareness. The Company may also be subject to action plans or compliance programs adopted by regulators, the breach of which may result in suspension or termination of the regulated activities. Failure by the Company to comply with the health and safety requirements and to follow-up on such deficiencies or the implementation of action plans or compliance programmes adopted by the regulators may increase the risk of accidents occurring, which could have a detrimental effect on the Company's business, results of operations, financial condition and prospects.

In addition, certain licences or permits held by the Company to operate require periodic renewal or review of their conditions as well as continuous monitoring and reporting of compliance with their conditions and the Company cannot give any assurance that it will be able to renew such licences or permits or that material changes to its licences or permits requiring significant expenditures, will not be imposed. Violations of these laws, regulations or permits could result in plant shut-downs, fines or legal proceedings being commenced against the Company or other sanctions, in addition to negative publicity and significant damage to the Company's reputation. Other liabilities under environmental laws, including decontamination and restoration of soil, subsoil and terrestrial ecosystems following decommissioning of wells or plants, the clean-up of hazardous substances, can also be extremely costly to discharge. Regulatory, environmental and health and safety laws are complex, change frequently and have tended to become more stringent over time.

As a result, the Company may not at all times be in full compliance with all applicable laws and regulations. While the Company has budgeted for future capital and operating expenditures to comply with current regulatory, environmental and health and safety laws, it is possible that any of these laws may change or become more stringent in the future or that new laws may be adopted, specifically secondary legislation intended to implement the Energy Law. Therefore, the Company's costs of complying with current and future regulatory, environmental and health and safety laws could have a material adverse effect on its business, results of operations, financial condition and prospects.



***Changes in the regulated market could have a material adverse effect on the Company's results of operations and financial condition***

In Romania, a portion of the Company's commercial revenues depends on sales of services on the regulated market. On the regulated market in Romania, tariffs for storage are set by ANRE. The Company cannot give any assurance that it would receive approval for increasing tariffs for any given regulatory period or that regulated tariffs would be set at a level which would allow it to preserve its short-, medium- or long-term investment capacity or its property interests, while ensuring a fair return on the capital invested in its natural gas production, supply, storage and distribution assets. For example, in 2012, an increase requested by the Company was not granted and resulted in flat profit performance by the storage segment of the Company's operations. As a result, any changes in regulated tariffs could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

***Changes in the European Union's renewable energy policy and an accelerated market shift towards renewable energy sources could have a material adverse effect on the Company's results of operations and financial condition***

The electricity generation industry in Europe is strongly influenced by the European Union's policy, implemented in 2008 by the EU Climate and Energy Package, to increase the share of electricity generated by renewable energy sources. The Company is effectively obliged, due to economic incentives, to reflect the EU Climate and Energy Package within its own strategy. By 2020, the EU Climate and Energy Package requires a 20% decrease in carbon dioxide emissions, a 20% increase in energy efficiency and requires renewable energy sources to comprise 20% of total energy consumption. The implementation of the EU Climate and Energy Package, or any amendments to such targets, could have a material adverse effect on the Company's business, results of operations and financial condition. Additionally, increased use of renewable sources may decrease energy prices and limit the production time. Continued or increased support for renewable energy sources in the European Union may affect the Company's profit from CTE Iernut's profitability, which could have a material adverse effect on its business, results of operations and financial condition.

***Unethical conduct and non-compliance with applicable laws and regulations could damage the Company's reputation and lead to financial and other penalties***

The Company's code of conduct, which applies to all employees, has only recently started to be implemented. Failures of employees to abide by the Company's code of conduct which lead to incidents of unethical behaviour, fraudulent activity or non-compliance with applicable laws and regulations could be damaging to the Company's reputation, business and growth prospects. In addition, in such circumstances, the Company may be subject to penalties, including, among other things, fines.

***Decommissioning costs are unknown and may be substantial; unplanned costs could divert resources from other projects***

The Company is responsible for costs associated with abandonment and recovery of wells, facilities and pipelines which it uses for production of natural gas. Abandonment and recovery of these facilities and the costs associated therewith are often referred to as "decommissioning". The Company recorded a provision for decommissioning wells and restoring lands used in the activity of exploitation of natural resources and returning them to the economic circuit, in accordance with the provisions of the International Accounting Standard 37 ("*Provisions, Contingent Liabilities and Contingent Assets*"). Such provision was calculated based on an estimation of future costs determined based on local conditions and requirements and the present value of such costs was determined using an adjustment factor based on the interest rates related to investments with maximum degree of security (government securities). Such provision is recalculated at the end of each reporting period. There may be differences between the registered provision and the actual cost for the decommissioning of wells, facilities and pipelines that the Company uses for the natural gas production. The Company may have to draw on funds from other sources to satisfy such differences between estimated costs and actual costs. The use of other funds to satisfy such decommissioning costs could impair the ability of the Company to focus capital investment in other areas of its business.

***The Company will have to make substantial investments in relation to CTE Iernut in order to ensure its future operations***

The Company acquired the power generation plant CTE Iernut, under the approval of the Government in order to satisfy an outstanding debt owed to the Company by the former owner of CTE Iernut.

Operation of the CTE Iernut power plant, formed by six large gas combustion units, with a total capacity of 800 MW and production in 2012 of 464 GWh, involves implementation of measures to reduce nitrogen oxides emissions in line with the Integrated Pollution Prevention Control Permit issued for the facility and the requirements of the Large Combustion Plants Directive (the “LCP Directive”). The action plan negotiated with the environmental authorities provides that low nitrogen oxides burners are to be installed at units 1 and 4 by the end of 2013. The Company is therefore envisaging implementing a technical solution (exhaust air recycling) to reduce nitrogen oxides emissions, which however has not been tested at full scale yet. If successful, the deadline will be met for unit 1 only, while implementing the changes at unit 4 would very likely require an additional six months. In addition, CTE Iernut power plant is subject to the carbon dioxide emission trading requirements in line with the European Emission Trading System. The excess carbon dioxide certificates resulted in connection with the emission trading period of 2008 – 2012 allocated to CTE Iernut, are not in control of the Company, which therefore may be required to acquire carbon dioxide certificates for the operation of the electricity generation business. Further actions will be required for all units to meet the more restrictive LCP Directive emission targets by date required (1 July 2030).

Failure by the Company to implement such investment programmes may impair the activity of CTE Iernut, which may in turn affect the Company’s business, results of operations, financial condition and prospects.

***Any decreases in the prices obtained for the Company’s natural gas and/or electricity could have a material adverse effect on its results of operations and financial condition***

The Company’s future revenues, profitability, cash flows and rate of growth depend substantially on prevailing prices for natural gas and electricity. While natural gas prices on the regulated market are currently fixed by ANRE, the current legislation provides for a gradual liberalisation of the natural gas pricing regime to achieve a price equal to that of imported natural gas by 31 December 2018 for household customers and 31 December 2014 for non-household customers (subject to extension until 31 December 2015, in case at the end of 2014 there is a significant difference between the domestic gas price and the European gas price, which might affect market stability). Romanian authorities have undertaken to liberalise the natural gas pricing regime earlier, by 1 October 2018 and 1 October 2019, respectively. Historically, global natural gas prices have been highly volatile. Following price liberalisation, changes in natural gas prices will directly affect the Company’s revenues, cashflows and profitability. Any future declines in natural gas and/or electricity prices could materially adversely affect the Company’s business, results of operations, financial condition and prospects.

The Company’s profitability is determined, in large part, by the difference between the revenue received for natural gas the Company produces and its operating costs, taxation costs upon extraction (which are assessable irrespective of sales) and selling its natural gas. Therefore, lower natural gas prices may reduce the amount of natural gas that the Company is able to produce economically or may reduce the economic viability of the production levels of specific wells or of projects planned or in development to the extent that production costs exceed anticipated revenue from such production.

Any decline in natural gas and/or electricity prices and/or any curtailment in the Company’s overall production volumes could result in a reduction in net income or increase in net losses, impair the Company’s ability to make planned capital expenditures, incur costs that are necessary for the development of the Company’s fields and could materially adversely affect the Company’s business, results of operations, financial condition and prospects.

The Company does not have any contractual hedging protection against fluctuations in natural gas or electricity prices, particularly in prices of imported gas which is sold at a date sometimes several months after it is purchased. Accordingly, there can be no assurance, once prices are liberalised that the Company will continue to receive the same prices for natural gas and electricity as it currently

receives or historically has received. If prices for the Company's natural gas or electricity fall below current levels, this could materially adversely affect the Company's business, results of operations, financial condition and prospects.

***The Company is exposed to changes in the taxes and royalties imposed on its operations***

The Company operates in several countries, and any of these countries could modify its tax laws in ways that would adversely affect the Company. The Company is subject to, among others, corporate taxes, revenue taxes for the activities regarding the electric energy sector, revenue taxes for the activities regarding the natural gas sector, concessions, royalties, customs surcharges and excise duties, each of which may affect the Company's sales and earnings. In addition, the Company is exposed to changes in fiscal regimes relating to royalties and taxes imposed on natural gas production. Significant changes in the tax regimes of countries in which the Company operates or in the level of production royalties the Company is required to pay may have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, the Company is required to pay to the Romanian Government royalties on production and storage activities. The royalty on production of natural gas is paid quarterly and currently ranges from 3.5% to 13%. There has been press speculation that the Government could raise the royalty amount on natural gas produced under any new concession agreed on or after 1 January 2014 to as high as 25% to 40%. Currently, the Company pays 3% of its gross income from natural gas storage activity. The royalties on storage activities may also rise in the short term. There is no assurance that such a significant raise in royalties will not occur, and if it were to occur, that the business, results of operations, financial condition and prospectus of the Company will not be affected.

***The Company applies specific procurement procedures which may impair its ability to compete with other private entities***

The Company applies specific procurement procedures as set forth under Government Emergency Ordinance No. 34/2006 on public procurement procedures, public works and public services concession agreements.

Not all competitors of the Company are required to apply such procedures, and compliance by the Company with formal procedures such as the above may result in decreased competitiveness in relation to such third parties which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

***The Company relies on services of third parties, the availability of which cannot always be assured***

The Company relies on external contractors to carry out certain of its major activities. For example, the Company relies on external contractors for the performance of seismic data acquisitions necessary to comply with the requirements of the Company's petroleum agreements. There is only one such Romanian provider of seismic data acquisition services currently available to the Company. Under such circumstances, the Company is dependent on such third party provider. Any failure in performance by such external contractors could have an adverse effect on the Company's business, results of operations, financial condition and prospects.

***Certain petroleum agreements of the Company may no longer be in force***

The initial term for a number of the petroleum agreements concluded by the Company is set on the basis of National Agency for Mineral Resources ("ANRM") resolutions regarding the level of proved reserves as estimated at the time such contracts were concluded. Subsequently, the Company re-evaluated the proved reserves and, in cases where their level exceeded the initial estimation, asked for a prolongation of the relevant petroleum agreements. In turn, ANRM issued new resolutions attesting that the level of the proved reserves has increased and the petroleum agreements have been deemed to be prolonged on this basis.

However, according to the provisions of the petroleum agreements and the Petroleum Law, petroleum agreements are extended by addendum to the initial agreement and Government Decision approval.

Although, in the case of most of the petroleum agreements concluded by the Company, ANRM issued new resolutions approving the newly estimated level of the proved reserves and, implicitly, the prolongation of the petroleum agreements, there are very few addendums signed and no Government Decisions approving the prolongation of the respective petroleum agreements as per the provisions of the agreements and the Petroleum Law. In addition, in certain cases, the initial term of the petroleum agreements, as established through ANRM decisions available at the time the respective agreements were concluded, has expired or is about to expire. If the prolongation of such petroleum agreements is held not to have been properly approved, the Company may lose the concession rights and consequently the right to exploit a number of fields, which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

***The Company may be adversely affected by the exchange rate fluctuations***

The Company's functioning and IFRS financial reporting currency is RON. However, certain receivables to and payables of the Company are denominated in foreign currency, primarily US\$ and Euro. Consequently, significant fluctuations in exchange rates between RON and US\$ or RON and Euro may have an impact on the turnover derived from its activities, as well as on the asset and liability elements denominated in foreign currency as well as to the indebtedness denominated in foreign currency, respectively. The Company does not use any hedging arrangements against this foreign exchange risk. Furthermore, the National Bank of Romania ("NBR") could impose certain restrictions or requirements with respect to operations in foreign currency. Significant fluctuations in foreign currency could have a material adverse effect on the Company's business, financial conditions or results of operations.

***The Company's equipment and components of its facilities are subject to gradual deterioration over time***

The continual operation of the Company's production and storage facilities and plants, as well as natural processes, such as erosion and corrosion, have an impact on the condition of some of its equipment and components of its facilities. The impact of such operation and processes tends to increase as its facilities, plant, equipment and components grow older. Although the Company seeks to implement new inspections and maintenance practices, including proactively repairing or replacing equipment and components before they fail, it cannot give any assurance that the Company will be successful in its efforts, which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

***The Company may not be able to hire, train or retain sufficient qualified staff***

Experienced and capable personnel are in high demand and the Company faces significant competition in the Company's principal markets to recruit such personnel. Consequently, when the Company's experienced employees leave, it may have difficulty, and incur additional costs, in replacing them. In addition, the loss of any member of its senior management team may result in a loss of organisational focus, poor execution of its operations and corporate strategy and its inability to identify and execute potential strategic initiatives in the future, including strategies relating to the growth of its business. The Company's failure to hire, train or retain a sufficient number of experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or to recruit skilled professional and technical staff in pace with its growth, could have a material adverse effect on its business, results of operations, financial condition and prospects.

***A strike or other labour disruption at the Company's facilities could adversely affect its business***

A substantial number of the Company's employees are represented by labour unions and covered by its collective bargaining agreement. This agreement includes provisions that limit its ability to realise cost savings from restructuring initiatives such as plant closures and reductions in workforce. While the Company has not experienced any strikes or work stoppages to date, any strikes, threats of strikes, or other resistance or work stoppages in the future, particularly those affecting its facilities in Romania, could impair its ability to implement further measures to reduce costs and improve production efficiencies in furtherance of its strategy, which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

***The Company does not carry the types of insurance coverage customary in other more developed countries for a business of its size and nature, and a significant event could materially adversely affect the Company's business, results of operations, financial condition and prospects***

The Company only carries limited property insurance (e.g. insurance for the Company's car fleet and insurance for some of the Company's buildings). Therefore in the event that its plant, equipment or buildings are damaged or stolen, the Company will incur substantial losses. The Company also has no coverage for business interruption. It maintains only mandatory third party liability insurance that is required under Romanian law, although such insurance may not be adequate to fully cover losses of such third parties.

In the event that a significant event was to affect one of the Company's production facilities, the Company could experience substantial property loss and significant disruptions in its production capacity, for which it would not be compensated. Moreover, depending on the severity of the damage, the Company may not be able to rebuild such damaged property in a timely fashion or at all.

In addition, some risks may not, in all circumstances be insurable or, in certain circumstances, the Company may choose not to obtain insurance to protect against specific risks due to the high premiums associated with such insurance or for other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. If the Company suffers a significant event or occurrence that is not fully insured, or if the insurer of such event is not solvent, it could be required to divert funds from capital investment or other uses towards covering its liability for such events. Any such loss or third party claim for damages could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

***The Company's properties may be the object of certain restitution claims***

Romanian law provides for the possibility for the former owners of land and/or buildings which were repossessed by the Romanian state during the communist regime to recover their ownership rights under certain conditions. In addition, the Company does not have complete documentations as regards its rights (of use or ownership) for a limited number of real estate properties used by the Company for the purpose of achieving its business object. The absence of such documentations may affect the Company's ability to protect its rights (of use or ownership) against third parties which might file potential claims regarding the relevant real estate properties. The Company is not aware of the existence of any restitution claim related to land owned which was previously acquired by the Romanian state on the basis of certain expropriation decrees, or of any other claims regarding the real estate properties for which it does not have complete documentations. Nevertheless, there is no guarantee that litigation with former owners will not occur in the future and any resolution of this litigation to the detriment of the Company might have an adverse effect on the financial condition and the results of the economic operations of the Company, and on the trading price of the Securities.

**Risks relating to Romania**

***There are certain risks associated with an investment in developing markets, including Romania, which may be greater than risks inherent in more developed markets***

An investment in a country such as Romania, which joined the EU in 2007, but which is still an emerging market, is subject to greater risks than an investment in a country with a more developed economy and more developed political and legal systems. Although progress has been made in reforming Romania's economy and political and legal systems, the development of Romania's legal infrastructure and regulatory framework is still ongoing. As a consequence, an investment in Romania carries risks that are not typically associated with investing in more mature markets. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, an investment in a majority state-owned Romanian company is appropriate. Generally, investments in developing countries, such as Romania, are only suitable for sophisticated investors who can fully appreciate the significance of the risks involved.

In addition, international investors' reactions to events occurring in one country sometimes demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors. Therefore, investment in the Company could be adversely affected by negative



economic or financial developments in other countries. There can be no assurance that conditions resulting from any crises similar to the global financial and economic crisis that started in 2008, the ongoing European sovereign debt crisis or the recent political turmoil in Europe, the Middle East and Africa will not negatively affect the economic performance of, or investor confidence in, developing markets, including Romania.

***Political and economic uncertainty could adversely affect the value of investments in Romania as well as the value of the Securities***

Romania has undergone major changes during its recent history. Many political and economic reforms have taken place but Romania's economy still has a number of structural weaknesses.

Against the backdrop of austerity measures taken by the Romanian Government in 2010 and 2011 to counter the effects of the global financial and economic crisis, repeated street protests took place in Bucharest and in other important cities in January 2012.

Since the beginning of 2012, there have been three changes of government in Romania. Since May 2012, the Social Liberal Union ("USL") supported Governments led by Prime Minister Victor Ponta have governed Romania. During the summer of 2012, a conflict arose between the President, Traian Basescu and the Government regarding Romania's representative at a European Council summit. The tensions culminated in the impeachment of President Basescu by the Romanian Parliament on 6 July 2012, which was subject to a popular referendum the results of which were subsequently declared invalid due to a failure to attain the legal quorum. President Basescu resumed his functions on 28 August 2012.

Parliamentary elections took place on 9 December 2012 and USL won the majority of seats in the Parliament and designated a Government lead by Victor Ponta. The Ponta Government has the support of a strong USL majority of over 67% in the Romanian Parliament.

In September 2013, Bucharest and other important cities have been faced with repeated street protests against the approval by the Ponta Government of the project regarding gold exploitation from Rosia Montana.

There can be no assurance that the new government will continue the former Governments' strategy for addressing structural weaknesses in the Romanian economy. Even if such strategy continues, the reforms and the ongoing adjustment and fiscal consolidation measures that the Romanian authorities have undertaken in connection with financing agreements with the IMF and the EC could result in increased social pressures or an erosion of political support, making further reforms more difficult. Also, there can be no assurance that the current governing coalition will continue in its existing form. Political differences may arise between the constituent parties, which may result in further domestic political turmoil and social disruption.

***Risks relating to global events***

From mid-2007 and continuing into 2009, the global economy experienced a significant downturn, the effects of which are ongoing. In response to this global financial crisis, governments in the United States, Europe and elsewhere have implemented (and continue to implement) significant economic stimulus packages, which have included, amongst other things, the recapitalization of banks through state purchases of common and preferred equity securities, the state guarantee and purchase of certain forms of bank debt, purchase of distressed assets from banks and other financial institutions by the state, the purchase of sovereign debt by central banks, and the provision of guarantees of distressed assets held by banks and other financial institutions by the state. Despite these actions, the volatility and market disruption in the global banking and other economic sectors have continued to a degree unprecedented in recent history.

Romania has recently experienced some contraction in its economy and other adverse economic and financial effects as a result of the global financial crisis, including a correction in the real estate sector and limited access to international capital markets, followed by a moderate resumption of growth starting in 2011. For example, gross domestic product ("GDP") declined by 1.4% in 2010 as compared to 2009 and 7.1% in 2009 as compared to 2008, before increasing by 2.5% in 2011 as compared to



2010, by 0.3% in 2012 as compared to 2011. Due to these and other pressures resulting from the global economic crisis, Romania recorded (cash) budget deficits of 6.4% and 4.3% of GDP in 2010 and 2011, and 2.5% of GDP as at 31 December 2012, respectively.

In 2010, a sovereign financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these states to continue to service their sovereign debt obligations. These concerns impacted financial markets and resulted in high and volatile bond yields on the sovereign debt of many EU nations. Despite the creation of a joint EU-IMF European Financial Stability Facility in May 2010, assistance packages to Greece, Ireland and Portugal, and announced plans in the summer of 2011 to expand financial assistance to Greece, uncertainty over the outcome of the EU governments' financial support programmes and worries about sovereign finances persisted and, notwithstanding increased purchases of sovereign bonds by the European Central Bank and measures taken by other central banks to enhance global liquidity, ultimately spread from "peripheral" to "core" EU member states during the latter part of 2011. In December 2011, European leaders agreed to implement steps (and continue to meet regularly to review, amend and supplement such steps) to encourage greater long term fiscal responsibility on the part of the individual member states and bolster market confidence in the euro and European sovereign debt.

Investors should ensure that they have sufficient knowledge and awareness of the global financial crisis, the Eurozone crisis and the economic situation and outlook in Romania as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Securities. In particular, investors should take into account the current uncertainty as to how the global financial crisis, the Eurozone crisis and the wider economic situation will develop over time and how they will affect the Romanian economy.

***Corruption and money laundering could disrupt the Company's ability to conduct business and could materially adversely affect its business, financial condition, results of operations and prospects***

Although progress was made recently in the field of money laundering by the passing of important laws needed to fully transpose the provisions of Directive 2005/60/EC of the European Parliament and Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and of Commission Directive 2006/70/EC regarding politically exposed persons, independent analysts and media reports have identified corruption and money laundering as problems in Romania. In 2012, Transparency International Corruption Perceptions Index, which evaluates data on corruption in countries throughout the world and ranked countries from 1 (least corrupt) to 178 (most corrupt), Romania was ranked 66th.

In its twelfth report under the Cooperation and Verification Mechanism with Romania, published on 30 January 2013, the EC noted in particular the advances made by the National Anti-corruption Directorate, Public Ministry and High Court of Cassation and Justice against high-level corruption and the progress of the National Agency for Integrity ("ANI"). The EC did, however, stress the need to accelerate progress on its recommendations concerning integrity, the fight against corruption at all levels of Romanian society, the prosecution of money laundering and confiscation and the prevention and sanctioning of corruption relating to public procurement.

Any future allegations or evidence of corruption or money laundering in Romania may have an adverse effect on the Romanian economy, and in turn could materially adversely affect the Company's ability to attract foreign investment, and thus could negatively affect the Company's business, financial condition, results of operations and prospects.

***Romania has experienced high levels of volatility in exchange rate and inflation in the past***

The RON is subject to a managed-floating exchange rate regime, whereby the value of the RON against foreign currencies is determined in the interbank foreign exchange market. The NBR's monetary policy strategy is inflation targeting. The managed-floating exchange rate regime is in line with using inflation targets as a nominal anchor for monetary policy and allowing for a flexible policy response to unpredicted shocks likely to affect the economy; the NBR does not target any level or range for the exchange rate. The ability of the NBR to limit volatility of the RON is contingent on a

number of economic and political factors, including the availability of foreign currency reserves and foreign direct investment inflows, as well as developments in market sentiment and investors' risk aversion in the wake of the global economic crisis. In December 2009, against the same period of the previous year, the RON depreciated on average against the euro by 7.3% in nominal terms and by 2.9% in real terms. Against the US dollar the RON appreciated by 0.3% in nominal terms and by 5.0% in real terms. During 2010, the RON depreciated against the euro by 1.6% in nominal terms, which corresponds to an appreciation in real terms of 6.3%, and against the US dollar, it depreciated by 10.7%, which corresponds to a depreciation of 3.6% in real terms. In 2011, the RON depreciated against the euro by 0.8% in nominal terms, while in real terms it appreciated by 2.3%, and the RON depreciated against the US dollar in nominal terms by 1.3%, while in real terms it appreciated by 1.8%. In December 2012 as compared to December 2011, the RON depreciated in nominal terms by 3.6% against the euro (which corresponds to an appreciation of 1.1% in real terms) and by 4.0% against the US dollar (which corresponds to an appreciation of 0.7% in real terms). Any further deterioration of global economic prospects may lead to further depreciation of the RON. A significant depreciation of the RON could adversely affect the country's economic and financial condition. Any higher than expected inflation could lead to a temporary reduction in customer purchasing power and erosion of customer confidence, which may have a material adverse effect on the Company's business, financial condition and results of operations.

***Romania may face difficulties related to its post-accession process to the European Union***

Romania joined the EU in January 2007, and is subject to certain post-accession benchmarks mandated by the EU under the Cooperation and Verification Mechanism to help Romania address certain shortcomings in various social fields such as judicial reform and fight against corruption. On 30 January 2013, the EC presented a report welcoming recent steps taken by Romania, but explained that much remained to be done to fully implement its recommendations. If Romania does not adequately address these benchmarks the EU is entitled to apply certain sanctions against Romania, including the suspension of EU member states' obligation to recognise and enforce, under the conditions laid down in the EU laws, the decisions of Romanian courts. The application of any of the sanctions referenced above may have a negative effect on the Romanian economy and investor confidence in the Romanian economic environment, which could lead to material adverse consequences on the Company's business, financial conditions or results of operations in Romania.

***Romania's physical infrastructure is in poor condition, which could disrupt normal business activity***

Compared to Western Europe, infrastructure in Romania, particularly the transportation system, is underdeveloped. Romania currently has plans to undertake various development projects to improve infrastructure in the country. Various financing plans have been proposed and attempted to further infrastructure development, including the use of public-private partnerships. Romania also funds infrastructure development using EU funds, and in November 2011, the Government approved a list of 100 infrastructure investment projects to be financed with EU funds. However, there can be no guarantees that infrastructure projects will be financed or constructed successfully, and that the continued poor physical infrastructure would not disrupt normal business activity of the Company.

***The Romanian legal system and Romanian legislation continue to develop and this may create an uncertain environment for investment and for business activity***

The uncertainties relating to the Romanian judicial system could have a negative effect on the economy and thus create an uncertain environment for investment and for business activity. The court system is underfunded compared to more mature jurisdictions. As Romania is a civil law jurisdiction of French origin, judicial decisions under Romanian law generally have no precedential effect. For the same reason, courts are generally not bound by earlier court decisions taken under the same or similar circumstances, which can result in the inconsistent application of Romanian legislation to resolve the same or similar disputes. Furthermore, to date only a relatively small number of judicial decisions have been publicly available and, therefore, the role of judicial decisions as guidelines in interpreting applicable Romanian legislation to the public at large is generally limited. The Romanian judicial system has gone through several reforms to modernise and strengthen the independence of the judiciary. However, these reforms do not go far enough to effectively tackle the problem of non-unified jurisprudence. The new procedure codes introduce a new mechanism for unifying jurisprudence, but

effective measures to achieve the envisaged results are still ongoing. The uncertainties pertaining to the Romanian judicial system could have a negative effect on the economy and thus on the Company's business, results of operations, financial condition and prospects.

***The Romanian taxation system may issue inconsistent interpretations of tax legislation***

The Romanian taxation system is currently undergoing a stage of consolidation and harmonisation with EU legislation. Nevertheless, there are still inconsistent interpretations of the tax legislation. Under certain circumstances, tax authorities may apply a different treatment to particular matters which would trigger the calculation of interest (of 0.04% per day of delay of the tax obligation) and delay penalties (of 0.02% per day of delay of the tax obligation). Interest and delay penalties qualify as non-deductible tax expenditure and have an adverse impact on the Company's profit and cash flow.

**Risks relating to the Securities**

***There is currently no trading market for the Securities***

Prior to the Offering, there has been no trading market for the Securities. There is no assurance that a trading market for the Securities will develop or be sustained after the Offering, or that the price at which the Securities will trade in the public markets subsequent to the Offering will not be lower than the Final Offer Price. The Managers are not obligated to make a market in the Securities, and to the extent they do undertake any market-making activity, these activities may be terminated at any time without notice. If no trading market develops for the Securities, investors may experience difficulty in selling the Securities.

***Price volatility of the Securities and liquidity may affect the performance of investments in the Company***

The share or GDR price of listed companies can be highly volatile and their shares and GDRs may have limited liquidity. An active trading market for the Securities may not develop and the trading price for the Securities may fluctuate significantly. Investors may be unable to recover their original investment.

The market price of the Securities may, in addition to being affected by the Company's actual or forecast operating results, fluctuate significantly as a result of factors beyond the Company's control, including, among others:

- the results of exploration, development and appraisal programs and production operations;
- changes in securities analysts' recommendations or estimates of earnings or financial performance of the Company or the industry, or the failure to meet expectations of securities analysts;
- fluctuations in stock market prices and volumes, and general market volatility;
- changes in laws, rules and regulations applicable to the Company, its operations and the operations in which the Company has interests, and involvement in litigation;
- general economic and political conditions, including in Romania; and
- fluctuations in the prices of oil, gas and other petroleum products.

Equity market conditions are also affected by many factors, such as the general economic, political or regulatory outlook, movements in or the outlook for interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand for and supply of capital. Trading in the Securities by other investors, such as large purchases or sales of Securities, may also affect the price of the Securities. Accordingly, the market price of the Securities may not reflect the underlying value of the Company's investments and the price at which investors may dispose of their Securities at any point in time may be influenced by a number of factors, only some of which may pertain to the Company while others may be outside the Company's control. Investors should not expect that they will necessarily be able to realise, within a period that they would regard as reasonable, their investment in the Securities. The Company's results and prospects from time to time may be below the expectations of market analysts and investors which would likely adversely affect the trading price of the Securities.

***Future sales, or the real or perceived possibility of sales, of a significant number of the Securities in the public market could adversely affect the prevailing trading price of the Securities***

Following the expiry of the applicable lock-up period, or earlier in the event of a waiver of the provisions of the lock-up, the Company's shareholders who will be otherwise subject to the lock-up, may sell Securities in the public or private market, and the Company may undertake a public or private offering of Securities. The Company cannot predict the effect, if any, that future sales of Securities, or the availability of Securities for future sale, will have on the market price of the Securities, but the availability of Securities that are eligible for public sale could adversely affect the trading price of the Securities.

If the Company's existing shareholders were to sell, or the Company were to issue and sell, a substantial number of Shares (including in the form of GDRs) in the public market, the market price of the Securities could be adversely affected. Sales by the Company's existing shareholders could also make it more difficult for the Company to sell Securities in the future at a time and price that it deems appropriate. There can be no assurance that such parties will not effect transactions upon the expiry of the applicable lock-up period or any earlier waiver of the provisions of the lock-up. The sale of a significant amount of Securities in the public market, or the perception that such sales may occur, could materially affect the market price of the Securities.

***The Securities may not be transferred freely***

The Securities have not been registered under the Securities Act or any state securities laws. Unless so registered, the Securities may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "*Selling and Transfer Restrictions*". It is the obligation of investors to ensure that their offers and sales of the Securities within the United States and other countries comply with any applicable securities laws.

***Holders of the Securities in certain jurisdictions (including the United States) may not be able to exercise their pre-emptive rights and ownership interests may therefore be diluted***

In order to raise funding in the future, the Company may issue additional Shares, including in the form of GDRs. Generally, existing holders of ordinary shares in Romanian companies are in certain circumstances entitled to pre-emptive rights on the issue of new ordinary shares in that company as described in "*Description of Share Capital and Corporate Structure*". However, holders of the Securities in certain jurisdictions (including the United States) may not be able to exercise pre-emptive rights with respect to any new equity issuances by the Company unless the applicable securities law requirements in such jurisdiction (including, in the United States, in some circumstances the filing of a registration statement under the Securities Act) are adhered to or an exemption from such requirements is available. The Company is unlikely to adhere to such requirements and an exemption may not be available. Accordingly, such holders may not be able to exercise their pre-emptive rights on future issuances of the Securities, and, as a result, their percentage ownership interests in the Company would be reduced.

The Company undergoes certain share capital increase procedures in accordance with Law no. 137/2002 regarding certain measures for accelerating privatisations ("**Law no. 137/2002**"), as a result of certain in kind contribution by the State following the issuance of the relevant certificates ascertaining ownership rights over land to the Company. Existing shareholders will enjoy a preference right to such capital increases under terms and conditions provided in Law No. 137/2002 and implementing secondary legislation. However, the participations of the existing shareholders to the share capital of the Company may be diluted if they do not exercise their preference right or if the exercise of such right is limited or waived through a resolution of the extraordinary general meeting of the existing shareholders of the Company pursuant to Law no. 31/1990.

***Inability to admit the Securities to trading on the Bucharest Stock Exchange and London Stock Exchange, as applicable***

The admission of the Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange requires that the Bucharest Stock Exchange approve the trading thereon. Similarly, the admission of the GDRs to listing and trading on the Official List and London Stock Exchange, respectively, requires the approval of the United Kingdom FCA and the London Stock Exchange.



Admission of the Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange, admission to listing of the GDRs to the Official List and admission to trading of the GDRs on the London Stock Exchange, are subject to certain requirements. The Company intends to take all necessary steps to ensure that the Shares are admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange as soon as possible after the closing of the Offering and that the GDRs are admitted to listing on the Official List and to trading on the London Stock Exchange. However, there is no guarantee that, should such admission conditions change, all such listing and/or trading conditions will be met. Consequently there is no assurance that the Shares will be admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange or that the GDRs will be admitted to listing on the Official List or to trading on the London Stock Exchange, in each case on the estimated date or at all.

#### ***Suspension of trading in the Shares***

The Romanian FSA is authorised to suspend from trading or to request the regulated market, where the securities are traded, to suspend these from trading if the situation of the relevant issuer is such that the continuation of trading would affect the investors' interests. The Romanian FSA is authorised to request to the Bucharest Stock Exchange to suspend the trading of securities of an issuer, based on the measures taken against market manipulation and transactions carried out based on inside information. The Bucharest Stock Exchange must suspend trading in securities that do not meet the requirements of the regulated market, unless such action could materially adversely affect the investors' interests or the proper functioning of the market. If the Bucharest Stock Exchange does not take such action, the Romanian FSA may request the suspension of trading in securities if this serves the proper functioning of the market and does not affect the investors' interests. Also, the operator of a regulated market is entitled to suspend from trading Shares in other circumstances, in accordance with its regulations. Any suspension could affect the Company's Shares trading terms.

#### ***Investors may be unable to enforce judgments obtained in US courts against the Company***

The Company has been incorporated under Romanian law, the majority of the Company's directors and executive officers are non-residents of the United States and the Company's assets, directors and officers are located outside of the United States. As a result, investors in the Securities may be unable to effect service of process on the Company or on these non-US resident directors and officers in the United States, and may be unable to enforce judgments against them obtained in the United States. It is not clear whether a foreign court would accept jurisdiction and impose civil liability if proceedings were commenced in a foreign jurisdiction predicated solely upon US federal securities laws.

#### ***Exchange rate fluctuations may impair the return in the investment in the Shares***

The Shares will be traded on the Bucharest Stock Exchange in RON. Investors will therefore be subject to fluctuations in the exchange rate and may be unable to recover their original investment. Furthermore, the NBR could also impose certain restrictions and requirements with respect to foreign currency operations carried out in Romania.

#### ***The Company's shareholders may decide not to pay dividends in the future, and foreign shareholders and holders of the GDRs may be subject, in any event, to limitations or delays in repatriating their earnings from distributions made on the underlying Shares***

The payment of dividends, if any, by the Company to its shareholders and holders of the GDRs will depend on (in addition to applicable regulatory requirements), among other things, the Company's future profits, financial position and capital requirements, the sufficiency of the Company's distributable reserves, credit terms, general economic conditions and other factors that the directors and/or shareholders deem to be important from time to time. Should the Company's shareholders decide against declaring dividends in the future, the price of the Securities may be adversely affected.

The Company anticipates that any dividends that it may pay in the future in respect of the Shares held by its shareholders or by the GDR Depositary or its nominee on behalf of GDR holders will be declared and paid in RON, and in the case of the GDRs will be paid to the GDR Depositary and will be converted into US dollars by the GDR Depositary and distributed to holders of the GDRs, net of all fees, taxes, duties, charges, cost and expenses which may become or have become payable under the Deposit Agreement or under applicable law in respect of such GDRs.

Accordingly, the value of dividends received by foreign shareholders would be subject to fluctuations in the exchange rate. Similarly, the value of dividends received by holders of the GDRs will be subject to fluctuations in the exchange rate between the RON and the US dollar. Such fluctuations could have an adverse effect on the price of the Securities.

Furthermore, even though current Romanian legislation permits distributions in RON to be converted into US dollars by the GDR Depository without restriction, the ability to convert RON into US dollars is subject to the availability of US dollars in Romanian currency markets. Although there is an existing, albeit limited, market within Romania for the conversion of RON into US dollars, including the interbank currency exchange and over-the-counter and currency futures markets, further development of this market is uncertain. Furthermore, the NBR could also impose certain restrictions and requirements with respect to foreign currency operations carried out in Romania.

In addition, dividends that the Company may distribute to the GDR Depository will be subject to applicable Romanian withholding taxes. See “*Taxation*”.

***Following the Offering, holders of Shares may not be able to deposit the Shares in the Company’s GDR facility in order to receive GDRs, and changes in Romanian regulatory policy with respect to the placement and circulation of the Shares outside Romania in the form of GDRs or otherwise may negatively affect the market for the Securities being offered***

Whenever the GDR Depository believes that the Shares deposited with it against issuance of GDRs represent (or, upon accepting any additional shares for deposit, would represent) a percentage exceeding any limit established by any applicable law, directive, regulation or permit, or trigger any condition for the making of any filing, application, notification or registration or for obtaining any approval, licence or permit under any applicable law, directive or regulation, or for taking any other action, the GDR Depository may (i) close its books to deposits of additional Shares to prevent such thresholds or limits being exceeded or conditions being satisfied or (ii) take such steps as are, in its opinion, necessary or desirable to remedy the consequences of such thresholds or limits being exceeded or conditions being satisfied and to comply with any such law, directive or regulation, including, without limitation, causing *pro rata* cancellation of GDRs and withdrawal of the Shares from the Company’s GDR facility to the extent necessary or desirable to so comply.

Romanian securities regulations provide that no more than two thirds of the number of shares comprising any initial public offering of a Romanian company may be circulated in the form of GDRs. The FSA may grant exemptions from this rule where necessary to ensure that the minimum necessary conditions are met for the admission to trading on a Romanian regulated market. There can be no assurance that the Company will be able to obtain approval for a deposit of a greater number of the Shares with the GDR Depository under the Company’s GDR facility than it currently has approval for, and any remaining capacity may be used by its other existing shareholders. As a result, once these thresholds have been reached, it may not be possible to deposit the Shares with the GDR Depository under the Company’s GDR facility to receive GDRs and under certain circumstances an investor may be required to withdraw Shares from the Company’s GDR facility, which may in either case affect the liquidity and the value of the Securities.

In addition, the statutory and Romanian FSA regulations relating to the GDRs are not entirely clear in a number of respects, including the extent to which existing permissions are grandfathered following changes in regulations and the applicability of domestic offering requirements and limits on the percentage of shares that can be sold in the form of GDRs pursuant to follow-on offerings. Any adverse interpretation and/or application of these regulations may further limit the ability to deposit the Shares into the Company’s GDR facility.

The aforementioned restrictions have been recently enacted and may be subject to changes at any time in the future by the Romanian regulatory authorities, and there can be no assurance that changes by the authorities will not adversely affect the legality and/or size of the Company’s GDR facility, which could adversely affect the price of the Securities.

***Voting rights with respect to the Shares represented by the GDRs are limited by the terms of the Deposit Agreement and the relevant requirements of Romanian law***

The holders of the GDRs will have no direct voting rights with respect to the Shares represented by the GDRs. They will be able to exercise voting rights with respect to the Shares represented by the



GDRs only in accordance with the provisions of the terms and conditions of the GDRs (the “**GDR Terms and Conditions**”) and the relevant requirements of Romanian law. See “*Terms and Conditions of the Global Depositary Receipts*”. There are, therefore, practical limitations upon the ability of the holders of the GDRs to exercise their voting rights due to the additional procedural steps involved in communicating with them.

To exercise their voting rights, the holders of the GDRs must instruct the GDR Depositary how to vote the Shares represented by the GDRs they hold. Because of this additional procedural step involving the GDR Depositary, the process for exercising voting rights may take longer for holders of the GDRs than for holders of the Shares, and the Company cannot assure the holders of the GDRs that they will receive voting materials in time to enable them to return voting instructions to the GDR Depositary in a timely manner. The GDRs for which the GDR Depositary does not receive timely complete, legible and clear voting instructions will not be voted.

In addition, although Romanian securities regulations expressly permit the GDR Depositary to split the votes with respect to the Shares underlying the GDRs in accordance with instructions from GDR holders, the relevant regulations are very recently enacted and there is no court or regulatory guidance on the application of such regulations. The holders of the GDRs may thus have significant difficulty in exercising voting rights with respect to the Shares underlying the GDRs. There can be no assurance that holders and beneficial owners of GDRs will (i) receive notice of shareholders’ meetings to enable the timely return of voting instructions to the GDR Depositary, (ii) receive notice to enable the timely cancellation of GDRs with respect to shareholder actions (as discussed below) or (iii) be given the benefit of dissenting or minority shareholders’ rights with respect to an event or action in which the holder or beneficial owner has voted against, abstained from voting or not given voting instructions. The GDR Depositary is only required to execute the voting instructions of the holders of GDRs insofar as practicable and as permitted under applicable law. In practice, holders of GDRs may not be able to instruct the GDR Depositary to: (i) vote the Shares represented by their GDRs on a cumulative basis; (ii) introduce proposals for the agenda of shareholders’ meetings or request that a shareholders’ meeting be called; or (iii) nominate candidates for the Board of Directors or certain other of the Company’s governance bodies. If holders of GDRs wish to take such actions, they should request in a timely manner, that their GDRs be cancelled and instead take delivery of the Shares and thus become the owners of the Shares on the Company’s share register.

## THE OFFERING

The Company .....	Societatea Nationala de Gaze Naturale “Romgaz” S.A..
The Selling Shareholder .....	The Romanian Ministry of Economy (acting through the Romanian Department for Energy).
The Offering. ....	<p>The Offering comprises an offering by the Selling Shareholder of up to 57,813,360 Shares in the form of Shares and/or GDRs.</p> <p>The Offering is structured as an offering of Offer Securities: (1) in Romania to the public; (2) in the United States to certain QIBs in reliance on Rule 144A under the Securities Act or another exemption from the registration requirements of the Securities Act; and (3) outside the United States and Romania in offshore transactions in reliance on Regulation S.</p>
Joint Global Coordinators and Joint Bookrunners .....	Erste Group Bank AG and Goldman Sachs International.
Domestic Lead Managers .....	Banca Comerciala Romana S.A. and SSIF Raiffeisen Capital & Investment S.A..
Offer Tranches .....	<p>The Offering is split into two tranches (the “<b>Offer Tranches</b>”) as follows:</p> <ol style="list-style-type: none"><li>(1) 15% of the Offer Shares (8,672,004 Shares (in the form of Shares and GDRs)) will be initially offered to individuals or companies who do not meet the criteria to qualify as Institutional Investors (defined below) (the “<b>Retail Investors</b>”) (the “<b>Retail Tranche</b>”); and</li><li>(2) the remaining Offer Securities (49,141,356 Shares (in the form of Shares and/or GDRs)) will be initially offered to (i) credit institutions, (ii) investment firms, (iii) undertakings for collective investments (collective investment schemes, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and management companies of such funds, (vi) traders, (vii) trust companies, (viii) international financial institutions (IFIs), and (ix) other financial institutions, including depository banks (the “<b>Institutional Investors</b>”) (the “<b>Institutional Tranche</b>”).</li></ol> <p>The final size of each Offer Tranche will be decided by the Selling Shareholder upon the recommendation of the Joint Bookrunners, based on the level of subscriptions, on the Allocation Date (see “<i>Allocation of the Offer Securities</i>” below).</p>
The GDRs .....	Each GDR will represent one Share on deposit with Raiffeisen S.A. (the “ <b>Custodian</b> ”), as custodian for the GDR Depository. The GDRs will be issued by the GDR Depository pursuant to the deposit agreement to be entered into between the Company and the GDR Depository on or around the Closing Date 2013 (the “ <b>Deposit Agreement</b> ”). The Rule 144A GDRs will be evidenced initially by the Rule 144A Master GDR and the Regulation S GDRs will be evidenced initially by the Regulation S Master GDR and each such Master GDR will be issued pursuant to the Deposit Agreement. See “ <i>Settlement and Transfer</i> ”.

Following the Offering, pursuant to the Deposit Agreement, the Shares represented by the GDRs will be held by the Custodian, for the account of the GDR Depository and for the benefit of the holders and beneficial owners of the GDRs.

From time to time the GDR Depository may deduct per-GDR fees and other fees, charges and expenses as well as taxes and governmental charges from dividend distributions and may otherwise assess other per-GDR fees and other fees, charges and expenses to the GDR holders. See “*Terms and Conditions of the Global Depositary Receipts—Depositary’s Fees, Costs and Expenses*”.

Except in the limited circumstances described herein, definitive GDR certificates will not be issued to holders in exchange for interests in the GDRs represented by the Master GDRs. Subject to the terms of the Deposit Agreement, interests in the Regulation S Master GDR may be exchanged for interests in the corresponding number of GDRs represented by the Rule 144A Master GDR, and vice versa. See “*Terms and Conditions of the Global Depositary Receipts*”.

GDR Depository .....	The Bank of New York Mellon.
Custodian.....	Raiffeisen Bank S.A..
Offer Period.....	Eight business days, from 22 October 2013 to 31 October 2013.
Allocation Date .....	The first business day following the expiry of the Offer Period.
Successful Closing.....	The Offering will be considered successful if, at close of business on the last day of the Offer Period, at least 70% of the Offer Securities have been validly subscribed for. If this condition is not satisfied, the Selling Shareholder may, in its discretion, reject all subscriptions made pursuant to the Offering.
Offer Price Range .....	RON 24 to 32 per Offer Share.  US\$7.38 to 9.84 per Offer GDR.  Retail Investors must subscribe for Offer Shares at the fixed price of RON 32 per Offer Share and for Offer GDRs at the fixed price of US\$9.84 per Offer GDR (i.e. in each case, at the top of the Offer Price Range).  Institutional Investors may validly subscribe for Offer Securities at any price within the Offer Price Range (including the bottom and the top of the price range). The price tick for the subscription by Institutional Investors is of RON 0.5 for Offer Shares and of USD 0.5 for Offer GDRs, respectively.
Final Offer Price .....	The Final Offer Price shall be determined on the Allocation Date. See “ <i>Subscription and Sale</i> ”.
Intermediation method .....	Best efforts.
Distribution Group .....	Raiffeisen Bank S.A.  SSIF Intercapital Invest S.A..

Listing and Trading . . . . . Application will be made: (1) to the Bucharest Stock Exchange for an admission of the Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange; and (2) (i) to the United Kingdom FCA, in its capacity as competent authority under the FSMA, for an admission to listing of the GDRs on the Official List and (ii) to the London Stock Exchange, for an admission to trading of the GDRs on the London Stock Exchange's main market for listed securities. The Bucharest Stock Exchange and the London Stock Exchange are both regulated markets in the EEA for the purposes of the Directive on Markets in Financial Instruments.

Admission of the Shares to trading on the Regulated Spot Market of the Bucharest Stock Exchange is expected to take place on or around the Closing Date.

Admission to the Official List and unconditional trading in the GDRs on the London Stock Exchange through its IOB is expected to take place on or around the Closing Date, which will take place following the United Kingdom FCA's receipt of Notification from the Romanian FSA.

Prior to the Offering, there has been no public market for the Securities.

The security identification numbers and trading symbols of the Securities are expected to be as follows:

Shares ISIN: ROSNGNACNOR3

Bucharest Stock Exchange Share trading symbol: SNG

Regulation S GDR ISIN: US83367U2050

Regulation S GDR Common Code: 098521674

Regulation S GDR CUSIP: 83367U 205

Regulation S GDR SEDOL: BFTD6P1

Rule 144A GDR ISIN: US83367U1060

Rule 144A GDR Common Code: 098521666

Rule 144A GDR CUSIP: 83367U 106

Rule 144A GDR SEDOL: BFTD6M8

London Stock Exchange GDT trading symbol: SNGR

Settlement and Transfer . . . . . Payment for the Offer Shares is expected to be made in RON through the facilities of RoClear (the Romanian Clearing-Settlement, Custody, Depository and Registration System), which is administered by the Romanian Central Depository. See "*Settlement and Transfer*". Transfers of Shares within the Offering and secondary market sales of Shares will be settled and cleared through the settlement system managed by the Romanian Central Depository, in accordance with applicable Romanian regulations.

Payment for the GDRs is expected to be made in US dollars in same-day funds through the facilities of DTC, Euroclear and Clearstream, Luxembourg on the Closing Date. The Company has applied to DTC to have the Rule 144A GDRs accepted for clearing and settlement through DTC and to Euroclear and Clearstream, Luxembourg to have the Regulation S GDRs accepted for clearing and settlement through the systems of

Euroclear and Clearstream, Luxembourg. Upon acceptance by DTC, a single Rule 144A Master GDR will be issued and deposited with The Bank of New York Mellon in New York as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. The Regulation S Master GDR will be registered in the name of The Bank of New York (Nominees) Limited, as nominee for The Bank of New York Mellon, London Branch, as common depositary for Euroclear and Clearstream, Luxembourg. Except in limited circumstances described herein, investors may hold beneficial interests in the GDRs evidenced by the corresponding Master GDRs only through DTC, Euroclear or Clearstream, Luxembourg, as applicable. Transfers within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant system. See “*Settlement and Transfer*”.

Stabilising Manager(s) ..... As of the date of this Prospectus, the identity of the Stabilising Manager(s) has not yet been decided.

Stabilisation ..... In connection with the Offering, the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s) may (but will be under no obligation to), to the extent permitted by applicable law effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail in an open market for a limited period. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of it/them) will undertake stabilisation action. Any stabilisation action may begin on the date of the commencement of trading of the Securities and, if begun, may be ended at any time but must end no later than 30 calendar days thereafter (the “**Stabilisation Period**”). Any stabilisation action must be undertaken in accordance with applicable laws and regulations. Save as required by law or regulation, the Stabilising Manager(s) do not intend to disclose the extent of any stabilisation transactions concluded in relation to the Offering.

In connection with the Offering, the Selling Shareholder has agreed that the Stabilising Manager(s) will retain 13% of the gross proceeds obtained by the Selling Shareholder from the Offering (the “**Stabilisation Proceeds**”) and will use such Stabilisation Proceeds for the purposes of conducting stabilisation activities, if any, in the Securities, during the Stabilisation Period. At the end of the Stabilisation Period the Stabilising Manager(s) will return to the Selling Shareholder the Securities which have been purchased in the market as a result of stabilisation activities and/or any remaining portion of the Stabilisation Proceeds which was not used for the stabilisation activities, as well as any interest that has accumulated for the amounts corresponding to the Stabilisation Proceeds.

Lock-Up ..... Each of the Company, the Selling Shareholder and Fondul Proprietatea will agree with the Managers, subject to certain exceptions and existing obligations, that during the period from the date of the Underwriting Agreement and, in the case of Fondul Proprietatea, the date of its lock-up deed, to, and including, 180 days from the Closing Date, it will not offer, issue, sell, contract to sell, pledge (or charge in respect of the

Selling Shareholder and Fondul Proprietatea), grant options over or otherwise dispose (or publicly announce any such issuance, offer, sale or disposal) of the Securities, or any of the Company's securities that are substantially similar to the Securities, or enter into any transaction with the same economic effect as any of the foregoing, without the prior written consent of the Managers.

Use of Proceeds..... The Company will not receive any of the proceeds from the sale of the Offer Securities by the Selling Shareholder in the Offering.

The Selling Shareholder will receive all the proceeds from the sale of the Offer Securities and intends to use such proceeds from the Offering for the purposes described in "Use of Proceeds".

Taxation ..... For a discussion of certain United States, United Kingdom and Romanian tax consequences of purchasing and holding the Securities, see "Taxation".

Dividend Policy..... Under the current legislation and in accordance with the Company's articles of incorporation, each fully paid Share gives its owner the right to receive dividends. Dividends are distributed to the shareholders on a pro-rata basis proportionately to their participation in the paid-up share capital of the Company. The Company expects to pay dividends, if at all, in RON. To the extent that the Company declares and pays dividends, owners of GDRs on the relevant record date will be entitled to receive dividends payable in respect of Shares underlying the GDRs, subject to the terms of the Deposit Agreement. See "Dividend Policy" and "Description of Share Capital and Corporate Structure".

Voting Rights..... Each Share carries one vote for the purposes of shareholder meetings. Each GDR carries the right to exercise the voting rights of the relevant underlying Share, subject to the provisions of the Deposit Agreement and Romanian law. The Deposit Agreement will contain arrangements allowing holders of GDRs to instruct the GDR Depositary how to vote the underlying Shares in accordance with Romanian law. See "Terms and Conditions of the Global Depositary Receipts" and "Description of Share Capital and Corporate Structure".

Selling and Transfer Restrictions .... The Securities will be freely transferable, subject to certain restrictions as described under "Selling and Transfer Restrictions".

Risk Factors..... Investors should consider carefully certain risks discussed under "Risk Factors".



## **USE OF PROCEEDS**

The Company will not receive any of the proceeds from the sale of the Offer Securities by the Selling Shareholder in the Offering.

The Selling Shareholder will receive all the proceeds from the sale of the Offer Securities and will use the proceeds from the Offering for general governmental budgetary purposes.

The total commissions, fees and expenses payable by the Selling Shareholder in connection with the Offering are expected to be between approximately RON 16.1 million and RON 21.5 million. The total fees and expenses payable by the Company in connection with the Offering are expected to be approximately RON 13.5 million.

## DIVIDEND POLICY

Under the current legislation and in accordance with the Company's articles of incorporation, each fully paid Share gives its owner the right to receive dividends. Dividends are distributed to the shareholders on a pro-rata basis proportionately to their participation in the paid-up share capital of the Company. The Company will pay dividends denominated in RON.

The general meeting of shareholders determines the amount of dividends to be distributed considering the specific provisions on the distribution of profits applicable to national companies and companies fully or partially owned by the state.

Therefore, Government Ordinance no. 64/2001 applies to distribution of profits by mostly state owned companies, including the Company and requires that the profits after deduction of profit tax and addition of profits retained from previous years shall be distributed for the purposes below, unless otherwise prescribed under special laws:

(a) a legal reserves;

(b) other reserves representing tax facilities provided by law;

(c) covering accounting losses for the previous years, except for the accounting losses retained as a result of adjustments required under the application of IAS 29 "Financial Reporting in Hyperinflationary Economies", according to the Accounting Regulations compliant with the International Financial Reporting Standards and the Accounting Regulations in line with the Council Directive 86/635/EEC and the International Accounting Standards applicable to credit institutions;

(c<sup>1</sup>) setting own financing sources for projects co-financed out of external loans, as well as for the amounts necessary for reimbursing capital instalments, paying interests, commissions and other costs related to these external loans;

(d) other distributions provided by law;

(e) employee's participation in the distribution of profits; national companies and companies fully or partially owned by the state, as well as autonomous companies which undertook and established in their income and expense budgets the obligation of participation in the distribution of profits, as a result of the employees' services in relation thereto, may grant these rights up to 10% of the net profit, however not exceeding the level of one monthly average base salary at the level of the relevant company during the respective financial year;

(f) a minimum of 50% contributions to the state or local budget, in the case of autonomous companies, or dividends, in the case of national companies and companies fully or partially owned by the state; and

(g) the profits undistributed according to the purposes under letters (a) – (g) above, are distributed to other reserves and represent own financing sources.

Profits are distributed for the purposes and in the amounts referred to under paragraph above letters (e), (f), and (g) after deduction of the amounts related to the purposes determined under special laws referred to under letters (a), (b), (c), (c<sup>1</sup>), and (d) of the same paragraph.

Profits for the financial years ended 31 December 2012, 2011 and 2010, respectively, were distributed subject to the accounting profits registered under the statutory financial statements.

The statutory financial statements of the Company are drafted in accordance with Order of the Ministry of Finance no. 3055/2009, as subsequently amended and supplemented. According to the Order of the Ministry of Finance no. 881/2012, the companies whose securities are admitted to trading on a regulated market must prepare financial statements according to IFRS which become the statutory statements of the companies. Therefore, following its listing, the Company will distribute the profits according to the financial statements prepared in accordance with IFRS.

In accounting terms, participation of employees in the distribution of profits is registered based on a recognized provision to the estimated cost thereof. In the financial statements for the year in which bonuses are proposed to be awarded in the form of employees' participation in the distribution of profits, their equivalent value is reflected as a provision. In the following financial year in which

bonuses representing employees' participation in the distribution of profits are awarded, the provision created for the amounts estimated in the previous year shall be included in the revenues and the expenditure related to the bonuses awarded as employees' participation in the distribution of profits shall be accordingly registered.

As an exception, for the financial for the year ended 31 December 2010, the share of profit distributed as dividends was increased from 50% to 90%. Additionally, for the financial years ending 31 December 2012 and 2013, the obligation of wholly or mostly state-owned companies to distribute an 85% share of profit as dividends was approved by the Government (under the Memorandum "*Measures which must be observed while drafting the revenues and expenses budgets of economic operators having whole or majority state participation*").

Also, as of 6 September 2012, as an exception to the requirement under the Companies Law that dividends are paid no later than six months from the approval of the annual financial statements, state-owned companies are required, in accordance with provisions of Government Ordinance no. 64/2001, to pay the dividends to their shareholders within 60 days of the legal deadline for the submission of the annual financial statements to the competent fiscal authorities, in order to avoid paying penalties. The Companies Law sets out that failure to pay dividends in the legal term gives rise to the application of legal interest.

According to the Companies Law, in case of assignment of shares, the assignee shall be entitled to the right to dividends due for the period after the assignment is complete.

The table below sets forth the actual dividend amounts declared by the Company in respect of the years ended 31 December 2012, 2011 and 2010.

<u>Dividends</u>	Year ended 31 December		
	2012	2011	2010
		(thousand RON)	
Dividends to shareholders.....	1,060,115	938,038	706,736
<b>Gross dividend per Share (RON/share).....</b>	<b>27.68</b>	<b>24.49</b>	<b>18.45</b>
Dividend distribution rate <sup>(1)</sup> .....	95	79	95 <sup>(2)</sup>
Number of shares .....	38,303,838	38,303,838	38,303,838

(1) The dividend distribution rate to shareholders was calculated on the basis of IFRS financial statements.

(2) In 2010, the Company registered an expense of RON 400 million in the form of a donation to the Romanian State executed according to the approval of Shareholders and on the basis of the Government Ordinance no. 18/2010 that enabled the Company to make a donation of maximum RON 400 million. For the calculation of the payment of dividends in 2010, the net profit was adjusted by the RON 400 million donation to the Romanian State.

The dividend in respect of the year ended 31 December 2012 was approved in the General Meeting of the Shareholders by Ordinance No. 6 of 24 May 2013. This dividend was paid to the Romanian Ministry of Economy and Fondul Proprietatea in part on 31 May 2013 and in part on 28 June 2013. Therefore, investors in the Offering will not receive this dividend relating to the financial year ended 31 December 2012 in respect of Shares purchased in the Offering.

To the extent that the Company declares and pays dividends, owners of GDRs on the relevant record date will be entitled to receive dividends payable in respect of Shares underlying the GDRs, subject to the terms of the Deposit Agreement.

## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the capitalization and indebtedness of the Company as at 30 June 2013. The following tables should be read in conjunction with “Selected Individual Financial and Operating Information”, “Use of Proceeds”, “Operating and Financial Review”, “Business” and the Individual Financial Statements and the related notes thereto.

	As at 30 June 2013 <u>(Unaudited)</u> (RON thousand)
<b>Total current debt</b> .....	0
Borrowings .....	0
Finance lease liabilities .....	0
<b>Total non-current debt (excluding current portion of long-term debt)</b> .....	0
Borrowings .....	0
Finance lease liabilities .....	0
<b>Shareholders’ equity</b> .....	<b>8,909,414</b>
Share capital .....	1,892,681
Retained earnings .....	5,067,504
Share premium .....	0
Reserves .....	<u>1,949,229</u>
<b>Total</b> .....	<b><u>8,909,414</u></b>

The following table sets forth net financial indebtedness of the Company as at 30 June 2013:

	As at 30 June 2013 <u>(Unaudited)</u> (RON thousand)
Cash and cash equivalents .....	<b>2,028,748</b>
<b>Liquidity<sup>(1)</sup></b> .....	<b><u>2,028,748</u></b>
Short-term loans receivable .....	0
<b>Current financial receivables</b> .....	<u>0</u>
Current bank debt .....	0
Current portion of non-current debt .....	0
Other current financial debt <sup>(2)</sup> .....	0
<b>Current financial debt<sup>(3)</sup></b> .....	0
<b>Net current financial indebtedness<sup>(4)</sup></b> .....	<b><u>(2,028,748)</u></b>
Non-current bank loans .....	0
Bonds issued .....	0
Other non-current financial debt <sup>(5)</sup> .....	0
<b>Non-current financial indebtedness<sup>(6)</sup></b> .....	<u>0</u>
<b>Net financial indebtedness<sup>(7)</sup></b> .....	<b><u>(2,028,748)</u></b>

(1) Total of cash and cash equivalents, including restricted cash.

(2) Current finance lease liabilities.

(3) Total of current borrowings (short term of non-current borrowings) and current finance lease liabilities.

(4) Current financial debt minus current financial receivable minus liquidity.

(5) Non-current finance liabilities.

(6) Total non-current borrowings, bond issued and non-current finance lease liabilities.

(7) Total net current financial indebtedness and non-current financial indebtedness. (Financial indebtedness refers only to borrowings and finance lease liabilities).

There has been no significant change since 30 June 2013 in the capitalization of the Company except for a favourable increase in the Retained earnings.

## SELECTED INDIVIDUAL FINANCIAL AND OPERATING INFORMATION

The summary individual financial and operating information set forth below shows the Company's summary of the Audited Individual Financial Statements and the Interim Individual Financial Statements and operating information for the periods indicated.

The summary historical interim individual financial and operating information as of 30 June 2013 and for the six-month periods ended 30 June 2013 and 2012 have been derived from the Interim Individual Financial Statements included elsewhere in this Prospectus. The summary historical individual financial and operational information as of and for the periods ended 31 December 2012, 2011 and 2010 has been derived from the Company's Audited Individual Financial Statements included elsewhere in this Prospectus.

The Interim Individual Financial Statements contained in this Prospectus have been prepared using the same accounting principles and on the same basis as the Audited Individual Financial Statements and, in the opinion of the management, include all adjustments, consisting of normal recurring adjustments that the management considers necessary for a fair representation of interim results. These interim results are not necessarily indicative of results to be expected for the full year and historical results are not necessarily indicative of results to be expected for future periods.

The summary individual financial and operating information should be read in conjunction with "Operating and Financial Review", "Presentation of Financial and Other Information", as well as with the Individual Financial Statements and the notes thereto contained elsewhere in this Prospectus.

### Summary of statement of individual comprehensive income

	6-month period ended 30 June		Year ended 31 December		
	2013	2012	2012	2011	2010
	(Unaudited)		(Audited)		
	(RON thousands)				
Revenue.....	1,901,139	2,192,193	3,837,941	4,195,477	3,497,461
Cost of commodities sold.....	(302,048)	(591,965)	(904,580)	(1,168,545)	(715,785)
Investment income.....	59,003	78,517	148,326	106,797	94,287
Other gains and losses.....	32,418	(14,895)	(49,806)	76,596	(36,646)
Changes in inventories of finished goods and work in progress .....	33,055	12,429	110,852	80,545	80,007
Raw materials and consumables used .....	(56,976)	(61,382)	(118,364)	(131,475)	(125,868)
Depreciation, amortization and impairment expenses .....	(449,043)	(324,874)	(606,114)	(703,384)	(840,006)
Employee benefit expense .....	(244,607)	(225,095)	(503,044)	(478,322)	(477,755)
Finance costs .....	(15,230)	(26,850)	(24,233)	(24,705)	(27,463)
Exploration expense .....	(17,453)	(15,359)	(193,304)	(186,868)	(126,209)
General, selling and administrative expense .....	(240,927)	(168,827)	(435,705)	(505,728)	(906,189)
Other income .....	26,285	99,721	133,672	82,074	106,372
<b>Profit before tax .....</b>	<b>725,616</b>	<b>953,613</b>	<b>1,395,641</b>	<b>1,342,462</b>	<b>522,206</b>
Income tax expense .....	(103,231)	(156,579)	(276,462)	(154,767)	(177,739)
<b>Profit for the year .....</b>	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>
Earnings per share .....	0.0161	0.0208	0.0292	0.031	0.009
<b>Total comprehensive income for year.....</b>	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>

## Summary of statement of individual financial position

	As at 30 June	As at 31 December		
	2013	2012	2011	2010
	(Unaudited)	(Audited)		
		(RON thousands)		
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment .....	5,779,940	5,880,770	6,364,469	6,534,469
Other intangible assets .....	259,005	230,704	117,504	189,309
Associates .....	7,614	7,614	7,084	7,337
Trade and other receivables .....	—	52,646	145,350	92,053
Other financial assets .....	77,641	1,646	900	900
Other non-current assets .....	16,752	16,926	8,572	—
<b>Total non-current assets .....</b>	<b>6,140,952</b>	<b>6,190,306</b>	<b>6,643,879</b>	<b>6,824,068</b>
<b>Current assets</b>				
Inventories .....	452,794	507,849	451,241	1,084,461
Trade and other receivables .....	629,950	906,806	930,760	860,337
Other financial assets .....	428,640	928,235	1,090,101	203,693
Other assets .....	124,337	132,434	165,689	93,786
Cash and cash equivalents .....	2,028,748	1,739,330	1,428,649	808,335
<b>Total current assets .....</b>	<b>3,664,469</b>	<b>4,214,654</b>	<b>4,066,440</b>	<b>3,050,612</b>
<b>Total assets .....</b>	<b>9,805,421</b>	<b>10,404,960</b>	<b>10,710,319</b>	<b>9,874,680</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital .....	1,892,681	1,890,297	1,890,297	1,890,297
Reserves .....	1,949,229	1,773,651	1,680,547	1,602,021
Retained earnings .....	5,067,504	5,680,812	5,592,775	5,190,342
<b>Total equity .....</b>	<b>8,909,414</b>	<b>9,344,760</b>	<b>9,163,619</b>	<b>8,682,660</b>
<b>Non-current liabilities</b>				
Retirement benefit obligations .....	71,453	63,785	53,627	52,773
Deferred tax liabilities .....	213,193	257,835	266,159	400,310
Provisions .....	180,264	164,515	253,387	211,573
<b>Total non-current liabilities .....</b>	<b>464,910</b>	<b>486,135</b>	<b>573,173</b>	<b>664,656</b>
<b>Current liabilities</b>				
Trade and other payables .....	193,542	292,685	638,688	286,144
Borrowings .....	—	—	6,803	13,230
Current tax liabilities .....	62,874	68,044	79,133	55,036
Provisions .....	30,211	28,735	20,130	27,132
Other liabilities .....	144,470	184,601	228,773	145,822
<b>Total current liabilities .....</b>	<b>431,097</b>	<b>574,065</b>	<b>973,527</b>	<b>527,364</b>
<b>Total liabilities .....</b>	<b>896,007</b>	<b>1,060,200</b>	<b>1,546,700</b>	<b>1,192,020</b>
<b>Total equity and liabilities .....</b>	<b>9,805,421</b>	<b>10,404,960</b>	<b>10,710,319</b>	<b>9,874,680</b>



## Summary of statement of individual cash flows

	6-month period ended 30 June		Year ended 31 December		
	2013	2012	2012	2011	2010
	(Unaudited)		(Audited)		
	(RON thousands)				
<b>Cash flows from operating activities</b>					
<b>Net profit for the year</b> .....	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>
Adjustments for:					
Income tax expense .....	103,231	156,579	276,462	154,767	177,739
Interest expense .....	—	236	562	1,097	1,673
Unwinding of decommissioning provision .....	15,230	26,614	23,671	23,608	25,790
Interest revenue .....	(59,003)	(78,517)	(148,326)	(106,797)	(94,287)
(Gain)/Loss on disposal of non-current assets .....	1,114	6,055	15,741	4,886	(21,178)
Change in decommissioning provision recognized in profit or loss, other than unwinding .....	(221)	(23,272)	(27,414)	(16,296)	(3,659)
Change in other provisions .....	7,231	(595)	20,377	4,960	6,687
Impairment of exploration assets .....	43,726	(90)	(81,696)	22,189	134,125
Exploration projects written-off .....	17,453	15,359	193,304	186,868	126,209
Impairment of property, plant and equipment .....	45,785	—	45,470	6,001	6,237
Depreciation and amortization .....	359,532	324,964	642,340	675,194	699,644
Impairment of investment in associates .....	—	—	—	3,391	—
Losses from trade receivables from other assets .....	(5,263)	(4)	134,707	(81,390)	56,926
Receivables reactivated .....	(28,941)	—	(115,824)	(100)	(1)
Movements in write-down allowances for inventory .....	—	—	—	(8,434)	(494)
	<b>1,122,259</b>	<b>1,224,363</b>	<b>2,098,553</b>	<b>2,057,639</b>	<b>1,459,878</b>
<b>Movements in working capital</b>					
(Increase)/Decrease in inventory .....	55,055	(142,735)	(56,608)	641,654	(26,140)
(Increase)/Decrease in trade and other receivables .....	277,041	40,752	89,070	(318,195)	(283,349)
Increase/(decrease) in trade and other liabilities .....	(106,228)	(305,410)	(382,836)	659,057	301,369
<b>Cash generated from operations</b> .....	<b>1,348,127</b>	<b>816,970</b>	<b>1,748,179</b>	<b>3,040,155</b>	<b>1,451,758</b>
Interest paid .....	—	(326)	(651)	(1,178)	(1,721)
Income taxes paid .....	(153,043)	(180,981)	(295,874)	(264,821)	(246,964)
<b>Net cash generated by operating activities</b> .....	<b>1,195,084</b>	<b>635,663</b>	<b>1,451,654</b>	<b>2,774,156</b>	<b>1,203,073</b>
<b>Cash flows from investing activities</b>					
Acquisition of investments in associates .....	—	(530)	(530)	(3,138)	(700)
Decrease/(Increase) in other financial assets .....	451,641	500,069	178,593	(873,040)	(47,151)
Interest received .....	97,080	75,203	130,618	93,204	102,996
Proceeds from sale of non-current assets .....	1,788	1,710	793	1,008	48,028
Loans granted to associates .....	—	(4,256)	(8,119)	(8,347)	—
Acquisition of non-current assets .....	(268,213)	(90,842)	(283,137)	(357,898)	(540,456)
Acquisition of exploration assets .....	(127,847)	(94,125)	(214,439)	(292,549)	(367,927)
<b>Net cash used in investing activities</b> .....	<b>154,449</b>	<b>387,229</b>	<b>(196,221)</b>	<b>(1,440,760)</b>	<b>(805,210)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings .....	—	(3,458)	(6,714)	(6,346)	(4,544)
Dividends paid .....	(1,060,115)	(938,038)	(938,038)	(706,736)	(585,807)
<b>Net cash used in financing activities</b> .....	<b>(1,060,115)</b>	<b>(941,496)</b>	<b>(944,752)</b>	<b>(713,082)</b>	<b>(590,351)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b> .....	<b>289,418</b>	<b>81,396</b>	<b>310,681</b>	<b>620,314</b>	<b>(192,488)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b> .....	<b>1,739,330</b>	<b>1,428,649</b>	<b>1,428,649</b>	<b>808,335</b>	<b>1,000,823</b>
<b>Cash and cash equivalents at the end of the financial year</b> .....	<b>2,028,748</b>	<b>1,510,045</b>	<b>1,739,330</b>	<b>1,428,649</b>	<b>808,335</b>

### Other financial data

	6-month period ended 30 June		Year ended 31 December		
	2013	2012	2012	2011	2010
	(Unaudited) (RON thousands)				
Adjusted EBITDA <sup>(1)</sup> .....	1,115,656	1,200,206	1,853,991	1,940,146	1,669,598
Adjusted EBITDA margin <sup>(2)</sup> .....	58.7%	54.7%	48.3%	46.2%	47.7%

(1) The Company defines adjusted EBITDA as profit/loss for the period before net finance costs, income tax expense, depreciation, amortization and impairment of property, plant and equipment. Adjusted EBITDA should not be considered as an alternative to net profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of the Company's liquidity. Moreover, other companies in the industry in which the Company operates may calculate adjusted EBITDA differently or may use it for different purposes than the Company does, limiting its use as a comparative measure.

(2) The Company defines adjusted EBITDA margin as adjusted EBITDA divided by revenue.

The table below provides a reconciliation of profit/loss to adjusted EBITDA:

	6-month period ended 30 June		Year ended 31 December		
	2013	2012	2012	2011	2010
	(Unaudited)		(Audited, except EBITDA)		
	(RON thousands)				
<b>Profit for the year</b> .....	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>
Add back:					
Income tax expense .....	103,231	156,579	276,462	154,767	177,739
Net finance costs .....	(59,003)	(78,281)	(147,764)	(105,700)	(92,614)
Total depreciation, amortization and impairment .....	449,043	324,874	606,114	703,384	840,006
State donation .....	—	—	—	—	400,000
<b>Adjusted EBITDA</b> .....	<b>1,115,656</b>	<b>1,200,206</b>	<b>1,853,991</b>	<b>1,940,146</b>	<b>1,669,598</b>

## OPERATING AND FINANCIAL REVIEW

*Investors should read the following discussion of the Company's financial condition and results of operations together with the Individual Financial Statements and the notes thereto included elsewhere in this Prospectus. The information contained in the discussion set forth below and elsewhere in this Prospectus includes forward-looking statements that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this Prospectus. Investors should read the whole of this Prospectus and not just rely upon summarised information.*

*Unless otherwise stated, the following discussion is based on the interim individual statement of financial position, the interim individual statement of comprehensive income, the interim individual statement of cash flows and the interim individual statement of changes in equity of the Company at 30 June 2013 and 2012, and for the six-month periods then ended and the notes thereto and the individual statement of financial position, the individual statement of comprehensive income and the individual statement of cash flows of the Company at 31 December 2012, 2011 and 2010, and for the years then ended, and the notes thereto which have been derived from the Individual Financial Statements of the Company appearing elsewhere herein. All financial statements have been prepared in accordance with IFRS as adopted by the EU.*

### Overview

Romgaz is the largest natural gas producer and supplier in Romania, and its core business segments are: gas exploration and production, gas supply, underground gas storage and electricity production. In 2012, Romgaz produced 5.66 billion m<sup>3</sup> of natural gas and, according to ANRE, had a market share of 50.12% of sales of domestically produced natural gas. The Company's daily production averaged approximately 15.8 million m<sup>3</sup> for the six months ended 30 June 2013.

In Romania, Romgaz currently operates 3,257 gas producing wells which access 147 commercial fields, as well as 29 exploration wells in nine on-shore exploration blocks. As at 30 June 2013, according to the D&M Report the Company held net proved reserves of 62.1 billion m<sup>3</sup> (equivalent of 2,192.4 billion ft<sup>3</sup>) of gas and net probable reserves of 13.2 billion m<sup>3</sup> (equivalent of 464.6 billion ft<sup>3</sup>) of gas.

The Company has also entered into several partnerships and other joint operating agreements for exploration and development of certain concessioned perimeters, both abroad and in Romania. In Slovakia, the Company holds a 25% partnership share in the licence for the exploration, development and exploitation of three blocks—Svidnik, Medzilaborce and Snina, and similar interests held in the corresponding joint operating agreements concluded between partners, corresponding to the three blocks. In Poland, the Company holds a 30% partnership interest in a partnership agreement with respect to two exploration blocks: Torzym and Cybinka. Within Romania, in the region of Moldavia, the Company has shared interests in two further blocks—Brodina, in which, according to the concession agreement, it holds a 37.5% partnership interest (according to the joint operation agreement, the Brodina block was split by the partners into two areas: (i) Brodina exploration, where the Company holds 50% and (ii) Brodina production area, where the Company holds 37.5%) and Bacau (in which it holds a 40% interest (according to the joint operation agreement, the Bacau block was split by the partners into two areas: (i) Bacau Nord, where the Company holds 40% and (ii) Bacau Sud, where the Company holds 100%). The Company has a series of collaborative agreements with ExxonMobil, OMV Petrom, Lukoil, Vanco, Amromco and Schlumberger together with other joint venture agreements to explore, develop or rehabilitate various blocks or facilities in Romania and in offshore areas.

The Company is also the largest underground gas storage operator in Romania. The Company owns and operates six underground storage deposits with total working volume of 2.76 billion m<sup>3</sup> and, according to ANRE, it had a market share for underground gas storage in Romania of 90% in 2012. The Company is also a shareholder in two other underground gas storage operators: Depomures S.A. (in which the Company holds a 40% stake) and Amgaz S.A. (in which the Company holds a 35% stake and which operates the Nades-Prod-Seleus underground storage deposit, with a storage capacity of 75 million m<sup>3</sup>/cycle storage). Depomures S.A. operates the Targu Mures underground gas storage deposit, with a storage capacity of 300 million m<sup>3</sup>/cycle.

On 31 January 2013, Romgaz took over CTE Iernut from Electrocentrale Bucuresti. CTE Iernut has an installed capacity of 800MW. During 2012, CTE Iernut produced 464GWh. From a total capacity of 800 MW the Company estimates that 160 MW of such capacity will be utilised on average in 2013.

The Company had adjusted EBITDA of RON 1.1 billion in the first six months of 2013 (compared to RON 1.2 billion in the first six months of 2012) and revenues of RON 3.8 billion, RON 4.2 billion and RON 3.5 billion in the financial years ended 31 December 2012, 2011 and 2010 respectively.

### Principal factors which may affect results of operations and financial condition

The following is a description of the principal factors that affected the Company's results of operations and its financial condition during the period under review and that the Company expects will continue to affect the Company's results of operations and financial condition in the future. Certain risk and other factors which may affect the Company's business are discussed in the section entitled "*Risk Factors*".

#### Weather

Weather significantly impacts the demand for natural gas, and therefore, the financial performance and results of operations of the Company will also be impacted by any extreme weather experienced in each year. Changes in the weather conditions from year to year can influence demand for natural gas as longer nights and colder weather from October to March in a particular year increase demand for natural gas as compared with other years, and longer days and warmer weather from April to September increase demand for electricity. In addition, in a particularly cold winter, the sale of natural gas from the underground storage facilities will increase and result in higher revenue for the Company. Demand may also fluctuate from year to year due to changes in weather patterns.

#### Natural gas prices

In Romania, the natural gas market is divided into a competitive market and a regulated market. The competitive market consists of natural gas sales through the negotiation of contracts among suppliers and between suppliers and "eligible customers" which are free to choose their supplier. The regulated market includes natural gas sales through standard form agreements at regulated prices between suppliers and customers which are not able to choose their supplier. Storage and distribution of natural gas are also activities covered by the regulated market. Accordingly, prices for the sale of natural gas on the competitive market with eligible customers are freely determined, on the basis of demand and supply, while prices for sale of natural gas and tariffs for storage and distribution of natural gas on the regulated market are set by ANRE. See also "*Regulatory Matters—The Natural Gas Industry—Gas Supply*".

Natural gas sale prices of the Company are influenced by volumes, prices on the international markets, the time lag between purchase and sale and the price alignment calendar.

Fluctuations of volumes and prices on international markets, which would in turn cause fluctuations in natural gas prices in future periods could have a material impact on the Company's reported results of operations.

The table below shows the Company's average realised domestic natural gas sales prices (without the gas resulting from associations, net of storage services, excise taxes and VAT) for the six months ended 30 June 2013 and 2012 and the years ended 31 December 2012, 2011 and 2010:

	As of 30 June 2013		As of 30 June 2012		As at 31 December 2012		As at 31 December 2011		As at 31 December 2010	
	MMC	LEI/ MMC	MMC	LEI/ MMC	MMC	LEI/ MMC	MMC	LEI/ MMC	MMC	LEI/ MMC
<b>Average domestic natural gas price</b>										
Suppliers .....	1,841	506	2,032	472	3,675	475	3,654	461	3,857	416
Direct Customers.....	869	513	825	481	1,575	480	1,634	470	1,847	427
<b>Total average domestic natural gas price .....</b>	<b>2,710</b>	<b>509</b>	<b>2,857</b>	<b>475</b>	<b>5,251</b>	<b>477</b>	<b>5,288</b>	<b>464</b>	<b>5,704</b>	<b>420</b>

The table below shows the Company's average realised imported natural gas sales prices (net of storage services, excise taxes and VAT) for the six months ended 30 June 2013 and 2012 and the years ended 31 December 2012, 2011 and 2010:

	As of 30 June	As of 31 December		
	2013	2012	2011	2010
<b>Average imported natural gas price</b>		(thousands)		
Delivered quantity (MMC) . . . . .	214	606	1,018	680
Cost of the delivered gas (RON/MMC). . . . .	1,382	1,482	1,150	1,039
Total average imported natural gas price (RON/MMC) . . . . .	1,476	1,729	1,324	1,136

### **Production**

The Company is able to sell all of the natural gas it produces. Therefore, the Company's results of operations will also be significantly impacted by aggregate production volumes. In the six-month periods ended 30 June 2013 and 30 June 2012, the Company produced 2.86 billion m<sup>3</sup> and 2.89 billion m<sup>3</sup>, respectively, and in the years ended 31 December 2012, 2011 and 2010, the Company produced 5.66 billion m<sup>3</sup>, 5.64 billion m<sup>3</sup> and 5.70 billion m<sup>3</sup>, respectively.

The volumes of natural gas produced and expected to be produced from the Company's assets involve a degree of uncertainty. Natural gas production involves high operational and other risks, which even a combination of experience, knowledge and careful evaluation are not able to fully eliminate. In addition, well production may decrease for a number of geological or other reasons, and at times production may need to be stopped altogether for geological or other operational or technological reasons.

Commercial factors, such as natural gas prices, may also affect the Company's production decisions. Lower natural gas prices may reduce the amount of natural gas that the Company or operators of the fields where the Company holds an interest are able to produce economically, which may result in a decrease in production volumes.

As a result of all of these factors, the Company could experience period to period fluctuations in natural gas and electricity production volumes, which would impact the Company's revenues and operating profit in those periods.

### **Impact of the global financial crisis and current financial market conditions**

The Company's financial condition and results of operations are significantly influenced by general economic conditions, in particular, the health of the Romanian economy. See *"Risk Factors—Risks Relating to Romania—Political and economic uncertainty could adversely affect the value of investments in Romania as well as the value of the Securities"*.

Romania has recently experienced contraction in its economy and other adverse economic and financial effects as a result of the global financial crisis, including a correction in the real estate sector and limited access to international capital markets, followed by a moderate resumption of growth starting in 2011. For example, GDP declined by 1.1% in 2010 as compared to 2009 and 6.6% in 2009 as compared to 2008, before increasing by 2.2% in 2011 as compared to 2010, by 0.2% in 2012 as compared to 2011 and by 2.2% in the first half of 2013 against the first half of 2012. Due to these and other pressures resulting from the global economic crisis, Romania recorded (cash) budget deficits of 2.5%, 4.3% and 6.4% of GDP in 2012, 2011 and 2010, respectively.

Accordingly, the revenue of the Company increased by 20.0% from 2010 to 2011 and decreased slightly (due to other factors) by 8.5% from 2011 to 2012 and 13.3% from the first half of 2013 as compared to the first half of 2012. Also the net profit of the Company increased by 244.8% from 2010 to 2011, decreased by 5.8% from 2011 to 2012 and decreased by 21.9% from the first half of 2013 as compared with the first half of 2012.

Although the correlation is not precise, economic events at the global level or within Romania may significantly impact the business, results of operation and prospects of the Company.



## **Taxes and royalties**

The Company is primarily subject to Romanian taxes. It is liable to the Romanian Government for taxes on profits and dividends, excise duties, VAT, local taxes and fees and taxes on buildings and land. In the six months ended 30 June 2013, the Company incurred RON 103.2 million of tax on profits expense, as compared with of RON 156.6 million in the corresponding period of 2012. In 2012, the Company's tax on profits expense was RON 276.5 million, compared to RON 154.8 million in 2011 and RON 177.7 million in 2010.

Under Government Ordinance 7 dated 23 January 2013, a "windfall profit tax" was set on the additional revenues obtained by natural gas producers as a result of price deregulation "until 31 December 2014, including this day". The tax is calculated (by the formula: additional revenue minus gas royalty corresponding to the additional revenue minus capex, without exceeding 30% of the additional revenue, by multiplying the product by 0.6) and paid on a monthly basis, until the 25th day of the month following the month for which the tax is due.

The Company pays a royalty of between 3.5% to 13% of the value of its gross extracted production to the state budget. See also "*Regulatory Matters—Gas—Gas Production*". The average level of royalties paid was approximately 7% in 2012.

Gas royalties are calculated by multiplying the price, production volume and percentage set by ANRE. The table below shows the royalties for the years ended 31 December

	Years ended		
	2012	2011	2010
	(RON millions)		
<b>Gas Royalties</b>			
Royalties (Company production) .....	196.8	196.6	202.3
Royalties (joint ventures) .....	8.2	8.4	7.2
Royalties (storage) .....	7.3	10.3	8.6
Total royalties .....	212.3	215.3	218.1

There has been press speculation that the Government could raise the royalty amount on natural gas produced under any new concession agreed on or after 1 January 2014 to as high as 25% to 40%.

Currently, the Company pays 3% of its gross income from natural gas storage activity. The royalties on storage activities may also rise in the short term. Any changes to the tax rates payable by the Company or the tax regime in Romania could have a material impact on the Company's results of operations. See "*Risk Factors—Risks Relating to the Company's Business and Industry—The Company is exposed to changes in the taxes and royalties imposed on its operations*".

The Company pays to the state budget the excise related to natural gas used in the technological process (compressor stations, drying stations, engines, etc.). The excise was in amount of RON 34.9 million in 2012, RON 33.1 million in 2011 and RON 36.6 million in 2010.

## **Acquisitions and impairment**

Acquisitions can have significant impact on the Company's results of operations in terms of both revenues and costs. In addition, in certain cases, the accounting treatment of an acquisition may result in the recognition of gains or losses in connection with the acquisition of tangible or intangible assets. Furthermore, in certain circumstances, impairments of acquired tangible or intangible assets may be required in subsequent periods if assumptions regarding future performance at the time of acquisition prove to be incorrect.

In February 2013, the Company expanded its business by acquiring CTE Iernut, operated by the Company's Iernut Electricity Generation Branch. CTE Iernut was transferred from Electrocentrale Bucuresti to the Company in exchange for settlement of Electrocentrale Bucuresti's debt owed to the Company in the amount of RON 653 million, owing from its inability to pay the Company for gas supplied to Electrocentrale Bucuresti. The Company recognised this asset in its books as being worth 3.2 million. In addition, the Company undertook modernisation of the plant, having a total value of RON 43.1 million.



## Recent developments

Gas production for July, August and September 2013 was 430.3 million m<sup>3</sup>, 445.2 million m<sup>3</sup> and 459.912 million m<sup>3</sup> amounting to 1,335.5 million m<sup>3</sup> for Q3 2013, which represents an increase of 24.21 million m<sup>3</sup> compared with the third quarter of 2012.

Volumes of gas sold from internal production and joint agreements for July and August were of 311.5 million m<sup>3</sup> at an average selling price of 556.8 Lei/thousand m<sup>3</sup>, and 258.9 million m<sup>3</sup> at an average selling price of 568.5 Lei/thousand m<sup>3</sup>, which prices were in line with the government pricing schedule. The average selling price for which Romgaz delivered gas from internal production and joint agreements in July 2013 has increased with 16.1% compared with July 2012, and the average selling price for which Romgaz delivered gas from internal production and joint agreements in August 2013 has increased with 18.6% compared with August 2012.

In the period post 30 June 2013, receivables for the gas and services sold to certain customers of S.N.G.N. Romgaz S.A. became overdue. The estimated additional provision for impairment of the receivables as a result of becoming overdue, which will be recorded in the financial statements prepared in accordance with IFRS for the period ended 30 September 2013 is RON 68.2 million.

## Results of operations

The following table sets out the Company's statement individual comprehensive income for the six-month periods ended 30 June 2013 and 30 June 2012 and the years ended 31 December 2012, 2011 and 2010. The financial information relating to the six-month periods ended 30 June 2013 and 30 June 2012 and the years ended 31 December 2012, 2011 and 2010 has been extracted without material adjustment from the Company's Individual Financial Statements included in this Prospectus.

	6-month period ended 30 June		Year ended 31 December		
	2013 (Unaudited)	2012	2012	2011 (Audited)	2010
	(RON thousands)				
Revenue.....	1,901,139	2,192,193	3,837,941	4,195,477	3,497,461
Cost of commodities sold.....	(302,048)	(591,965)	(904,580)	(1,168,545)	(715,785)
Investment income.....	59,003	78,517	148,326	106,797	94,287
Other gains and losses.....	32,418	(14,895)	(49,806)	76,596	(36,646)
Changes in inventories of finished goods and work in progress.....	33,055	12,429	110,852	80,545	80,007
Raw materials and consumables used.....	(56,976)	(61,382)	(118,364)	(131,475)	(125,868)
Depreciation, amortization and impairment expenses.....	(449,043)	(324,874)	(606,114)	(703,384)	(840,006)
Employee benefits expense....	(244,607)	(225,095)	(503,044)	(478,322)	(477,755)
Finance costs.....	(15,230)	(26,850)	(24,233)	(24,705)	(27,463)
Exploration expense.....	(17,453)	(15,359)	(193,304)	(186,868)	(126,209)
General, selling and administrative expense.....	(240,927)	(168,827)	(435,705)	(505,728)	(906,189)
Other income.....	26,285	99,721	133,672	82,074	106,372
<b>Profit before tax.....</b>	<b>725,616</b>	<b>953,613</b>	<b>1,395,641</b>	<b>1,342,462</b>	<b>522,206</b>
Income tax expense.....	(103,231)	(156,579)	(276,462)	(154,767)	(177,739)
<b>Profit for the year.....</b>	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>
Average number of shares.....	38,542,240	38,303,838	38,303,838	38,303,838	38,303,838
Earnings per share.....	0.0161	0.0208	0.0292	0.0310	0.0090
<b>Total comprehensive income for year.....</b>	<b>622,385</b>	<b>797,034</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>

## **Revenues**

The Company's revenue comprises revenue from the sales of natural gas, underground gas storage services and electricity. The revenue from the sale of gas is recognised when the gas sold is measured and delivered through the measurement systems between the Company and the national transport system. With respect to natural gas sales, this transfer typically occurs at or immediately prior to the gas produced and/or sold by Company entering the Romanian natural gas transport/distribution system. Revenue from the sale of gas is recognised when all of the following conditions are met: the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for natural gas products provided in the normal course of business, net of excise taxes.

For the six months ended 30 June 2013, the Company generated revenue of RON 1.9 billion compared to RON 2.2 billion in the six months ended 30 June 2012. In the six months ended 30 June 2013, the Company sold 2.7 billion m<sup>3</sup> of natural gas from its own production at an average price of 508.3 RON/thousand m<sup>3</sup>, and imported 214.7 million m<sup>3</sup> of natural gas at an average price of 1,493.1 RON/thousand m<sup>3</sup>.

In the year ended 31 December 2012, the Company generated revenue of RON 3.8 billion, compared to RON 4.2 billion in 2011 and RON 3.5 billion in 2010. In 2012, the Company sold 5.3 billion m<sup>3</sup> of natural gas from its own production at an average price of 476.6 RON/1,000 m<sup>3</sup>, and imported 605.8 million m<sup>3</sup> of natural gas at an average price of 501.8 USD/1,000 m<sup>3</sup>. See "*Business—Gas Supply*".

For the year ended 31 December 2012, revenues for upstream (natural gas sales) were RON 3.6 billion and for storage were RON 245 million, as compared to RON 3.8 billion for upstream and RON 344.6 million for storage in the year ended 31 December 2011 and RON 3.2 billion for upstream and RON 295.9 million for storage in the year ended 31 December 2010.

### *Cost of commodities sold*

For the six months ended 30 June 2013, cost of commodities sold decreased by 49% to RON 302.0 million, compared to a RON 592.0 million in the six months to 30 June 2012 due to a reduction in sales of imported natural gas.

In the year ended 31 December 2012, cost of commodities sold decreased 22.6% to RON 904.6 million, compared to an increase of RON 452.8 million to RON 1.17 billion in 2011 from RON 715.8 million in 2010. The decrease in 2012 was primarily a result of the sale of a higher volume of imported natural gas purchased previously in prior years at lower prices.

### *Investment income*

For the six months ended 30 June 2013, investment income decreased 24.8% to RON 59.0 million, compared to RON 78.5 million in the six months to 30 June 2012 due to a decrease in interest revenue. The decrease in investment income was a result of a decrease in the average amount of cash deposits and in interest rates obtained by the Company in respect of such deposits. The average interest rate for the Company's bank deposits and state bonds in the first six months of 2013 was 4.7% and 4.3%, respectively.

In the year ended 31 December 2012, investment income increased by 38.9% to RON 148.3 million, compared to an increase of RON 12.5 million to RON 106.8 million in 2011 from RON 94.3 million in 2010. This was primarily a result of a material increase in average cash deposits and rates received in 2012 as compared to 2011 and a small increase in deposits in 2011 as compared to 2010.

### *Other gains and losses*

For the six months ended 30 June 2013, other gains increased by RON 47.3 million to RON 32.4 million, compared to a loss of RON 14.9 million in the six months to 30 June 2012 due to the

reinstatement of receivables from SC Termoelectrica SA ("**Termoelectrica**"), which previously had been written off. The reinstatement followed due to the transaction between Romgaz and Electrocentrale Bucuresti regarding the takeover of CTE Iernut, which extinguished the receivables outside the balance sheet.

In the year ended 31 December 2012, losses were RON 49.8 million, compared to gains of RON 76.6 million in 2011 and losses of RON 36.6 million in 2010. The losses in 2012 and 2010 were primarily due to a write-off of receivables. The gains in 2011 were primarily due to a reversal of provisions/reserves for write-offs of receivables which had been recorded in prior periods.

#### *Raw materials and consumables used*

For the six months ended 30 June 2013, raw materials and consumables used decreased by 7.2% to RON 57.0 million, as compared to RON 61.4 million in the six months to 30 June 2012. The decrease of expenses with raw materials and consumables was mainly a result of a marginal decrease in gas production and of technological modernisation done in past years, which in turn resulted in decreases in the cost of spare parts and fuel consumed.

In the year ended 31 December 2012, raw materials and consumables used decreased by 10.0% to RON 118.4 million from RON 131.5 million in 2011. The decrease was primarily the result of upgrades to the performance of the compressor stations in past periods.

In 2011, raw materials and consumables used increased by RON 5.6 million, or 4.5%, to RON 131.5 million compared to RON 125.9 million in 2010. This increase reflected the initial results from a large number of upgrades performed in 2011 with respect to the compressor stations.

#### *Depreciation, amortization and impairment expense*

For directly productive tangible assets (assets related to natural gas extraction) the Company applies the depreciation method based on the unit of production in order to reflect in the income statement an expense proportionate with income realised from sale of production obtained from the total natural gas reserve certified at the beginning of the period. According to this method the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the gas reserve certified at the beginning of the period. The gas reserves are updated on an annual basis since 2011 (previously, the gas reserves were updated every five years) based on an internal assessment approved by ANRM. For indirectly productive tangible assets, depreciation is computed using the straight-line method over the estimated useful life of assets.

In the six months ended 30 June 2013, depreciation, amortization and impairment expense increased by RON 124.2 million, or 38.2%, to RON 449.0 million from RON 324.9 million in the six months to 30 June 2012, mainly as a result of the takeover of CTE Iernut and the creation of a depreciation provision for certain fixed assets, having a total value of RON 37.3 million.

In the year ended 31 December 2012, depreciation, amortization and impairment expense decreased by RON 97.3 million, or 13.8%, to RON 606.1 million from RON 703.4 million in 2011, principally due to a decline in gas production (as noted above depreciation is calculated based in part on production levels) and reversal of depreciation for certain fixed assets registered in past periods.

In 2011, depreciation, amortization and impairment expense decreased by RON 136.6 million, or 16.3%, to RON 703.4 million from RON 840.0 million in 2010, principally due to a decrease in gas production.

#### *Employee benefit expense*

For the six months ended 30 June 2013, employee salary expense increased to RON 244.6 million, compared to RON 225.1 million in the six months to 30 June 2012 due to the increase in numbers of employees following the takeover of CTE Iernut on 31 January 2013, which increased the employee benefit expenses incurred by the Company.

In the year ended 31 December 2012, employee salary expense increased 5.2% to RON 503.0 million, compared to an increase of RON 0.57 million to RON 478.3 million in 2011 from

RON 477.8 million in 2010. The increase in 2012 versus 2011 was primarily a result of an increase in value due to a rise in inflation adjustments in employee contracts and an increase of the number of employees.

#### Finance costs

For the six months ended 30 June 2013, finance cost decreased to RON 15.2 million, compared to RON 26.9 million in the six months to 30 June 2012 due to the unwinding of the decommissioning provision and the repayment in full of the loan provided by International Bank for Reconstruction and Development (“IBRD”), the last instalment of which was paid in October 2012.

In the year ended 31 December 2012, finance cost decreased 1.9% to RON 24.2 million, compared to RON 24.7 million in 2011, which was a decrease of RON 2.8 million from RON 27.5 million in 2010. The decreases in both periods were primarily a result of unwinding the decommissioning provision for fixed assets.

#### Exploration expense

For the six months ended 30 June 2013, exploration expense increased to RON 17.5 million from RON 15.4 million in the six months to 30 June 2012 due to an increase in the amount expended for well abandonment.

In the year ended 31 December 2012, exploration expense increased by RON 6.4 million to RON 193.3 million from RON 186.9 million. In 2011, exploration expenses increased by RON 60.7 million to RON 186.9 million from RON 126.2 million in 2010. Each of these year-on-year increases were primarily the result of annual increases in costs incurred in the drilling of wells that did not result in confirmation of natural gas resources.

#### Other expenses

The table below sets out information on the components of other expenses for the years ended 31 December 2012, 2011 and 2010 and the six-month periods ended 30 June 2013 and 30 June 2012:

	6-month period ended 30 June		Year ended 31 December		
	2013	2012	2012	2011	2010(1)
	(unaudited)		(audited)		
	(RON thousands)				
Electricity .....	58,605	40,565	107,082	86,876	80,151
Protocol and advertising .....	66	183	486	4,374	4,495
Logistical expenses .....	1,531	9,241	15,776	19,124	23,512
Taxes and duties .....	170,219	130,143	260,074	260,801	267,459
Bank commissions and similar charges .....	1,186	129	711	1,078	1,139
Insurance expenses .....	1,101	1,560	3,406	4,531	5,240
Compensations, fines and penalties .....	613	30	61	6,167	2,785
Provision for risk and charges .....	7,010	(23,867)	(7,037)	(11,336)	3,028
Other operating expenses .....	596	10,843	55,146	134,113	518,380
<b>Total .....</b>	<b>240,927</b>	<b>168,827</b>	<b>435,705</b>	<b>505,728</b>	<b>906,189</b>

(1) In 2010, the Company recorded an expense, in the amount of RON 400 million, representing a donation to the Romanian state made pursuant to Shareholders’ approval and under Government Ordinance 18/2010, which allowed the Company to donate up to RON 400 million.

For the six months ended 30 June 2013, other expenses increased by RON 72.1 million to RON 240.9 million compared to RON 168.8 million in the six months to 30 June 2012 mainly as a result of an increase of tariffs paid for electric power and an increase of natural gas excise taxes and royalties.

In the year ended 31 December 2012, other expenses decreased 13.8% by RON 70.0 million to RON 435.7 million from RON 505.7 million in 2011, principally due to a decrease in the cost of well workovers and other third party services.

In 2011, other expenses decreased to RON 505.7 million from RON 906.2 million in 2010, primarily as a result of a donation in the amount of RON 400 million granted in 2010 to the Romanian state. See “Risk Factors—Risks Relating to the Company’s Business and Industry—The Romanian Government will continue to have significant influence over the Company after the Offering, and its interests may not be aligned with those of the other shareholders of the Company”.

### *Other income*

For the six months ended 30 June 2013, other income decreased to RON 26.3 million from RON 99.7 million in the six months to 30 June 2012 due to the recording in 2012 of certain penalties and interest incurred by Company customers with respect to outstanding payments for natural gas purchases.

In the year ended 31 December 2012, other income increased by RON 51.6 million to RON 133.7 million from RON 82.1 million mainly due to an increase in penalties incurred by customers with respect to outstanding payments and an increase in the value of the Termoelectrica receivables as a result of an increase in inflation rates. In 2011, other income decreased by RON 24.3 million from RON 106.4 million in 2010. This was primarily a result of the recording of lower levels of penalties incurred by customers for overdue payments as compared to 2010.

### *Income tax expense*

For the six months ended 30 June 2013, the Company incurred a tax on profits expense of RON 103.2 million, as compared to a tax expense of RON 156.6 million in the six months to 30 June 2012, mainly due to higher income from deferred tax in the first six months of 2013 as compared to the same period in 2012 and a decrease during the first half of 2013 in income tax.

In the year ended 31 December 2012, the Company incurred a tax expense of RON 276.5 million, as compared to RON 154.8 million in 2011 and a tax expense of RON 177.7 million in 2010. The increase in tax expense in 2012 resulted principally from a decrease in deferred tax expense during the period. The decrease in tax expense in 2011 related principally to a higher deferred tax income and higher current income tax which became applicable in 2011 as compared to 2010.

### *Profit for the period*

As a result of the foregoing, in the first six months of 2013, the Company's profit for the period decreased by RON 174.6 million, or 21.9%, to RON 622.4 million as compared to RON 797.0 million in the first six months of 2012.

In 2012, the Company's profit for the year decreased by RON 68.5 million, or 5.8%, to RON 1,119.2 million from RON 1,187.7 million in 2011, and in 2011 the Company's profit increased by RON 843.2 million, or 244.8%, to RON 1,187.7 million from RON 344.5 million in 2010.

### **Liquidity and capital resources**

The Company's liquidity requirements arise principally from its working capital requirements and capital expenditure. The Company's obligations for these requirements are met by the cash generated from operations and the Company typically benefits from very low levels of indebtedness.

### **Cash flows**

The following table sets out summary cash flow information of the Company for the six month periods ended 30 June 2013 and 30 June 2012 and the years ended 31 December 2012, 2011 and 2010:

	6-month period ended 30 June		Year ended 31 December		
	2013	2012	2012	2011	2010
	(Unaudited)		(Audited)		
	(RON thousands)				
Net cash generated by operating activities .....	1,195,084	635,663	1,451,654	2,774,156	1,203,073
Net cash generated/(used) in investing activities .....	154,449	387,229	(196,221)	(1,440,760)	(805,210)
Net cash used in financing activities .....	(1,060,115)	(941,496)	(944,752)	(713,082)	(590,351)
Net increase/(decrease) in cash and cash equivalents .....	289,418	81,396	310,681	620,314	(192,488)
Cash and cash equivalents at the beginning of the financial year .....	<u>1,739,330</u>	<u>1,428,649</u>	<u>1,428,649</u>	<u>808,335</u>	<u>1,000,823</u>
<b>Cash and cash equivalents at the end of the financial year .....</b>	<b><u>2,028,748</u></b>	<b><u>1,510,045</u></b>	<b><u>1,739,330</u></b>	<b><u>1,428,649</u></b>	<b><u>808,335</u></b>



### *Net cash generated by operating activities*

In the six months ended 30 June 2013, net cash generated from operating activities was RON 1.2 billion, compared to RON 635.7 million in the six months to 30 June 2012, which was attributable to the sale of natural gas stocks and decreases in the levels of both receivables and liabilities, which itself was a result of a change in policy whereby the Company took lower levels of advanced payments. Receipt of advance payments for natural gas not yet delivered had led to increased liabilities in prior periods.

In the year ended 31 December 2012, net cash generated from operating activities was RON 1.5 billion, compared to a generation of RON 2.8 billion in 2011 and a generation of RON 1.2 billion in 2010. The decrease in net cash flow generated in 2012 as compared to 2011 reflected a decrease in liabilities and receivables and an increase in natural gas inventory. The Company adjusted its receivables balance and recorded additional bad debt allowances in 2012 of RON 115.3 million in 2012 to reflect the settlement of receivables of Electrocentrale Bucuresti against the transfer of CTE Iernut to the Company.

The increase in net cash generated from operating activities in 2011 as compared with 2010 resulted mainly from an increase in the amount of liabilities and an increase in receivables and a decrease in natural gas stocks.

### *Net cash generated by investing activities*

In the six months ended 30 June 2013, the Company generated RON 154.4 million from its own funds in investing activities, as compared to RON 387.2 million in the corresponding period in 2012, which was mainly a result of acquisition of exploration assets and a decrease in the level of longer term Government bonds (i.e., bonds with a term exceeding three months) by the Company.

In the year ended 31 December 2012, the Company used RON 196.2 million from its own funds in investing activities, which principally related to acquisition of exploration assets and a decrease in the level of longer term government bonds.

In 2011, the Company used RON 1.4 billion from its own funds in investing activities, consisting mainly of acquisition of government bonds and acquisition of exploration assets. In 2010, the net cash used in investing activities was RON 805.2 million from its own funds, comprising mainly of the acquisition of exploration assets and an increase in the amount of longer term government bonds held.

A more detailed description of the Company's recent capital expenditure is set out in "Capital expenditures" below.

### *Net cash used in financing activities*

In the six months ended 30 June 2013, net cash used in financing activities was RON 1.1 billion, as compared to RON 941.5 million in the corresponding period in 2012, mainly as a result of the payment of higher dividends to the shareholders.

In the year ended 31 December 2012, net cash used in financing activities was RON 944.8 million, principally reflecting the payment of dividends to shareholders in the amount of RON 938 million and the reimbursement of the IBRD loan in the amount of RON 6.7 million.

In 2011, net cash used in financing activities was RON 713.1 million and comprised dividends paid to shareholders in the amount of RON 707 million and the reimbursement of the IBRD loan in the amount of RON 6.3 million.

In 2010, net cash used in financing activities was RON 590.4 million and included dividends paid to shareholders in the amount of RON 586 million and the reimbursement of the IBRD loan in the amount of RON 4.5 million.

### **Indebtedness**

On 2 October 2001, a loan from the IBRD in the amount of USD 17.9 million was granted to the Company as part of a larger loan in the amount of USD 175.6 million to the Romanian state for the Petroleum Sector Rehabilitation Project. The semi-annual instalments on the loan were paid to the Ministry of Finance prior to its date for each payment to the IBRD. The Company repaid the loan in full in October 2012.

As at 30 September 2013, the Company had no indebtedness outstanding.



## Capital expenditures

The Company's capital expenditures for exploration, production, storage and associated activities for the years ended 31 December 2012, 2011 and 2010 were approximately RON 519 million, RON 609 million and RON 810 million respectively. Capital expenditures for this period under review related primarily to research and exploration activities, including 3D and 2D seismic surveying, drilling exploration wells and experimental production works related to these wells, field exploitation and underground storage facilities operation, upgrade of existing facilities and equipment and environmental improvement and protection.

Capital expenditure primarily to expand exploration and development and to improve recoveries from productive wells is expected to increase from RON 732.6 million in 2013 to RON 966.4 million in 2014 and RON 1,098.9 million in 2015.

## Contractual obligations and contingent liabilities

The following table sets forth the amount of the Company's contractual obligations and commitments as of 30 June 2013 and 31 December 2012. All of its contractual obligations and commitments are for a term of less than a year.

	<u>As at 30 June 2013</u>	<u>As at 31 December 2012</u>
	(RON thousands)	
Commitments for purchase of import gas.....	135,372	283,642
Capital commitments.....	89,544	27,888
Other commitments.....	2,412	2,812
<b>Total contractual obligations.....</b>	<b><u>227,328</u></b>	<b><u>314,342</u></b>

The Company does not have any off-balance sheet liabilities or other arrangements.

## Working capital

The Company is of the opinion that it has sufficient working capital for its present requirements, that is for at least 12 months from the date of this Prospectus.

## Qualitative and quantitative disclosures about market risk

The members of the Board of Directors seek to monitor and manage the market risks and credit risk relating to the Company's operations, which include commodity price, foreign currency exchange rate, credit, liquidity and interest rate risks.

### Foreign currency risk

The Company has exposure to currency risk on certain receivables to and payables in currencies other than the Romanian Lei. The currencies giving rise to this are principally the euro and the US dollar.

The carrying amounts of the Company's foreign currency denominated receivables and payables at the reporting date are as follows:

	<u>As at 30 June</u>		<u>As at 31 December</u>					
	2013		2012		2011		2010	
	<u>Cash and Receivables</u>	<u>Payables</u>	<u>Cash and Receivables</u>	<u>Payables</u>	<u>Cash and Receivables</u>	<u>Payables</u>	<u>Cash and Receivables</u>	<u>Payables</u>
	(RON thousands)							
Lei.....	3,248,465	251,343	3,739,472	267,661	3,710,739	287,382	1,997,551	208,438
US dollar.....	30	62,116	366	27,985	116	6,863	88	23,114
euro.....	17,562	2,553	40,997	39	9,112	2,674	161	3,924

A 5% increase in the euro or USD against the Lei for the six months ended 30 June 2013 would have resulted in an increase in net liabilities of RON 2.4 million. For 2012, a 5% increase in the euro or USD against the Lei would have resulted in a decrease in net liabilities of RON 0.67 million.

### **Credit risk**

Financial assets, which potentially subject the Company to credit risk, consist principally of cash and cash equivalents, deposits with banks and trade receivables. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The carrying amount of accounts receivable, net of impairment provision, and cash and cash equivalents, represent the maximum amount exposed to credit risk. The Company has a concentration of credit risk in respect of its top four clients, which together accounted for 75% of its trade receivables balance at 31 December 2012. Although collection of receivables could be influenced by economic factors, the Company's management believes that there is no significant risk of loss to the Company beyond the provision already recorded.

### **Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company maintains adequate liquid reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and development costs, different production rates from the Company's portfolio of producing fields and delays in development projects.

All of the Company's cash and cash equivalents are currently held with reputable and well-known commercial institutions.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities (excluding borrowings). The amounts are based on undiscounted cash flows and on the earliest date on which the Company can be required to pay.

	<u>As at 30 June 2013</u> (RON millions)
Less than 30 days.....	193.5
31 – 60 days.....	0
61 – 90 days.....	0
91+ days .....	0

### **Critical accounting estimates and judgments**

In the application of the Company's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, key assumptions and other key sources of estimation uncertainty at the balance sheet date of each period under review that may have a significant effect on the amounts recognised in the financial statements.

### **Revenue recognition**

Revenue from the sale of gas is recognised when all of the following conditions are met: the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is based on the stage of completion as a percentage from total revenues from the service contract, the percentage being determined by the fraction between the performed services until the balance sheet date and the total services to be performed.

Revenue arising from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest revenue is recognised periodically and proportionally as the respective revenue is generated on accrual basis.

Dividends are recognised as revenue when the legal right to receive payment is established.

### **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

As of 30 June 2013, the Company has recorded a provision for decommissioning of wells and restoration of lands damaged by the activity of exploiting natural gas resources in the amount of RON 193 million.

Liabilities for decommissioning costs are recognised when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

The Company recorded a provision for decommissioning wells and restoring lands used in the activity of exploiting natural resources and returning them to the economic circuit. This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognised. The item of property, plant and equipment is subsequently depreciated as part of the asset.

The Company applies IFRIC 1 related to changes in existing decommissioning, restoration and similar liabilities.

The change in the decommissioning provision for wells is recorded as follows:

(a) subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.

(b) the amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in the Company's profit and loss account.

(c) if the adjustment results in an addition to the cost of an asset, the Company shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount, and shall account for any impairment loss.

Once the related asset has reached the end of its useful life, all subsequent changes of debt shall be recognised in the income statement in the year when they occur.

The periodical unwinding of the discount is recognised annually in the Company's profit and loss account as a finance cost as it occurs.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable

or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### *Deferred tax*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the individual financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset recognised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### *Current and deferred tax for the period*

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

### ***Property, plant and equipment***

#### *Cost*

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of any decommissioning obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including service and unsuccessful

development or delineation wells, is capitalized within property, plant and equipment and is depreciated from the commencement of production as described below in the accounting policy for property, plant and equipment.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognised. Inspection costs associated with major maintenance programmes are capitalized and amortized over the period to the next inspection. Overhaul costs for major maintenance programmes, and all other maintenance costs are expensed as incurred.

### *Depreciation*

For indirectly productive tangible assets, depreciation is computed using the straight-line method over the estimated useful life of assets, as follows:

<u>Asset</u>	<u>Years</u>
Specific buildings and constructions.....	10 – 50
Technical installations and machines.....	3 – 20
Other plant, tools and furniture .....	3 – 30

Land is not depreciated as it is considered to have an indefinite useful life.

For directly productive tangible assets (assets related to natural gas extraction), the Company applies the depreciation method based on the unit of production in order to reflect in the Company's profit and loss account an expense proportionate with income realised from sale of production obtained from the total natural gas reserve certified at the beginning of the period. According to this method the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the proved developed reserves at the beginning of the period.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Items of tangible fixed assets that are retired or otherwise disposed of are eliminated from the statement of financial position along with the corresponding accumulated depreciation. Any gain or loss resulting from such retirement or disposal is included in the current year's result.

### ***Intangible assets***

#### *Cost*

Natural gas exploration, appraisal and development expenditure is accounted for using the principles of the successful efforts method of accounting.

Costs directly associated with an exploration well are initially capitalized as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. Costs directly associated with appraisal activity, undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an intangible asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of natural gas are determined and development is approved by management, the relevant expenditure is transferred to property, plant and equipment.

Licenses for software, patents and other intangible assets are recognised at acquisition cost. Exploitation and storage licenses issued by the ANRE and concessions for natural gas fields from the ANRM are recognised at cost from the moment they are obtained by the Company.

Intangible assets are not revalued.

#### *Amortization*

Capitalized development expenses are amortized on a straight-line basis starting with the date when production is launched for the period the asset is expected to generate economic benefits.

Patents, trademarks and other intangible assets are amortized using the straight-line method over their useful life, but not exceeding 20 years. Licenses related to the right of use of computer software are amortized over a period of 3 years. Exploitation, respectively storage licenses, are amortized over the period for which they were issued.

#### ***Use of estimates***

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that the Company's management has made in the process of applying the Company's accounting policies, and that have the most significant effect on the amounts recognised in the individual financial statements.

#### *Estimates related to revenue recognition*

As of 31 December 2012 the Company recorded an estimate on invoices to be issued of RON 388.1 million (2011: RON 598.3 million; 2010: RON 354.6 million) related to goods delivered in the financial year for which no invoice was yet issued. In making its judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed analysis, the management is satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

#### *Estimates related to allowance for doubtful debts*

One of the Company's largest customer balances (Electroncentrale Bucuresti) was assumed to be recoverable due to an in-kind settlement agreement whereby Electroncentrale Bucuresti was to transfer one of its power units (CTE Iernut) to the Company. An independent valuation report rendered this assumption invalid. Receivable balances were fully provided when preparing these financial statements (see also Note 17 in the Financial Statements).

The Company recorded allowances for other bad debts related to receivables from various customers due to existing litigating cases related to these receivables. The estimated recoverability of the related receivables is nil.

The rest of the allowance for bad debt recorded relates to the effect of loss of value as a result of the exceeding of the maturity by more than 1 year. The estimate was performed based on prior history.

#### *Estimates related to the exploration expenditure on undeveloped fields*

If field works prove that the geological structures are not exploitable from an economic point of view or that they do not have hydrocarbon resources available, capitalized expenses are written off. The write-off is performed based on geological experts' technical expertise.



*Estimates related to the developed proved reserves*

The Company applies the depreciation method based on the unit of production in order to reflect in the income statement an expense proportionate with income realised from sale of production obtained from the total natural gas reserve certified at the beginning of the period. According to this method the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the gas reserve certified at the beginning of the period. The gas reserves from wells are updated on an annual basis starting in 2011 (in the previous years, the gas reserves were updated every five years) based on an internal assessment approved by ANRM.

*Estimates related to the decommissioning provision*

Liabilities for decommissioning costs are recognised when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

The Company recorded a provision for decommissioning wells and restoring lands used in the activity of exploiting natural resources and returning them to the economic circuit. This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

*Estimates related to the retirement benefit obligation*

Under the collective labour contract, the Company is obliged to pay to its employees when they retire a multiplier of the gross salary, depending on the length within the Company, working conditions etc. This provision was calculated based on actuarial methods to estimate the average wage, the average number of employees to pay at retirement, the estimate of the period when they will be paid and was brought to this value using a discount factor based on interest on investments with the highest degree of safety (government bonds).

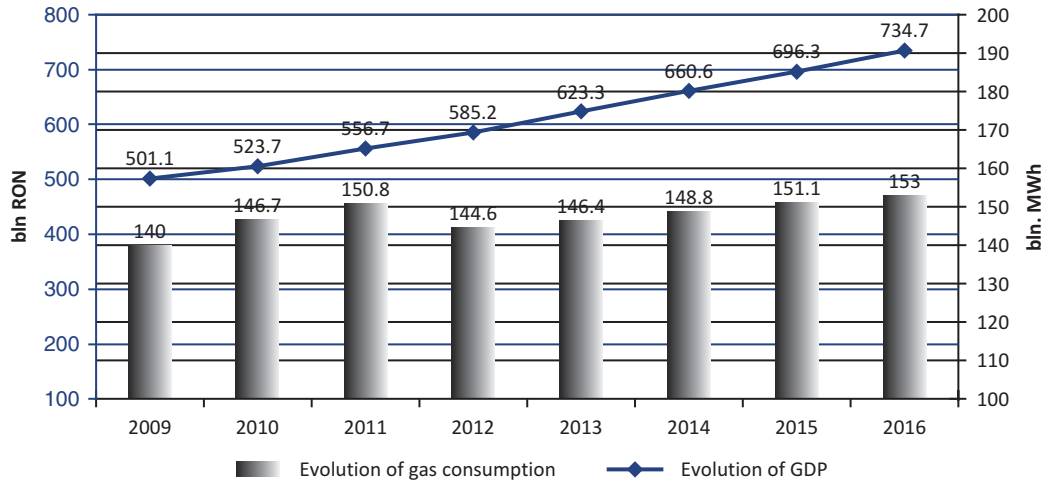
The Company does not operate any other pension plan or retirement benefits, and therefore has no other obligations relating to pensions.

*Estimates regarding the environment provision*

The Company records a provision for the restoration of land and for the redemption of the land to the agricultural circuit, based on management's estimate of the necessary costs to be incurred in order to restore the land to its original state. The estimate is based on previous experience and based on budgeted well-drilling and exploration.

## INDUSTRY

Romania's economy went into recession in the third quarter of 2008. The economic evolution subsequent to the entry into recession has seen a real growth of 2.2% in 2011 and only 0.2% in 2012, GDP's real growth rate is GDP's growth rate adjusted with inflation (Source: *Eurostat*).



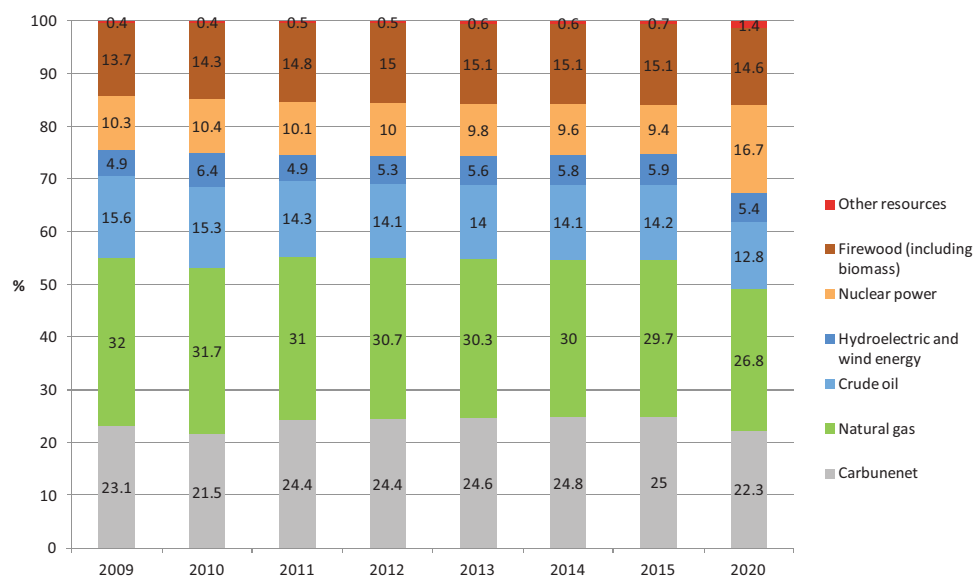
Source: National Prognosis Commission (CNP), Projection of the main macroeconomic indicators for the period 2013-2016 (February, 2013), Energy Balance Forecast for 2012-2020 (June 2012), ANRE, Annual Reports for 2009-2011 and monthly reports for 2012.

In 2012, Romania's GDP per capita, USD 7.9 thousand, was sixth among Central Eastern European countries. (source: IMF World Economic Outlook as of April 2013). Among the same 18 countries, Romania's unemployment was seventh and remained flat over 2012 and 2013. During the same period, from 2013 to 2014 Romania's inflation, calculated as annual percentages of average customer prices, is expected to have increased by 3.3% then declined by 1.7% to 2.9%.

In Romania, data regarding the country's mineral reserves is classified information. While there are various independent sources which estimate the level of the Romanian natural gas reserves, such estimates regarding Romanian natural gas reserves vary depending on the quoted source. For example, at the end of 2012, according to the BP Statistical Review of World Energy, prepared by British Petroleum, Romanian natural gas reserves stood at 100 billion m<sup>3</sup>.

Natural gas consumption accounts for approximately a third of the energy sources in Romania (2010: 31.7%, 2011: 31.0% and 2012: 30.7%) (source: National Prognosis Commission). Among Central Eastern European countries, Romania ranks second in terms of natural gas consumption. Natural gas consumption in Romania in 2012 stood at 13.5 billion m<sup>3</sup> which was a 5% decrease compared to 2011 when consumption was 14.2 billion m<sup>3</sup>, up 3% against national consumption in 2010, when it reached 13.8 billion m<sup>3</sup> according to ANRE.

The structure of primary energy production depending on the resource used is illustrated in the chart below:



Source: CNP, Energy Balance Forecast for the period 2012-2020 (June 2012)

As can be seen from the graph above, natural gas represents approximately 30% of the total primary energy resources nationwide.

Macroeconomic considerations and forecasts on the energy balance are presented based on the National Prognosis Commission report prepared in May 2013 (Medium-Term Forecast for 2013-2016 – 2013 (spring)).

In 2012, the National Prognosis Commission developed an Energy Balance Forecast for the period 2012-2020. In the table below, the Energy Balance Forecast and the Evolution of Resources and Energy Consumption projected an upward trend for national natural gas consumption and increasing gas imports for the period 2011-2020.

Indicators	2009	2010	2011	2012	2013	2014	2015	2016-2020
	(annual percentage change)							
1. Energy Resources.....	(11.3)	1.0	1.1	1.1	1.3	1.5	1.7	2.0
1.1 Primary energy resource, out of which:.....	(11.3)	(0.6)	1.7	1.1	1.4	1.6	1.8	2.1
1.1.1 Production, out of which:.....	(2.6)	(2.2)	0.9	1.1	1.9	2.1	2.2	2.4
Net coal.....	(7.6)	(8.9)	14.3	1.2	2.6	2.9	3.2	0.0
Usable natural gas.....	(0.2)	(2.9)	(1.4)	0.2	0.8	1.0	1.1	0.3
Petroleum.....	(5.0)	(4.6)	(5.5)	(0.4)	1.5	2.5	2.9	0.4
Hydroelectric and wind energy.....	(8.1)	30.0	(22.6)	8.0	7.8	5.6	4.2	0.7
Nuclear energy.....	4.7	(1.1)	(1.6)	(0.1)	0.0	0.0	0.0	14.9
Fire wood (including biomass).....	2.3	1.6	5.1	2.4	2.4	2.3	2.3	1.7
Other resources.....	(33.2)	(5.7)	7.8	12.0	14.3	15.6	16.2	17.4
1.1.2 Import, out of which:.....	(31.2)	0.0	4.0	1.4	0.5	0.9	1.4	1.8
Coke.....	(28.3)	82.6	2.8	0.7	0.9	1.3	1.9	2.2
Net coal.....	(68.5)	(15.6)	11.1	0.0	0.0	0.0	0.0	0.0
Natural gas.....	(54.8)	13.6	38.8	2.1	2.7	3.0	3.6	2.8
Petroleum.....	(18.1)	(15.6)	(6.3)	0.9	1.5	2.2	2.7	(5.6)
Petroleum products.....	(4.6)	35.2	5.3	2.3	(4.3)	(4.5)	(4.8)	0.0
Electric energy.....	(29.1)	17.9	1.5	4.5	0.0	0.0	0.0	14.9
Other fuels.....	47.3	101.2	(50.9)	0.0	0.0	0.0	0.0	0.0
1.1.3 Stocks at the beginning of the year ..	13.0	9.8	0.0	0.0	0.0	0.0	0.0	0.0
1.2 Stocks of energy undergoing transformations.....	(12.5)	65.7	(11.3)	1.1	0.0	0.0	0.0	0.0

Source: CNP, Energy Balance Forecast for the period 2012-2020 (June 2012)

These values reflect confidence of the market's growth potential and a view regarding the behaviour of prices in natural gas trade.

However, in the first six months of year 2013 the natural gas consumption has reduced by 8%. (Source:ANRE.)

Romania has undertaken to fully liberalise the gas price for domestic production as well as the end-customer prices. In February 2013, the Romanian government started to implement a plan to deregulate natural gas prices by raising gas prices by 5% for non-household customers. It has planned to achieve complete price deregulation by 1 October 2014 for non-household customers and by 1 October 2018 for household customers. For non-household customers, the price of domestic gas is to increase from 49 RON/MWh as of 1 February 2013 to 119 RON/MWh as of 31 December 2014, and for household customers, the price is to increase from 45.7 RON/MWh in 31 December 2012 to 119 RON/MWh by 31 October 2018.

Implementation Date	Non-household Customers			Household Customers		
	Convergence Level	Internal Production Price	Increase in Final Price	Convergence Level	Internal Production Price	Increase in Final Price
	(%)	(RON/MWh)	(%)	(%)	(RON/MWh)	(%)
1 December 2012.....	35	49	5	33	45.7	0
1 April 2013 .....	40	55.3	5	33	45.7	0
1 July 2013.....	47	63.4	5	36	48.5	8
1 October 2013.....	51	68.3	3	37	49.8	2
<b>Annual final price increase 2013 (%).....</b>		<b>18</b>			<b>10</b>	
1 January 2014.....	55	72	4	38	50.6	2
1 April 2014 .....	71	89.4	5	41	51.8	2
1 July 2014.....	91	109	5	44	53.3	3
1 October 2014.....	100	119	4	46	54.6	3
<b>Annual final price increase 2014 (%).....</b>		<b>18</b>			<b>10</b>	
1 January 2015.....		—		47	56.1	2
1 April 2015 .....		—		49	58.9	3
1 July 2015.....		—		52	62	4
1 October 2015.....		—		54	64.1	3
<b>Annual final price increase 2015 (%).....</b>		—			<b>12</b>	
1 January 2016.....		—		56	67.1	3
1 April 2016 .....		—		60	71.7	3
1 July 2016.....		—		64	76.5	3
1 October 2016.....		—		66	78.5	3
<b>Annual final price increase 2016 (%).....</b>		—			<b>12</b>	
1 January 2017.....		—		69	82	2
1 April 2017 .....		—		73	86.9	2
1 July 2017.....		—		78	93	5
1 October 2017.....		—		81	96.5	3
<b>Annual final price increase 2017 (%).....</b>		—			<b>12</b>	
1 January 2018.....		—		83	99.2	3
1 April 2018 .....		—		89	106.3	3
1 July 2018.....		—		97	115.1	3
1 October 2018.....		—		100	119	3
<b>Annual final price increase 2018 (%).....</b>		—			<b>12</b>	

## Market Analysis

### *The natural gas market*

Romania has the largest natural gas market in Central and Eastern Europe and it was the first country to use natural gas for industrial purposes. The natural gas market has reached record size in the early 1980s, as a result of the application of government policies geared towards the elimination of country's dependence on imports.

The natural gas market in Romania is structured after a pattern that has resulted from legislative constraints imposed by the European Union for the free movement of commodities and services and

reducing Government involvement in economic activity, as well as the need to increase efficiency activity in general. This objective has been achieved by restructuring activities and privatisation of enterprises in the gas sector.

A major step in the process of amending the market model was full deregulation of the Romanian natural gas market so that currently, customers can opt for one of the natural gas suppliers licensed by the regulatory authority and to negotiate directly contract provisions and price for the supply of natural gas. Thus, the customer may exercise his choice for supplier directly, without carrying out any administrative formalities. As of 31 December 2012, approximately 60% of customers (in terms of volume) had opted to choose their supplier, leaving approximately 40% as regulated customers. In 2012, the regulated customers accounted for 40% of the Romanian market by volume and the remaining 60% of the Romanian market comprised the unregulated market. Total consumption for the regulated and unregulated market in 2012 were 52.6 TW and 78.9 TW, respectively.

In particular, the Romanian natural gas sector has undergone a process of comprehensive restructuring, having as main pillars:

- separation of activities in autonomous sectors of manufacturing, storage, transmission and distribution;
- decentralization of natural gas production and imports by granting licenses and permits to a growing number of companies;
- regulation of non-discriminatory access of third parties to deposits of underground natural gas storage facilities; and
- regulation of non-discriminatory third party access to the transmission system.

Prerequisites for the initiation of the privatisation process were created in the sector by the restructuring of the natural gas industry.

The profound changes in the market configuration and in the natural gas sector, which occurred in 2000 and continue to be present today, have resulted in adjustment of the regulatory and institutional framework to the new situations.

The legal framework needed for specific activities in the natural gas sector has been created and continually improved. Thus, Gas Law No. 351/2004 was adopted in 2004 regulating, in particular: natural gas policy, organisation, operation, role and functions of the regulatory authority, the regulatory permits, licences and certification in the natural gas sector, access to the natural gas systems, public service obligations and customer protection, market, prices and tariffs in the natural gas sector.

Law No. 123/2012 (the new Gas Law) was the result of requirements concerning (i) faster transposition of European legislation into the national law; (ii) redefining the powers of the public authorities in order to adapt to the new forms of cooperation with EU structures; (iii) strengthening of the consultative bodies and nongovernmental subsystem in order to increase their role in developing national strategies and plans on customer protection and market supervisory activities; and (iv) regulating the access to other sources of natural gas supply.

The current structure of the Romanian gas market is as follows:

- 5 producers: Romgaz, OMV Petrom, Amromco Ploiesti, Raffles Energy, Foraj Sonde Craiova;
- 3 operators of underground storage facilities: Romgaz, Amgaz and Depomures;
- a National Transport System operator—Transgaz;
- 40 distribution and gas supply companies operating in both the competitive and regulated segments.

Currently, the Romanian natural gas market consists of the competitive segment and the regulated segment, as follows:

- the competitive segment includes natural gas trade between suppliers and between suppliers and eligible customers, prices in this segment being set freely, based on supply and demand, as a result of competing mechanisms;

- the regulated market segment comprises of natural monopoly activities carried out based on framework contracts (underground storage, transmission, distribution) and provision at regulated price; in this segment, prices and tariffs are set by the regulatory authority.

Prices for the regulated market are subject to the price alignment calendar for natural gas. In the regulated segment of the market, prices and tariffs are set by the regulatory authority, based on its own methodologies developed for this purpose. As a result, the current natural gas wholesale market is highly influenced by the import/domestic production ratio determined by Transgaz and domestic production to meet demand.

Since July 2011, the gas baskets are differentiated between households (including district heating plants supplying heating to households) and non-household customers. The household customers have benefited from a lower share of imported gas (average of 8% in 2012) compared to the non-household customers (average of 34% in 2012).

According to EU legislation and practices of the Romanian market:

- import/domestic production ratio must take into consideration provider's freedom of choice;
- cross subsidies (by setting lower prices for domestic gas than prices for imports) are prohibited;
- national gas production should not be sold only to national customers;
- customers must pay only in energy units; and
- new measures must be implemented and investments must be made for improvement of capacity and safety of supply to constantly meet demand.

In order to ensure an organised framework of allocation under a regime promoting fair and non-discriminatory access to natural gas from domestic production and from imports, a market operator was created in Transgaz which (i) sets monthly quantitative percentage shares of mixtures of natural gas from domestic production and imported gas for all licensed gas suppliers/distributors and eligible customers; (ii) monitors daily procurement/consumption of domestic/imported gas; and (iii) prepares monthly reports on natural gas procurements from domestic production and from imports by each operator on the gas market in Romania and by each eligible customer, sending them confirmation of the amount of gas consumed (from both domestic production and imported gas) for billing purposes.

The changes to the current market model that are to be implemented as a result of EU requirements consist of the gradual elimination of the market operator's functions following the alignment of prices for gas from domestic production to prices for gas in other EU Member States. Therefore, measures to protect customers, in general, and vulnerable customers, in particular, must be considered.

Gas mixture structures are displayed on ANRE's website. As for the captive customer, the obligation to comply with the structure of the natural gas mixture lies with the supplier that carries out the regulated supply activity. As for the eligible customer, the obligation to comply with the structure of the natural gas mixture lies with the supplier if it provides the customers entire supply, or with the eligible customer if it consumes gas from several suppliers.

Currently, there are two structures of the domestic/imported natural gas mixture, one for non-household customers and one for household customers and heat producers.

Commercial relations concerning gas procurements are undertaken pursuant to bilateral agreements concluded between the suppliers and/or producers, and dealers/wholesale suppliers. Thus, the natural gas market mainly has contracts for (i) gas supply, (ii) natural gas storage services, (iii) natural gas transportation services; and (iv) natural gas distribution services.

These contracts include provisions concerning the rights and obligations of parties and penalties relating to failure to comply with them. Under the service contracts on the natural gas market, schedule monitoring is necessary for:

- compliance of services beneficiaries with the reserved capacity at the point of entry/exit;
- compliance of services beneficiaries with the amount nominated for delivery;



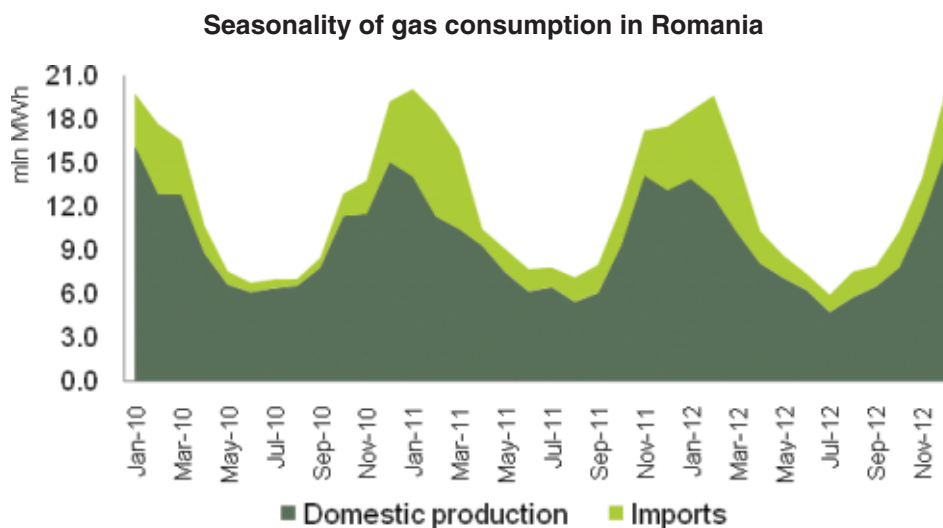
- limiting deliveries in NTS/distribution/storage systems according to plans;
- compliance with pressure within contractual limitations;
- compliance with pressure within the admissible technology limitations; and
- compliance with gas quality under contractual limitations (monthly).

The development of the natural gas market in the following years assumes (i) development of competition among gas suppliers; (ii) continuation of implementation of new pricing methodologies; (iii) stimulation of establishing and/or rehabilitation of natural gas deposits, as well as the development of unconventional gas exploitation (shale gas, “tight gas”, etc.) in order to increase quantities of natural gas from domestic production and to limit the import dependence; (iv) diversification of import sources and (v) acting on the centralised natural gas trading market (OPCOM and Romanian Commodities Exchange).

### **Underground storage market**

Natural gas is stored underground in gas deposits primarily to secure supply during the winter season, when consumption is high.

The graphic below illustrates the seasonality of gas demand in Romania:



Source: Romgaz based on ANRE information

In Romania, the Company owns six facilities with a working capacity of 2.76 billion m<sup>3</sup> and has an approximate market share of 90%. In addition, the Company is, together with Gaz de France, a shareholder in Depomures S.A. and AMGAZ S.A., where the Company holds a 40%, respectively a 35%, interest, having a total working capacity of 300 million m<sup>3</sup>, respectively 75 million m<sup>3</sup>.

The underground storage market is regulated by ANRE using a revenue-cap methodology. The third five-year regulatory period for setting the revenue-cap started in April 2013. The royalties on the operation of the facilities are calculated as 3% of the operating revenues.

### **Electricity market**

The Company, through CTE Iernut, holds “Licence for production of electricity” and “Licence for the supply of electricity”, issued by the ANRE, and is a Responsible Party for Balancing (“PRE”). The Company is also a participant on the following markets:

- Day Ahead Market;
- Centralised Market for Electricity Bilateral Contracts (“CMBC”)—participant in auctions organised by OPCOM;
- Centralised Market for Electricity Bilateral Contracts—Continuous Negotiation (“CMBC-CN”);

- Balancing Market coordinated by Transelectrica; and
- Technology System Service Market.

CTE Iernut trades on the electricity wholesale market: electricity and technology system services. The following have access to the electricity wholesale market in order to carry out transactions: a) electricity producers and selfproducers (CTE Iernut is part of this category); b) suppliers; and c) network operators.

Electricity demand is mainly impacted by sale price, delivery according to customer's requirements, renewable sources (wind, photovoltaic, biomass, etc.) and conditions of payment.

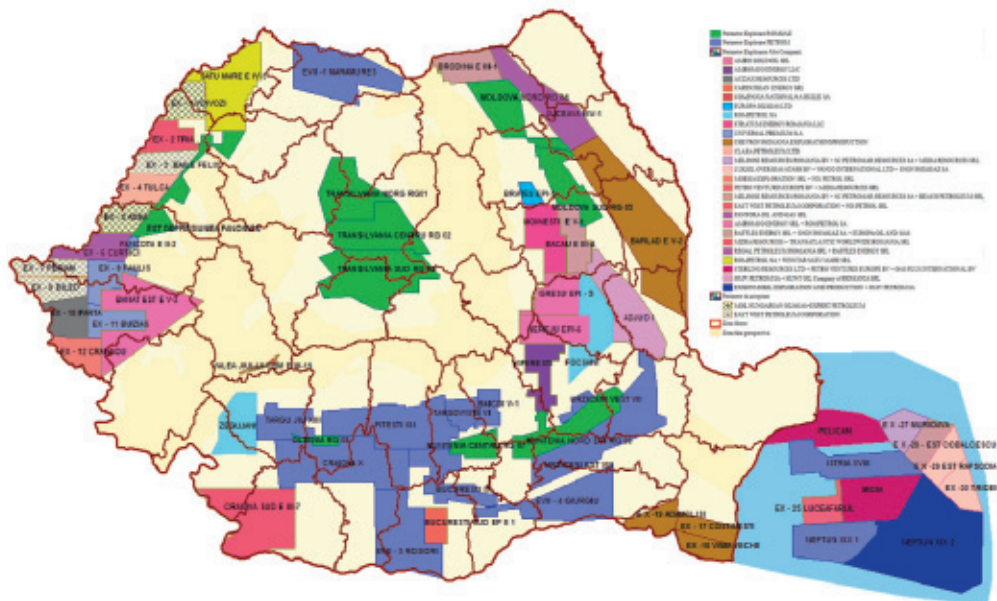
CTE Iernut has an installed capacity of 800MW. During 2012, CTE Iernut produced 464GWh. From a total capacity of 800 MW, the Company anticipates 160 MW of such capacity will be utilised on average in 2013.

## Competition

### Natural gas

Within the Romanian natural gas production and supply market, Romgaz competes primarily with OMV Petrom. Other smaller producers in Romania also compete. In addition, with respect to the supply of natural gas underground storage services, Romgaz owns the vast majority of storage facilities (approximately 90%) in Romania through the operation of six deposits: Urziceni, Bălăceanca, Bîlcuieresti, Ghercesti, Sărmăşel and Cetatea de Baltă.

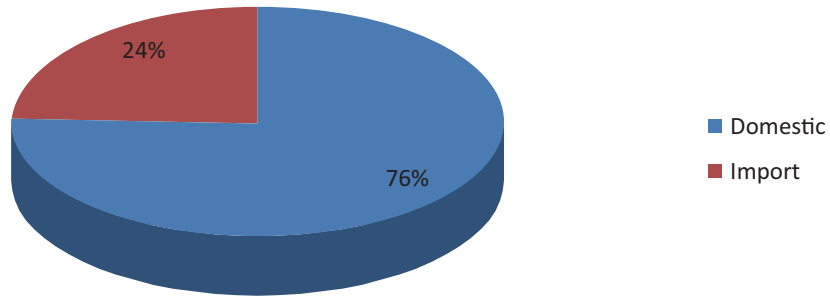
The following graph illustrates the concessions for the production of oil and natural gas held in Romania by various companies:



Source: ANRM

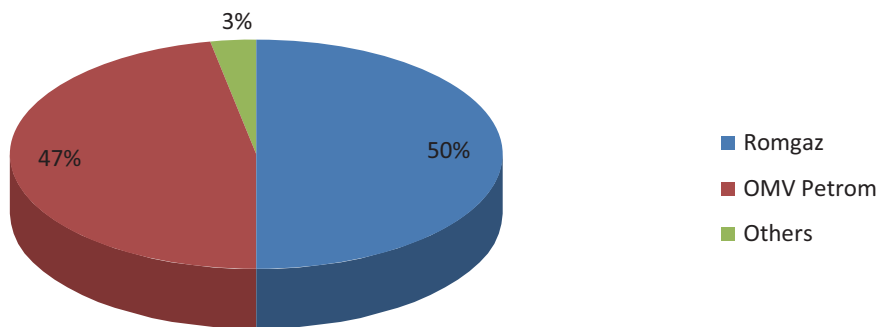
The structure of the natural gas market continued to be influenced by the volume of imported gas in 2012.

The graphic below illustrates the respective proportions of domestic and imported natural gas sold in Romania in 2012:



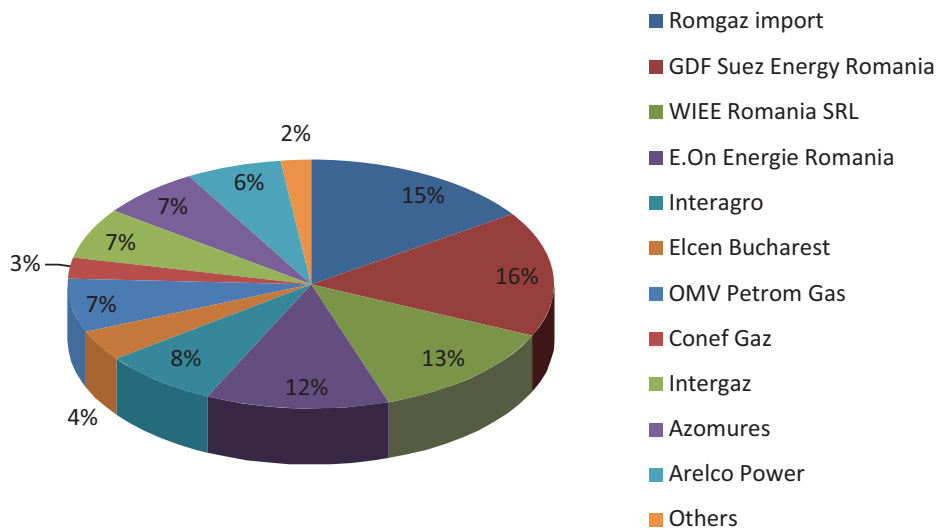
Source: ANRE, Annual monitoring report for natural gas domestic market—2012

The graphic below shows the structure of natural gas production in 2012:



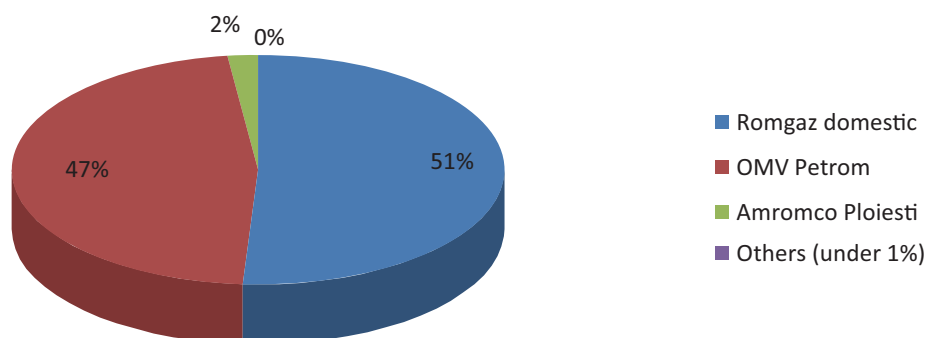
Source: ANRE, Annual monitoring report for natural gas domestic market—2012

The graphic below illustrates the market share of gas importers in the Romanian resale market in 2012:



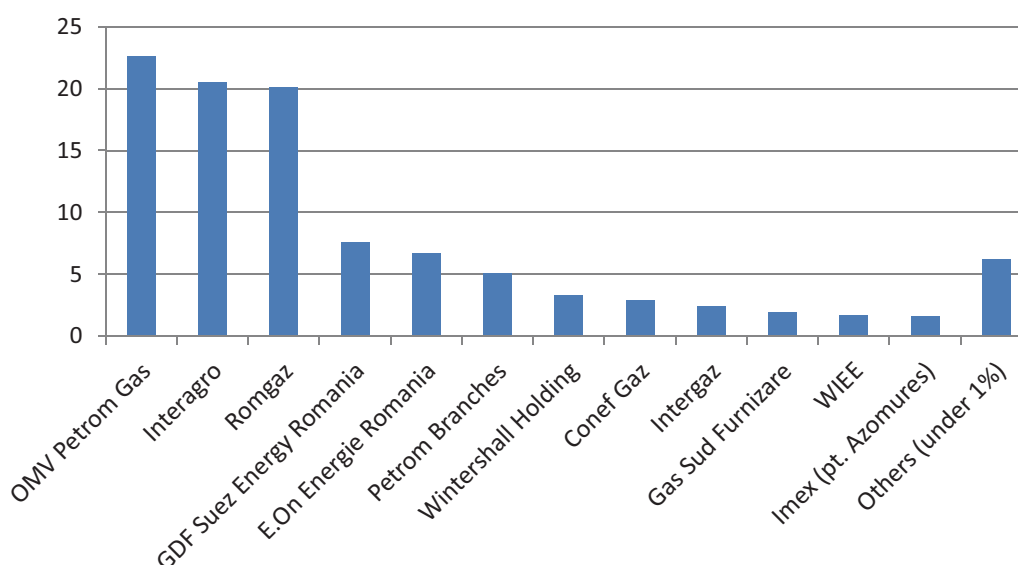
Romgaz was the leading producer and supplier of natural gas in Romania in 2012, with a share on the domestic gas market (gas from Romgaz’s production and gas from direct imports) of approximately 40%, the remainder being provided by OVM Petrom and other producers and importers.

The graphic below illustrates the domestic market share of natural gas producers in Romania:



Source: ANRE, Annual monitoring report for natural gas domestic market—2012

The table below illustrates the market share of domestic suppliers on the competitive market in 2012:



Source: ANRE, Annual monitoring report for natural gas domestic market—2012

### Electricity

The Company's main competitors in the electricity market are electricity producers that can produce electricity at a lower cost than CTE Iernut, namely: S.C. "OMV Trading" GMBH Vienna—Bucharest Branch; S.C. "Hidroelectrica" S.A.; S.N. "Nuclearelectrica" S.A.; and producers of electricity from renewable sources.

The market leaders in the production of electricity maintain their competitiveness by having lower costs for the production of electricity, and a tertiary adjustment reserve (reserve of power generated by producing groups that are qualified to perform load synchronisation and charging within 15 minutes). In comparison, CTE Iernut is only qualified for the slow tertiary adjustment reserve (power reserve provided by generating groups that have startup time and load charging of less than seven hours).

Prices are set out by constant monitoring of markets where CTE Iernut is active, which calculate for each calendar day the weighted average price for each type of delivery: in-band, in peak or in empty, respectively, of the total volume traded in the respective month.

### Comparison to prices of competitors

Since CTE Iernut entered the CMBC only in April 2013, its prices can be most directly compared with its competitors' prices in the same month.

In April 2013, Nuclearelectrica charged the price of 180 RON/MWh, while Hidroelectrica and OMV Trading charged 160 RON/MWh and 175 RON/MWh respectively. Comparing the price of CTE Iernut with price charged by Nuclearelectrica, Hidroelectrica and OMV Trading, the price charged by CTE Iernut is the closest to the one of Nuclearelectrica, and, in the case of Hidroelectrica and OMV Trading, the price is higher by 8.3% and by 2.75% respectively.

Also in April 2013, CTE Iernut won a tender on CMBC with delivery in the period 1 May 2013 — 31 December 2013, the total delivered power volume to be 352,860 MW, at a price of 179.95 RON/MWh, and the beneficiary to be “Electrica Furnizare” S.A.

## BUSINESS

### Overview

Romgaz is the largest natural gas producer and supplier in Romania, and its core business segments are: gas exploration and production, gas supply, underground gas storage and electricity production. In 2012, Romgaz produced 5.66 billion m<sup>3</sup> of natural gas and, according to ANRE, had a market share of 50.12% of sales of domestically produced natural gas. The Company's daily production averaged approximately 15.8 million m<sup>3</sup> for the six months ended 30 June 2013.

In Romania, Romgaz currently operates 3,257 gas producing wells which access 147 commercial fields and holds 29 exploration wells in nine on-shore exploration blocks. As at 30 June 2013, according to the D&M Report the Company held net proved reserves of 62.1 billion m<sup>3</sup> (equivalent of 2,192.4 billion ft<sup>3</sup>) of gas and net probable reserves of 13.2 billion m<sup>3</sup> (equivalent of 464.6 billion ft<sup>3</sup>) of gas.

The Company has also entered into several partnerships and other joint operating agreements for exploration and development of certain concessioned perimeters, both abroad and in Romania. In Slovakia, the Company holds a 25% partnership share in the licence for the exploration, development and exploitation of three blocks—Svidnik, Medzilaborce and Snina, and similar interests held in the corresponding joint operating agreements concluded between partners, corresponding to the three blocks. In Poland, the Company holds a 30% partnership interest in a partnership agreement with respect to two exploration blocks: Torzym and Cybinka. Within Romania, in the region of Moldavia, the Company has shared interests in two further blocks—Brodina, in which, according to the concession agreement, it holds a 37.5% partnership interest (according to the joint operation agreement, the Brodina block was split by the partners into two areas: (i) Brodina exploration, where the Company holds 50% and (ii) Brodina production area, where the Company holds 37.5%) and Bacau (in which it holds a 40% interest (according to the joint operation agreement, the Bacau block was split by the partners into two areas: (i) Bacau Nord, where the Company holds 40% and (ii) Bacau Sud, where the Company holds 100%). The Company has a series of collaborative agreements with ExxonMobil, OMV Petrom, Lukoil, Vanco, Amromco and Schlumberger together with other joint venture agreements to explore, develop or rehabilitate various blocks or facilities in Romania and in offshore areas.

The Company is also the largest underground gas storage operator in Romania. The Company owns and operates six underground storage deposits with total working volume of 2.76 billion m<sup>3</sup> and, according to ANRE, it had a market share for underground gas storage in Romania of 90% in 2012. The Company is also a shareholder in two other underground gas storage operators: Depomures S.A. (in which the Company holds a 40% stake) and Amgaz S.A. (in which the Company holds a 35% stake and which operates the Nades-Prod-Seleus underground storage deposit, with a storage capacity of 75 million m<sup>3</sup>/cycle storage). Depomures S.A. operates the Targu Mures underground gas storage deposit, with a storage capacity of 300 million m<sup>3</sup>/cycle.

On 31 January 2013, Romgaz took over CTE Iernut from Electrocentrale Bucuresti. CTE Iernut has an installed capacity of 800MW. During 2012, CTE Iernut produced 464GWh. From a total capacity of 800 MW the Company estimates that 160 MW of such capacity will be utilised on average in 2013.

The Company had adjusted EBITDA of RON 1.1 billion in the first six months of 2013 (compared to RON 1.2 billion in the first six months of 2012) and revenues of RON 3.8 billion, RON 4.2 billion and RON 3.5 billion in the financial years ended 31 December 2012, 2011 and 2010 respectively.

### Competitive Strengths

The Company believes that its historical success and its potential for future growth are primarily due to the following strengths.

#### ***We operate in a growing economy with a well-established gas market***

Romania is the third largest Central and Eastern European country by total GDP in 2012 (source: IMF World Economic Outlook as of April 2013) and has the second largest population, of 19 million (source: the Romanian National Institute for Statistics), as compared to the same 18 countries. It has a



growing economy with manageable public debt of approximately 40% of GDP (source: IMF World Economic Outlook as of April 2013) and a low budget deficit in comparison with other EU countries (source: IMF World Economic Outlook as of April 2013). Romania's large population and significant GDP drive strong demand for energy resources in the country.

Romgaz is able to sell all the gas it produces and all the gas it imports and its gas sales provided approximately 47% of Romania's domestic natural gas consumption needs in 2012. The Company sells the vast majority of its gas at the point of production and, owing to the location of its licence blocks in Romania's Transylvania basin, benefits from excellent access to the well-developed transmission infrastructure operated by the state-owned transmission company, Transgaz, S.A. Additionally, Romgaz believes that it benefits from its market perception as a "safe and trusted" producer in terms of both return and new customers.

### ***Largest holder of rights to gas reserves and largest natural gas producer and supplier in Romania***

Romgaz is the largest holder of rights to gas reserves in Romania. According to D&M, Romgaz's net proved, probable and possible natural gas reserves equalled approximately 87.0 billion m<sup>3</sup> (equivalent of 3,092.8 billion ft<sup>3</sup>), comprised of net proved reserves of approximately 62.1 billion m<sup>3</sup> (equivalent of 2,192.4 billion ft<sup>3</sup>), net probable reserves of approximately 13.2 billion m<sup>3</sup> (equivalent of 464.4 billion ft<sup>3</sup>) and net possible gas reserves of approximately 11.8 billion m<sup>3</sup> (equivalent of 416.0 billion ft<sup>3</sup>).

Romgaz is the largest natural gas producer compared to other producers in the Central and Eastern European area, producing approximately 5.7 billion m<sup>3</sup> of natural gas in 2012 with an average production in 2012 of 102.5 kboepd (2011: 102.0 kboepd; 2010: 104.4 kboepd; 2009: 104.7 kboepd; 2008: 105.8 kboepd). The operating expenses of Romgaz in the first six months of 2013 and 2012, including lifting costs, taxes and depreciation and adjusted for FX rates, were 12.12 USD/boe and 12.35 USD/boe, respectively (2011: 13.43 USD/boe; 2010: 12.65 USD/boe; 2009: 12.47; 2008: 12.56 USD/boe). According to ANRE, Romgaz maintains approximately a 50% market share of local natural gas production in Romania.

### ***Low-risk onshore portfolio with long-established operating history***

Romgaz has been supplying natural gas in Romania since 1909 and believes it enjoys a longstanding reputation for reliability. As of 30 June 2013, Romgaz held 132 concessions and had access to 147 deposits (141 commercial deposits and six experimental deposits). All of Company's reserves are onshore in Romania (and represent low geological risk) and a significant portion of Romgaz's wells have been in production for more than 50 years. The Company is the operator with respect to most of its current production and reserves. 25 fields hold approximately 70% of Romgaz proved reserves with the concessions on these fields due to expire from 2020 to 2043. Beyond this, the Company believes it will be able to work with regulators to extend the concessions where necessary in order to provide it sufficient time to fully develop the proved and probable reserves attributable to each concession.

Owing predominantly to the re-evaluation of existing reserves, Romgaz has recorded an increasing replacement ratio, reaching 298% in 2012 (2011: 152%, 2010: 92%, 2009: 49%, 2008: 57%), with proved reserves being 71% of its total reserves. Romgaz believes that further increases of Romgaz's reserves base can be achieved by improving its recovery rates through utilisation of well-established technologies. Romgaz's size, longevity and market position has also helped it to enter into partnerships with major international natural gas companies including Lukoil, ExxonMobil and Schlumberger to develop other opportunities to increase reserves both inside Romania and internationally.

### ***Long dividend paying history underpinned by strong recurring cash flow and stable financial position***

Romgaz is aware of the importance of remunerating its shareholders and intends to preserve the dividend policy, subject to approval in each year by its shareholders. Applicable Romanian legislation requires companies that are state-owned to pay as dividends a minimum of 50% of their profit after deduction of tax. In the past three years, Romgaz has met this requirement as follows: 2012: RON 1,060.1 million or 95%; 2011: RON 938.0 million or 79%; 2010: RON 706.7 million or 95%; (The dividend distribution rate to shareholders was calculated on the basis of IFRS financial statements. For

the calculation of the payment of dividends in 2010, the net profit was adjusted by the RON 400 million donation to the Romanian State. See “*Dividend Policy*” for more information.) The memorandum no. 26373/27.12.2012 regarding “*Measures which must be observed while drafting the revenues and expenses budgets of economic operators having whole or majority state participation*” drafted by the Ministry of Budget delegated from Ministry of Finance states that the Company’s pay-out ratio for 2013 will be 85%.

Romgaz’s strong cash flow from gas sales and underground gas storage services helps it to maintain a strong financial position and long dividend paying history. In 2012, Romgaz’s total adjusted EBITDA was RON 1,854.0 million which was a slight decrease compared to RON 1,940.1 million in 2011, which was an increase from RON 1,669.6 million in 2010. The recurring operating cash flow has allowed Romgaz to self-finance a substantial portion of its capital expenditures and maintain relatively low leverage. In addition, in October 2012, Romgaz was able to repay in full its IBRD loan. Romgaz believes that its strong record of profitability and cash flow has helped it meet the legislation requirements, which it has achieved for each of the past five years, and should continue to help Romgaz to meet these requirements going forward.

### ***Potential in exploitation of existing and new licence blocks as well as new tariff introductions and price deregulation***

The Company plans to leverage its management’s comprehensive experience and knowledge of natural gas exploitation and production to seek to discover and develop new oil and natural gas accumulations in geological formations at mid and high depth (including post and pre-salt formations in the Transylvanian basin) to improve its reserves base. In addition, the Company believes that its strategic partnerships with other natural gas producers or operators will increase the likelihood of successful exploitation while sharing risk and costs of exploration with its partners. Also, the Company benefits from new tariffs for underground storage which were announced by ANRE in June 2013 and the pledged price liberalisation for gas sales in 1 October 2014 for non-household customers and 1 October 2018 for household customers.

### ***Experienced management and operational teams with extensive expertise in the Romanian energy sector***

Romgaz is led by a highly regarded and experienced team of professionals. All members of our management team have long tenures with the Company or significant, experience in the Romanian energy sector. The Chief Executive Officer has more than 25 years experience in the Romanian natural gas sector. Moreover, Romgaz employs 6,458 people, 8.4% of which have a technical/ engineering background. More than 80% of its operational team has been with the company for more than 15 years. As a result of this experience, the members of the Board of Directors believe that Romgaz team has developed extensive expertise in conventional natural gas production in Romania which is reflected in Romgaz’s proved track record.

## **Strategy**

The Company’s strategy is to build on its competitive strengths and pursue opportunities to increase shareholder value through:

### ***Increasing reserves and expanding its oil natural gas portfolio from well-established geological plays***

Romgaz intends to increase its reserves through:

- *Enhanced recovery rates and development of already discovered resources* through (i) applying a combination of its expertise and new and well-established technologies to extend the life of, and the natural gas quantities recoverable from, its wells currently in operation and (ii) appraisal of its substantial contingent resources and subsequent conversion into reserves. Optimisation of productive wells will entail revamping of above-the-ground technological installations, commissioning of dehydration stations and introducing new compressor stations in gas fields.
- *Discovery of new resources* through (i) exploration programmes targeting new objectives in existing licence blocks and exploration within newly attained licence blocks and (ii) seeking to acquire oil related rights and obligations in additional blocks for exploration and development of onshore

natural gas resources. Exploration will feature the use of the extensive 3D seismic data acquisition program, as well as the use of modern specialised software allowing for a better geological view of the investigated areas, the mapping of reservoirs and the processing of larger data volumes.

For the Company's estimated capital expenditure for 2014 and 2015, see "*Capital Expenditures*" below.

### ***Seeking new and diversified growth opportunities***

While Romgaz is focused primarily on conventional natural gas production, it is seeking development opportunities in subsalt reservoirs and deep water production, and in the Black Sea deep water production together with partners holding knowledge and experience to further develop institutional expertise. These opportunities will likely involve partnerships or other ventures together with other entities, which could include service providers in circumstances where Romgaz has less institutional expertise (e.g., deepwater). Romgaz has already begun to explore these possibilities in drilling in subsalt reservoirs in certain areas in existing exploration blocks.

### ***Optimising the Company's policies and procedures***

Romgaz intends to strengthen its position in the Romanian natural gas market by optimising its policies and procedures. Romgaz is seeking synergies by standardising and improving monitoring and reporting procedures, technology, systems and controls. The management team have significant experience in optimisation of policies and procedures in majority state-owned companies and are working towards phasing in such improvements in the short term. For example, in optimising its organisational structure, Romgaz (i) modified the organisational structure of Romgaz (the management, corporate, quality and environmental division, economic division, human resources division and the Iernut Electricity Generation Branch); and (ii) for the purpose of rendering more efficient the energy trading division, management, corporate, quality and environmental, economic, human resources, IT and telecommunication divisions, it created a deputy general manager position. In addition, last year it established a risk management department. Also, to prepare for compliance with the reporting requirements applicable to a publicly listed company, Romgaz will continue to upgrade its IT system which will produce financial data in IFRS.

## **History and Development**

The Company has over one hundred years' experience in the field of exploration and exploitation of natural gas and a history which began in 1909, with the discovery of the first commercial gas deposit in Transylvanian basin. In 1925, the National Gas Company "Sonametan" was established, which in 2001 became Societatea Națională de Gaze Naturale "Romgaz" S.A. pursuant to Government Decision 575/2001. Following the takeover of CTE Iernut in February 2013, Romgaz also produces electricity. Furthermore, the Company's infrastructure has continuously developed since its inception. The current shareholders of the Company are the Romanian state, which holds an 85.0071% stake and Fondul Proprietatea, which holds a 14.9929% stake.

The significant events in the Company's history are as follows:

- **1909**—Natural gas is discovered in Sarmasel (Transylvania Basin);
- **1913**—First production of natural gas is recorded in Romania;
- **1925**—National Gas Company "Sonametan" is incorporated;
- **1958**—First underground storage facility of natural gas in Romania, in Ilimbav, Sibiu county, is set up (the first in Europe);
- **1976**—Maximum production of natural gas is realised by Romgaz;
- **1979**—Importing of natural gas from the Russian Federation begins;
- **1991**—Pursuant to a government decision the methane gas plant is transformed into the Autonomous Administration of Natural Gas Romgaz;
- **1998**—Romgaz RA becomes Societatea Națională de Gaze Naturale "Romgaz" S.A.;

- **2000**—Societatea Nationala de Gaze Naturale “Romgaz” S.A. is reorganised into five independent companies (EExprogaz S.A. Medias, SNDSGN Depogaz S.A. Ploiesti, SNTGN Transgaz S.A. Medias, Distrigaz Sud S.A. Bucuresti, and Distrigaz Nord S.A. Targu Mures); and
- **2001**—Company in current form is incorporated.

The Company currently operates through seven branches:

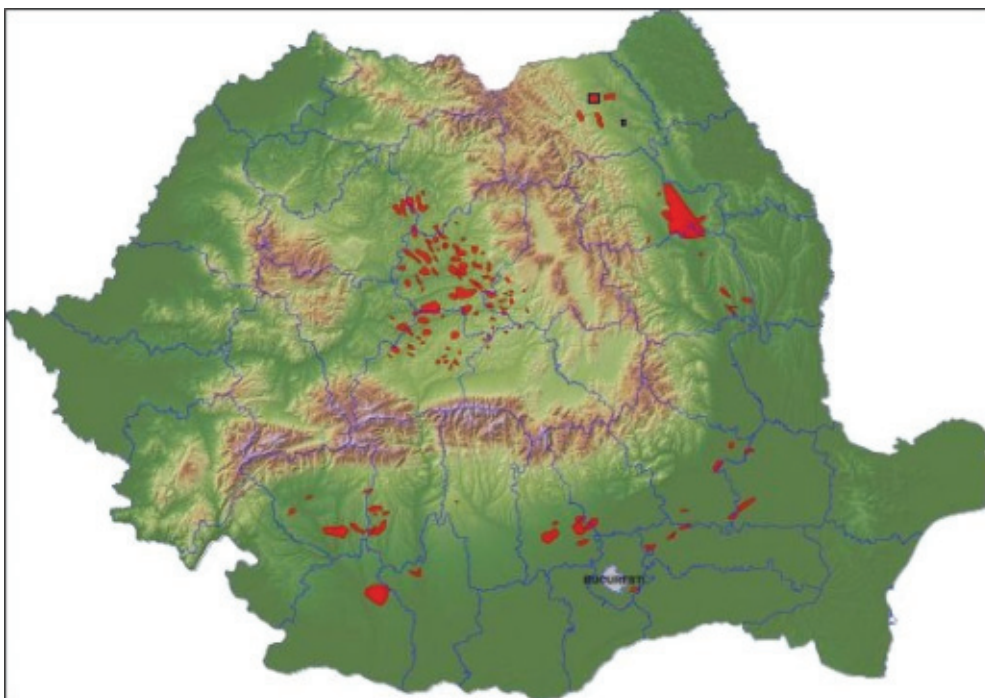
- Medias Production Branch;
- Targu Mures Production Branch;
- Ploiesti Underground Gas Storage Branch;
- Medias Well Workovers and Special Operation Branch (SIIRCOS);
- Targu Mures Technological, Transport and Maintenance Branch (STTM);
- Bratislava Branch; and
- Iernut Electricity Generation Branch.

### Gas Production

In Romania, the two production branches of the Company (Medias and Targu Mures branches) operate 3,257 wells that access 141 commercially productive deposits and six deposits with experimental production within nine licence blocks located within Romania in three regions, Transylvania, Moldavia and Muntenia. Approximately 26% of these wells are operated at a depth of over 2000 meters. Extraction from these wells is accomplished through the use of 104 compressors (91 compressors grouped in compressor stations and 13 field compressors) with an installed capacity of 160,000 KW. Gas quality requirements (as defined by the Measurement Regulation for Natural Gas Traded in Romania and the Grid Code for the National Gas Transportation System) are met in the case of approximately 99% of the gas (by quantity) as a result of the 71 dehydration stations. The majority of these reservoirs, especially the larger ones, are mature, and have been producing gas for over 30 years.

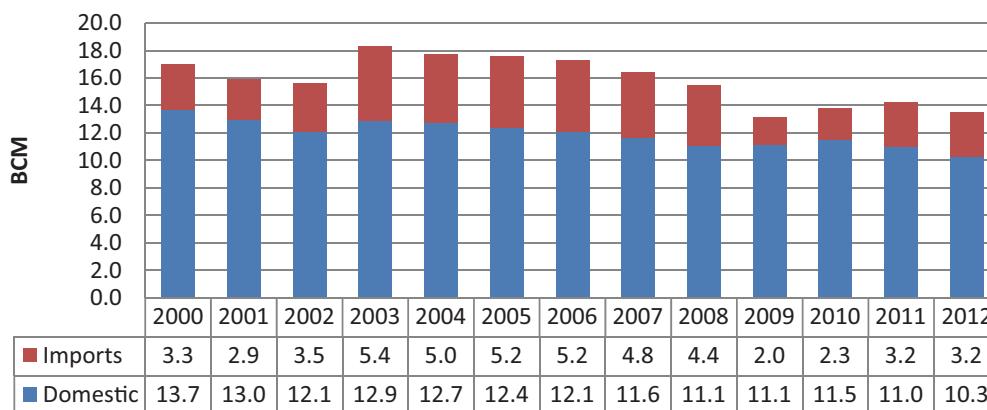
In addition to the wells, compressors and dehydration stations, other key components of the Company’s production infrastructure includes devices and software which function to monitor the parameters of gas extraction and gas injection processes.

The following map sets forth the Company’s production blocks:



Source: Romgaz

The following chart sets out the total gas consumption in Romania from 2000 to 2012:

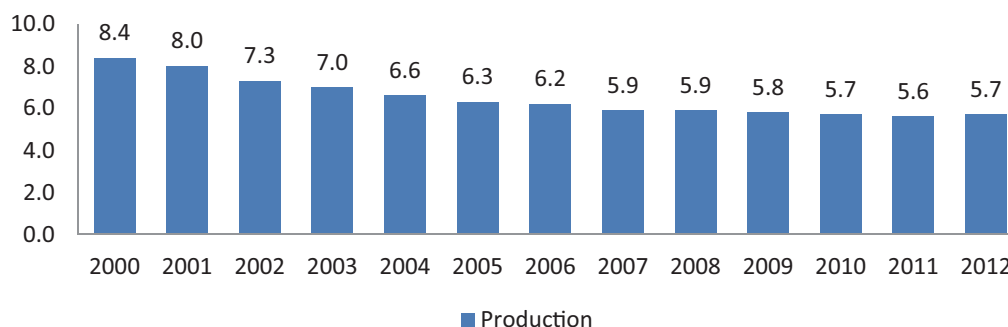


Source: ANRE

In 2012, natural gas consumption registered a mild decrease to 13.5 billion m<sup>3</sup> from 14.2 billion m<sup>3</sup> in 2011, which was an increase from 13.8 billion m<sup>3</sup> in 2010. The decrease in 2012 was mainly due to warmer temperatures in the 2012 winter and the use of alternative sources of energy and energy efficiencies. The increase in 2011 from 2010 was the result of an increase in consumption of most user categories.

According to ANRE, the Company accounted for 50.9% of the domestic and imported gas production in Romania in 2012, 50.5% in 2011 and 51.3% in 2010.

The Company's annual standalone production (in bcm) for the period from 2000 to 2012 is set out in the chart below:



Source: Romgaz

In 2012, five new wells and 11 exploitation wells started production (with an estimated annual production of 45 million m<sup>3</sup>) and approximately 188 workover wells and uphole and downhole recompletion holes were completed (with an estimated annual production of 235 million m<sup>3</sup>). The Company's domestic natural gas production was 5,663 million m<sup>3</sup>, relatively flat as compared to the level recorded in 2011. In the first half of 2013, gas production decreased by 1% as compared to the first half of 2012.

The following table shows production following the deepend compression process at the commercial fields in Bazna, Filitenlnic and Targu Mures ("**Compressor**"), production rehabilitation in the Nades-Prod-Seleus, Laslau Mare and Roman fields ("**Production Enhancement**") and 11 new production fields ("**New Fields**") from 2010 to 2012:

	Years ended 31 December		
	2012	2011	2010
	(kboepd)		
Compressor .....	18.4	18.7	19.4
Production enhancement .....	12.8	11.8	12.3
New Fields .....	5.1	4.7	3.8



The Company has significant compressor capacity available, 104 units (91 groups in stations and 13 field compressors) with a total installed capacity of 160 MW. In addition, for 2013, 2014 and 2015, the Company has scheduled workovers of 160, 180 and 180 wells, respectively. Recovery factors are between approximately 55% and 85% for most fields (90% in more mature fields). For the 10 largest fields, which represent more than 50% of production, the recovery factor is between 70% and 86%.

Romgaz produces natural gas in Romania, and conducts its exploratory activities, through a series of concessions that grant the Company rights to explore, develop and/or exploit natural gas in various specified areas, or “blocks”. These concessions (also known as “**petroleum agreements**”) have been awarded through agreements between Romgaz and ANRM. There are three types of agreements: (1) an exploration, development and exploitation agreement; (2) a development and exploitation agreement and (3) an exploitation agreement. Romgaz is party to two exploration, development and exploitation agreements, where Romgaz has 100% participation, 61 development and exploitation agreements and 65 exploitation agreements.

The initial term of the concession is for a maximum of 30 years and it can be extended upon petition by Romgaz to ANRM for an additional period of up to 15 years. See also “*Regulatory Matters—The Natural Gas Industry—Gas Production*”.

Each quarter, the Company pays a royalty ranging from 3.5% to 13% of the value of its gross extracted production to the state budget. Calculation of the royalty owed by concession holders is based on the reference price set by the ANRM or the selling price of natural gas, whichever of the two is higher.

<u>Quarterly/deposit production</u> (million m <sup>3</sup> )	<u>Royalty</u> (%)
0-10 .....	3.5
10-50 .....	7.5
50-200 .....	9.0
200+ .....	13.0

### **Oil and natural gas Geological Exploration**

The Company performs oil and natural gas exploration operations for natural gas in Romania, Slovakia and Poland.

#### **Romania**

The Company holds petroleum agreements for nine on-shore exploration blocks in Romania with a total area of approximately 17,797 km<sup>2</sup>: RG.01 North Transylvania, RG.02 Center Transylvania, RG.03 South Transylvania, RG.04 North Moldova, RG.05 South Moldova, RG.06 North-East Muntenia, RG.07 Center Muntenia, RG.08 Oltenia and EVIII-8 East Pannonian Basin (See “*Material Contracts*”). The exploration phase under the petroleum agreements for eight exploration blocks expires in 2016. The exploration phase for E VIII-8 East Pannonian Basin block is due to expire in 2014.



The following table shows the current exploration projects developed by the Company in the nine concession blocks which the Company believes to have geological success rates between 0.3 and 0.8 and geological resources estimated at 26 billion m<sup>3</sup> (P90) and 160 billion m<sup>3</sup> (P10):

<b>Block</b>	<b>Area (km<sup>2</sup>)</b>	<b>Projects</b>	<b>Status</b>
RG.01 North Transylvania . . . . .	2377.41	North Buza	Exploration-opening
		Chendu Pre-salt	Exploration-prospection
		North Laslau	Exploration
RG.02 Center Transylvania . . . . .	2613.50	Laslau Badenian	Exploration-opening
		West Nades	Exploration- appraisal
		Deleni Badenian	Exploration-opening
		North Boian Pre-salt	Exploration-opening
		Armeni	Exploration- appraisal
		Tapu	Exploration- appraisal
		Cris	Exploration- appraisal
		Idiciu Pre-salt	Exploration-opening
Cibu	Exploration-prospection		
RG.03 South Transylvania . . . . .	4056.17	East Beia	Exploration-opening
RG.04 North Moldova . . . . .	2048.13	Frasin Albian	Exploration-appraisal
		Radeni	Exploration-prospecting
RG.05 South Moldova . . . . .	1705.74	West Roman	Exploration-opening
		Salcii	Exploration-appraisal
		Merii	Exploration-appraisal
		Fulga	Exploration-appraisal
		East Caragele	Exploration-appraisal
		Florica Lower Miocen	Exploration-opening
		East Caragele Dogger	Exploration-prospection
RG.06 North-East Muntenia. . . . .	2312.33	West Caragele	Exploration-opening
RG.07 Center Muntenia . . . . .	824.50	Banesti	Exploration-opening
RG.08 Oltenia . . . . .	272.15	Giulesti	Exploration-opening
EVIII—8 East Pannonian Basin . .	1587.48	Belis Gurba	Exploration-prospection Appraisal-prospection

Exploration of the first eight licence blocks mentioned in the above table started in 1997. During the initial exploration period of these blocks (from 1997 to 2002), 12 commercial discoveries were made and are currently in advanced development or production stages. From 2002 to 2004, during the first extension of the initial exploration period, 15 new commercial discoveries occurred and are now in different development or production phases. From 2004 to 2006, during the second extension of the initial exploration period, the Company added eight commercial discoveries to its portfolio. From 2006 to 2008 and 2008 to 2011, the Company benefited from two additional extensions of the exploration period granted under the petroleum agreements granted for each of the eight licence blocks which allowed for 28 new commercial discoveries (2006-2008: 16 discoveries; 2008-2011: 12 discoveries).

Currently, exploration activity is being performed within the eight perimeters within the extension of the five year exploration period (9 October 2011 – 9 October 2016) in accordance with Government Decision no. 968/2011. Works performed from 9 October 2011 until July 2013 resulted in discovery of six new hydrocarbon accumulations through wells tested with natural gas in relation to contingent resources (2C) which the Company believes to be estimated at 7.8 billion m<sup>3</sup>. At the Prospectus Date,

the Company holds in its portfolio 29 exploration wells which have recorded positive results at the production tests, which are due to enter the experimental exploitation period and, after they confirm, to enter the development-exploitation phase.

In total, since 1997, more than 70 new gas discoveries have been made in the exploration blocks under concession, and registered a success rate of 66% for completed exploration drillings. More than 3.83 billion m<sup>3</sup> of gas have been produced from approximately 45% of the new commercial gas discoveries.

In accordance with the requirements of the programme for current minimal exploration, the Company is undertaking to drill 75 exploration wells and to perform 4,000 km<sup>2</sup> of 3D seismic analysis and 1,100 km<sup>2</sup> of 2D seismic profiles in the eight licence blocks during the third additional extension of the exploration period (2011-2016). The total cost of the undertaken minimal exploration programme is of US\$520 million.

Surface exploration works are based mainly on 2D and 3D seismic method able to highlight potential hydrocarbon accumulations within the explored perimeters. Opening exploration works were supported mainly by 2D seismic profiles, which led to identifying areas of interest for performance of discoveries. Further, most areas of interest were investigated with 3D seismic methods. Therefore, it is estimated that at the end of 2013 there will be 3D seismic coverage of approximately 27% of exploration perimeters currently in operation and in the Transylvanian Basin, which represents one of the major exploration projects, 3D seismic coverage is estimated to be approximately 38%. Also, for 2014, 3D seismic works in the exploration areas of Moldova, Muntenia and Oltenia are expected, so that at the end of 2014, overall coverage will be 35%. The direct effect of 3D seismic works will be to reduce risk in opening drilling and, consequently increase the number of discoveries of new hydrocarbons.

The exploration activity performed in Romania in the years 2012, 2011 and 2010 is set out in the table below, with the volume of performed works and the corresponding expenses:

	Years ended 31 December					
	2012		2011		2010	
	(units)	(RON mln)	(units)	(RON mln)	(units)	(RON mln)
3D (km <sup>2</sup> ).....	36	3.0	—	—	700	50.6
2D (km <sup>2</sup> ).....	576	17.6	1,114	47.3	517	23.2
Well drilling .....	17	176.6	7	120.5	5	66.2
Other works <sup>(1)</sup> .....	—	7.4	—	14.8	—	9.4

Source: Romgaz

<sup>(1)</sup> Other works: MT sounding, Gore-Sorber surface geochemistry and development for experimental production

Capital expenditure primarily to expand exploration and development and to improve recoveries from productive wells is expected to increase from RON 732.6 million in 2013 to RON 966.4 million in 2014 and RON 1,098.9 million in 2015. Given the demonstrated success rate in drilling, the Company estimates that 50% of the exploration wells will be put into operation.

The exploration-development perimeters in Romania, where Romgaz holds rights and obligations, are set out in the map below:



Source: ROMGAZ

Romgaz is also co-titleholder of petroleum agreements in two license blocks in the region of Moldavia—Brodina EIII-3 and Bacău EIII-4 (see also “*Material Contracts—Aurelian Petroleum, Raffles Energy and Europa Oil & Gas Association Agreements*”):

- On 11 February 2003, the Company entered into joint operating agreements in connection with the concessions granted for the Brodina and Cujești blocks with Ramco Romania SRL, Europa Oil & Gas and Millennium International Corporation Resource LTD for the exploration, development and exploitation in the Brodina and Cujești blocks. Under these agreements, the parties appointed Ramco Romania SRL (currently known as Raffles Energy SRL and Aurelian Petroleum SRL) as operator. The Company’s share for each of the license blocks is 37.5%. Due to the unfavourable results of the initial exploration efforts, the partnership abandoned the Cujești block in August 2012.
- The concession agreement for the Bacău block was executed between ANRM and Ramco Romania SRL, Europa Oil & Gas and Millennium International Corporation Resource LTD. On 5 June 2008, the Company agreed to a farm-in agreement with Aurelian Oil & Gas Romania SRL for the transfer of 40% of its rights and obligations in the Bacău block to explore, develop and exploit this block. Subsequently, on 22 January 2009, the parties signed a novation agreement to make the Company party to the concession agreement.

### **Slovakia**

In Slovakia, the Company, through its Bratislava branch, entered into a partnership (joint operating agreement) with Aurelian Oil & Gas and JKC Oil & Gas for the exploration of the Svidník, Medzilaborce and Snina blocks, in which it holds a 25% share (see “*Business—Equity investments*”). During the previous three years, the Company contributed EUR 2.8 million (equivalent to RON 12.2 million) to the exploration costs of the three licence blocks and estimates that it will spend an additional EUR 3.3 million (equivalent of RON 14.8 million) in costs through 2014 related to geological and geophysical studies and exploratory drilling.

### **Poland**

In Poland, the Company holds a 30% interest in Energia Torzym s.z.o.o.sp.k., a joint venture which holds the exploration licence for the Torzym exploration block and a 30% interest in Energia Cybinka s.z.o.o.sp.k., a joint venture which holds the exploration licence for the Cybinka exploration block. The other major shareholders of each of the two Polish companies are Aurelian Oil & Gas Poland s.z.o.o. (34%), GB Petroleum Plc (currently known as Sceptre Oil & Gas) (25%) and Avobone Poland B.V (10%) (see “*Business—Equity investments*”). From 2010 to 2012, the Company contributed EUR 3.7 million to the exploration costs of the two licence blocks and estimates that it will spend an addition EUR 1.8 million (equivalent to RON 8.1 million) in the next 2 years in connection with seismic reprocessing and drilling at these blocks.

In September 2013 the Company's shareholders resolved that the Company would begin seeking a partner to which it would transfer 50% of the Company's shareholding in each of the Cybinka and Torzym blocks.

### ***Amromco and Schlumberger Association agreements***

On 25 January 2002, the Company entered into a joint operating agreement with Amromco Energy LLC for the rehabilitation of a series of natural gas structures and production enhancement in 11 blocks in Muntenia and Oltenia. The rights and obligations related to the production in excess of the base production are equally shared between the Company and Amromco, and the Company holds all the rights and obligations in relation to the base production. In 2010, 2011 and 2012, the additional production was 3.3 kboepd, 3.9 kboepd and 3.4 kboepd, respectively. Amromco acts as operator of the additional production and the Company is the operator of the base production. See also "*Material Contracts—Amromco Farm-out Agreement*".

On 3 September 2003, the Company entered into a participation agreement with Schlumberger to enhance the production in the Laslau Mare field through advanced techniques and technologies. The rights and obligations related to the additional production are equally shared between the Company and Schlumberger. In 2010, 2011 and 2012, the additional production was 2.9 kboepd, 3.3 kboepd and 3.5 kboepd, respectively. The Company is the titleholder of the rights and obligations under the related concession agreement. See also "*Material Contracts—Schlumberger Association Agreement*".

### ***Off-shore exploration***

On 13 February 2013, the Company entered into an option agreement with OMV Petrom and ExxonMobil by which the Company obtained a conditional (including by the complete transfer of the relevant area to ExxonMobil and OMV Petrom) right to acquire a 10% share in an arrangement relating to exploration and exploitation of a deep water portion of the Midia XV block, which is currently the object of a concession agreement regarding the Midia XV and Pelican XIII offshore exploration blocks (the Midia perimeter) located in the Black Sea in territorial waters of Romania. Upon exercise of the option by Romgaz, it must pay an initial payment in the amount of USD 9 million and after the date of first commercial production pay a future payment in the amount of USD 3 million plus 10% of all exploration costs incurred by ExxonMobil and OMV Petrom up to the date of the commercial discovery notification, plus an amount representing corresponding interest computed for the period from the moment of incurring the exploration costs and the date of payment by the Company. The estimated development costs to be contributed by the Company starting in 2016 are USD 10 million. See also "*Material Contracts—ExxonMobil and OMV Petrom Option Agreement*".

The Company is a party to two joint operation agreements, initially concluded by Lukoil and Vanco International Limited ("**Vanco**") for two blocks located in the Black Sea area (Trident and Rapsodia). In each of these joint operation agreements the Company holds an interest of 10%, while Lukoil holds 72% and Vanco 18%. These agreements establish the rights and obligations of the parties in connection with the joint exploration, appraisal, development, production and disposition of hydrocarbons from the licence blocks.

### ***Gas reserves***

As at 30 June 2013, according to the D&M Report the Company held net proved reserves of 62.1 billion m<sup>3</sup> (equivalent of 2,192.4 billion ft<sup>3</sup>) of gas and net probable reserves of 13.2 billion m<sup>3</sup> (equivalent of 464.4 billion ft<sup>3</sup>) of gas.

D&M carried out an independent evaluation of the Company's estimated natural gas reserves as of 30 June 2013 and prepared a competent person's report. The Company's reserves are estimated by D&M in accordance with the PRMS guidelines. The process of estimating natural gas reserves is complex and inherently uncertain, and requires assumptions to be made regarding production rates and timing of development, and analysis of available geological, geophysical, production, engineering and economic data for each reservoir. The extent, quality and reliability of this data can vary. The accuracy of reserves estimates is also a function of the quality and quantity of other available data, engineering and geological interpretation and judgment.

The following table sets out the Company's estimated gross and net proved, probable and possible reserves as of 30 June 2013, which have been extracted from the D&M Report:

	Reserves Summary					
	Gas			Condensate		
	Proved (10 <sup>6</sup> m <sup>3</sup> )	Probable <sup>(1)</sup> (10 <sup>6</sup> m <sup>3</sup> )	Possible <sup>(1)</sup> (10 <sup>6</sup> m <sup>3</sup> )	Proved (10 <sup>3</sup> m <sup>3</sup> )	Probable <sup>(1)</sup> (10 <sup>3</sup> m <sup>3</sup> )	Possible <sup>(1)</sup> (10 <sup>3</sup> m <sup>3</sup> )
Gross .....	62,506	13,235	11,844	0	3	2
Net .....	62,083	13,157	11,780	0	3	2

(1) Probable and possible reserves have not been risk-adjusted to make them comparable to proved reserves.

The average size of proved reserves per average field is 450 million m<sup>3</sup>, with 17 fields with over 1 billion m<sup>3</sup> of proved reserves.

### Gas Supply

In 2012, according to ANRE, Romania's consumption reached 13.5 billion m<sup>3</sup>, of which 75.7% represented domestic gas and 24.3% imported gas. Virtually all natural gas produced within Romania is sold domestically.

In Romania, the natural gas market is divided into a competitive market and a regulated market. The competitive market consists of sales through the negotiation of contracts among suppliers and between suppliers and "eligible customers" which are free to choose their supplier. The regulated market includes sales through standard form agreements at regulated prices between suppliers and customers which are not able to choose their supplier. Accordingly, prices for the sale of natural gas on the competitive market with eligible customers have increased flexibility, while prices for sale of natural gas on the regulated market are set by ANRE pursuant to General Decision No. 22/2013. See also "*Regulatory Matters—The Natural Gas Industry—Gas Supply*".

Pursuant to the Energy Law, customers in Romania are required to consume natural gas formulated as a "gas basket" with a fixed ratio of domestic and imported gas. Consumption of mixed natural gas is compulsory until the elimination of regulated prices. The ratio of imported to domestic gas in the gas basket is set by a department within Transgaz S.A., the Romanian national gas transport system operator, and approved by ANRE, pursuant to Order No. 15/2013. A separate gas basket is formulated for household clients and thermal energy producers, solely for the natural gas quantity used for producing thermal energy in cogeneration plants and in thermal power plants, destined for population consumption and for non-household natural gas clients, except thermal energy producers, for the natural gas quantity used for producing thermal energy in cogeneration plants and in thermal power plants, destined for population consumption. For September 2013, the gas basket has been set at 95.8% for household customers and 81% for non-household customers from domestic production and 4.2% for household customers and 19% for non-household customers from imported gas. For household customers and heat producers, the structure of the gas basket is renewed or reset monthly. In the case of an eligible customer purchasing natural gas from several suppliers, such customer must purchase imported and local gas in the same percentages as those used to determine the gas basket price. However, if that eligible customer purchases gas from a single supplier, the obligation of creating a basket will be fulfilled by the supplier.

Romania has undertaken to fully liberalise gas prices for domestic production as well as for end-customers. For more information on price liberalisation, please see "*Industry*".

The table below shows the volume of domestic and imported natural gas, the imported price and the import/domestic ratio of natural gas sold by the Company during the period 2005—2012:

Year	Domestic production volume (mln. m <sup>3</sup> )	Domestic production price (RON/1000 m <sup>3</sup> )	Imported volume (mln. m <sup>3</sup> )	Import price (USD/1000 m <sup>3</sup> )	Import/ domestic ratio (%)
2005 .....	6,214.02	260.43	703.95	220.15	11.33
2006 .....	6,107.83	332.79	965.13	293.00	15.80
2007 .....	5,639.58	431.53	738.81	306.29	13.10
2008 .....	5,621.29	453.91	343.20	431.12	6.11
2009 .....	5,627.32	426.46	462.06	316.18	8.21
2010 .....	5,703.70	419.63	730.12	342.28	12.80
2011 .....	5,287.86	463.92	1,018.31	437.65	19.26
2012 .....	5,250.55	476.55	605.83	501.80	11.54



From 2005 to 2012, the domestic production price increased to RON 476.55 per thousand m<sup>3</sup>, or by 83.0%, from RON 260.43 per thousand m<sup>3</sup>. During the same period, the import price increased to USD 501.80 per thousand m<sup>3</sup>, or by 127.9%, from USD 220.15 per thousand m<sup>3</sup>. In addition, from 2005 to 2012, the domestic production volume has decreased to 5,250.55 million m<sup>3</sup>, or by 15.5%, from 6,214.02 million m<sup>3</sup>.

The Company procures the imported gas on the basis of long-term contracts entered into with Imex Oil Limited (“**Imex**”) and Wintershall Erdgas Handelhaus AG Zug. (“**Wintershall**”). The Company’s average purchase price for imported gas for the first six months of 2013 was EUR 315.64/1000 m<sup>3</sup> (at 15 degrees Celsius). The Company purchases imported gas of the same qualities at different prices, calculates the average purchase price and on-sells the blended imported gas at a sale price higher than the average purchase price.

A majority of the Company’s sales of natural gas in 2012 were made on the competitive market versus sales made on the regulated market. For the years ended 31 December 2012, 2011 and 2010, the Company sold 5.9 billion m<sup>3</sup> of natural gas, 6.3 billion m<sup>3</sup> and 6.4 billion m<sup>3</sup>, respectively, and 2.9 billion m<sup>3</sup> of natural gas in the six months ended 30 June 2013.

In 2012, seven of the Company’s customers accounted for 81.6% of its sales, namely S.C. EON Energie Romania SA, GDF Suez Energy Romania S.A., S.C. Azomures SA, Electrocentrale Bucuresti, S.C. Conef Gaz SRL, S.C. Arelco Distributie SRL and Transgaz S.A.

### **Underground Gas Storage and Distribution**

Natural gas is stored underground in depleted gas fields and such storage operations are performed by operators licensed and regulated by ANRE. Gas storage permits security of supply during high demand periods by supplementing amounts delivered through current production, correlates the seasonal/daily/hourly consumption variation with available gas sources and helps ensure a balance in the national transmission system. Underground gas storage is performed on the basis of a storage licence issued by ANRE and of a concession agreement concluded with ANRM (see “*Business—Main operating Licenses—Natural Gas Storage License*” and “*Regulatory Matters—The Natural Gas Industry—Underground Storage*”).

Romgaz owns and operates 6 facilities with a workload of 2.76 billion m<sup>3</sup>. A summary of each of the underground storage facilities operated by Romgaz are as follows:

- The Bilciuresti Deposit, located approximately 40 km from Bucharest, has a working volume of 1,310 million m<sup>3</sup>/cycle from the 57 wells existing on site using the Butimanu compressor station. From 2007 to 2012, investment works were carried out and cushion gas was increased by 300 million cubic meters in order to raise the extraction potential from 12.5 million m<sup>3</sup>/day to 17 million m<sup>3</sup>/day (in the beginning of the extraction cycle);
- The Sărmăşel Deposit, located in Northern Transylvania Basin, has a working volume of 800 million m<sup>3</sup>/cycle through the 59 existing drills by using the Sărmăşel gas compressor station. From 2007 to 2012, investment works and an increase of cushion gas by 540 million m<sup>3</sup> extended capacity from 650 million m<sup>3</sup> up to 800 million m<sup>3</sup>. The investments currently undertaken are made to replace the compressor stations, upgrade the above-ground infrastructure and construct a gas dehydration station at the interface with the National Transmission System. As a result, an increase of the working volume to 920 million m<sup>3</sup>/cycle and of the daily delivery capacity from 6.5 million m<sup>3</sup> /day to 7.5 million m<sup>3</sup>/day (in the beginning of the extraction cycle) is expected;
- The Urziceni Deposit has a working volume of 250 million m<sup>3</sup>/cycle drawn and is exploited through 26 wells. Both investment works and increase of cushion gas by 75 million m<sup>3</sup> were performed between 2007 and 2012, in order to extend the extraction capacity from 2 million m<sup>3</sup>/day up to 2.7 million m<sup>3</sup>/day (in the beginning of the extraction cycle). Additionally, other improvements currently underway include the construction of a compressor station (completion expected in 2014), upgrade of the above-ground infrastructure and the increase in the number of wells to increase storage capacity to 360 million m<sup>3</sup>/cycle (expected 2014/2015) and the maximum daily to 3.6 million m<sup>3</sup>/day (in the beginning of the extraction cycle);



- The Cetatea de Baltă Deposit, located in Alba County, has a working volume of 200 million m<sup>3</sup>/cycle. It is accessed through the 15 wells existing at the site and by using the Botorca compressor station—module (I). The maximum extraction flow at the beginning of the cycle is 1 million m<sup>3</sup>/day;
- The Ghercesti Deposit, located in the vicinity of Craiova, has a working volume of 150 million m<sup>3</sup>/cycle. The storage facility is operated through the 83 wells existing at the site. Investments were made between 2007 and 2012 resulting in the growth of the daily delivery capacity from 1 million m<sup>3</sup>/day up to 1.5 million m<sup>3</sup>/day (at the beginning of the extraction cycle);
- The Bălăceanca Deposit, located 4 km away from Bucharest, has a working volume of 50 million m<sup>3</sup>/cycle. It is accessed through the 21 wells and a compressor module. From 2007 to 2012, investments were carried out resulting in growth of the daily delivery capacity from 0.55 million m<sup>3</sup>/day to 1.2 million m<sup>3</sup>/day (at the beginning of the extraction cycle).

The table below shows the evolution of total active storage capacity and the daily maximum extraction flow of each of the 6 storage facilities:

	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>
Capacity (bln. m <sup>3</sup> /cycle).....	2,550	2,760	2,760	2,760	2,760	2,760	2,760
Maximum flow rate (thousand m <sup>3</sup> /day) .....	23,290	24,900	25,400	25,400	25,900	26,500	30,000

### ***Underground storage joint ventures***

The Company is also a shareholder in two other underground gas storage operators. Amgaz S.A., in which the Company holds a 35% interest in partnership with Gaz de France, operates the Nades-Prod-Seleus underground storage site, with a storage capacity of 75 million m<sup>3</sup>/cycle storage. After discovering issues with the storage facility's lack of tightness, the joint venture decided that further storage at this deposit was not appropriate. Amgaz S.A. has commenced the procedure for abandoning the Nades-Prod-Seleus storage concession agreement, following a determination that such company is to be liquidated by the end of 2013.

Depomures S.A., in which the Company holds a 40% interest, operates the Targu Mures underground gas storage site, with a storage capacity of 300 million m<sup>3</sup>/cycle. See also "*Business—Equity investments*". Currently, the storage capacity is 300 million m<sup>3</sup> and the company is aiming to increase the volume to a capacity of 400 million m<sup>3</sup> in the near term, with the possibility of an extension up to 600 million m<sup>3</sup> in the long term. At present, the investment cost resulting from the FEED basic engineering study totals approximately EUR 49.5 million.

### ***Distribution***

Distribution of natural gas is also a regulated activity. The gas distribution business of the Company is currently limited to three communities: Stejari village (Gorj County), Ghercesti and Garlesti villages (Dolj County). The Company's distribution activities are carried out through its Targu-Mures branch by the Ghercesti and Piscu Stejari distribution units. Currently, Romgaz has concession agreements with the Ministry of Economy for the Ghercesti and Piscu Stejari distribution units, each with a term of 49 years, starting from 2004 and 2000, respectively. The Ghercesti distribution unit that was commissioned into operation in 2009, currently has 106 end-customers and delivered 96,512 m<sup>3</sup> (1,028,022KWh) of natural gas in 2012. The Piscu Stejari distribution unit was commissioned into operation in 2009, and currently has 33 end-customers and delivered 59,890 m<sup>3</sup> (634,996 MW) of natural gas in 2012.

### ***Pricing on the Regulated Market***

On the regulated market, the final price of natural gas and the delivery price are regulated by ANRE according to ANRE Order No. 46/2013, ANRE Order No. 70/2013 and ANRE Order No. 103/2008, respectively.

Storage tariffs consist of a fixed capacity reservation tariff and natural gas injection and extraction tariffs based on volume. The table below sets out the storage tariffs as established by ANRE for 2010 to 2013:

	<u>2010-2012(1)</u>	<u>2013(2)</u>
	(RON/MWh)	
Capacity reservation tariff .....	5.65	5.65/13.12
Gas injection tariff .....	2.76	2.76/2.37
Gas extraction tariff .....	2.76	2.76/1.80
<b>Storage tariff .....</b>	<b><u>11.17</u></b>	<b><u>11.17/17.29</u></b>

Source: ANRE

- (1) ANRE extended the validity of the tariffs set under Order No. 63/2009 for the storage cycle 2010/2011, 2011/2012 and 2012/2013.
- (2) The first tariff applies until the end of the storage cycle on 31 March 2013. The second tariff is applicable beginning with the new storage cycle on 1 April 2013.

Distribution tariffs and regulated supply final prices are approved by ANRE Order No. 103, dated 26 June 2008, modified by ANRE Order No. 46, dated 28 June 2013 and ANRE Order No. 70, dated 25 September 2013. Distribution tariffs and regulated final prices as of the date of the Prospectus are as set out in the table below:

	<u>Annual consumption &lt; 23.25MW</u>	<u>Annual consumption between 23.25- 116.28MW</u>
	(RON/MWh)	
Distribution tariff .....	22.73	22.30
Regulated final prices for distribution activities (for household customers and thermal energy producers) .....	103.22	102.26
Regulated final prices for distribution activities (for non-household customers) .....	130.77	129.81

Distribution activities of the Company account for an insignificant share of its revenues. The turnover of the distribution activity in 2012 and 2011 was 0.002% and 0.003%, respectively.

### ***Legal and accounting unbundling in the gas and electricity field***

In 2009, the EU's Third Energy Package (Directive 2009/72/EC of 13 July 2009 and Directive 2009/73/EC of 13 July 2009) was adopted, aimed at completing the liberalisation of the electricity and gas markets and establishing a sole market within the European Union. Its purpose was to ensure that the European energy market is not affected by vertical integration. The Energy Law transposes most of the provisions of the EU Third Energy Package into Romanian legislation.

The Energy Law requires that (i) distribution operators vertically integrated are independent at least with respect to their legal form, organisation and decision-making process from other activities not related to distribution and (ii) natural gas storage operators are independent with respect to their legal form, organisation and decision making process from other activities not related to gas transportation, distribution or storage.

For both (i) and (ii), the Energy Law sets out certain criteria to ensure the independence of storage and distribution operators: (a) the executives of the operator cannot have a direct or indirect coordinating position over the natural gas production, transport and supply; (b) the professional interests of the executives of the operator must be taken into account, ensuring their independence to act; (c) the operator must have actual powers in taking decisions regarding the assets required for the exploitation, maintenance and development of the storage facilities or distribution unit, independently from the vertically integrated company; (d) the operator must establish an action plan ensuring that discriminatory practices are excluded and must monitor such plan; (e) the operator must appoint a conformity agent to ensure the adequate monitoring of the conformity plan and to submit to ANRE and publish on its website a report outlining the measures taken by the end of each year.

The above rules do not apply to distribution operators serving less than 100,000 end-customers. As such, given the small size of the Company's distribution activities, the management of the Company considers that the unbundling rules do not apply to its distribution activities. The Company intends to proceed with the unbundling process for the Company's storage activities.

The Energy Law also sets forth accounting unbundling obligations, requiring separate accounting for each licensed/regulated electricity and gas activity.

Currently the Company is analysing the implementation of the requirements set by the Energy Law in order to comply with the requirements regarding the independence with respect to the statute, legal form and decision making process of the underground storage activity regarding natural gas.

### ***Electricity Production***

In 2013, the Company expanded its business by acquiring CTE Iernut. The plant is operated by the Company's Iernut Electricity Generation Branch. CTE Iernut was transferred from Electrocentrale Bucuresti to the Company in settlement of Electrocentrale Bucuresti's debt owed to the Company in the amount of RON 653 million. This debt resulted from Electrocentrale Bucuresti's incapacity to pay the Company for gas supplied to Electrocentrale Bucuresti.

Located in Transylvania, a significant hub of the national energy system, the power plant operates as an energy transit system to redistribute energy from the surplus areas to the deficit areas of northern Transylvania through block transformers. A small portion of the electricity produced (less than 6%) is used to supply the internal requirements of the Company.

CTE Iernut is a condensation power plant using intermediate superheating of steam with an installed capacity of 800 MW (four energy units with installed capacity of 100 MW and two units of 200 MW each). During 2012, CTE Iernut produced 464GWh. From a total capacity of 800 MW, the Company estimates that 160 MW of such capacity will be utilised on average in 2013. The customers of CTE Iernut include Electrica Furnizare, Electrica Distributie Transilvania and Transilvania Nord.

The automation and protection installations of the independent energy units help to ensure the continuous functioning of the national energy system through interconnection with the power systems of the neighbouring countries and to the electro-energetic systems of the European Network of Transmission System Operators for Electricity ("**ENTSO-E**"). As of 1 January 2016, the plant's capabilities will be reduced to 600 MW, when two units are due to be taken out of service as they will not meet environmental requirements.

CTE Iernut uses natural gas as fuel. In August 2012, the Romanian Government approved Government Decision no. 870/2012 which allows the companies which produce natural gas and electricity to use their own gas for generating electricity until 2014. As a result, CTE Iernut is fuelled by the natural gas produced by the Company.

Starting in May 2013, the Company entered the Day Ahead Market ("**DAM**"), a part of the wholesale electricity market where active electricity is traded for each trading interval of the corresponding delivery day. The Company has also entered into a bilateral electricity supply agreement with Electrica Furnizare SA for a continuous supply during 2013 of 60 MW of power for 5,881 hours and for the quantity of 352,860 MWh. In addition to Electrica Furnizare SA's agreement, the Company also has in place electricity supply agreements with Transelectrica S.A., Electrica Transilvania Nord S.A.

### **Technology**

The Company has both modern and traditional natural gas production (extraction) technologies in commercial fields held in concession by the Company.

Natural gas contained in these fields, which can be either porous-permeable or fractured environment, are found under certain field pressure and field temperature levels, levels being much higher than the surface pressure and temperature. Of these two instruments, field pressure plays the key role in the complex process of extraction (production) of these non-renewable hydrocarbons. Given the significantly higher magnitude of the field pressure (pressures of tens and hundreds of atmospheres are involved) as compared to the surface pressure, the extraction process is a controlled eruption process. The control over the free eruption of hydrocarbons, particularly natural gas, is achieved through wells that are the core component of the so-called gas productive infrastructure. Natural gas wells are the connecting "pieces" between the fields and the surface, with the connection

made through a vertical/inclined/horizontal channel or combinations of these configurations whose robustness and longevity are obtained by placing inside this channel of steel pipes of different diameters and wall thickness.

The essence of extraction (production) technology consists of bringing to the surface the porous-permeable or fractured environment of fields natural gas at pressure and values as high as possible and for time intervals as long as possible. That is, current and future technologies pursue reaching maximum recovery values (85% – 90%). Achieving such values means increasing gas flux in the so-called layer-well influx area (which is the increase of stimulation of technologies either acting on the rock matrix of the field by inducing from the surface a significant decrease in pressure in the gas collection system or a combination of such procedures).

Regardless of extraction technology utilised, gas production is dependent on the existence of an infrastructure that consists of the following: natural gas production wells, a number adduction pipes equal to the number of productive wells, gas collective pipes, formation water collection pipes (water is produced along with natural gas), wells where the formation water is injected, gas heaters, separators of liquid contaminants from the gas stream, gas flow measurement panels (technological panels, tax panels), gas dehydrating (conditioning) stations, gas compression units and formation water pumping stations.

The gas extraction rate, which is dependent upon the technology employed, is determined according to technical-economic studies regarding appraisal of geological resources and gas fields exploitation performances. Such studies are specific for each gas field, are developed mostly by the Company's accredited specialists, studies approved by the ANRM.

Where appropriate and cost-effective, the Company seeks to leverage the technological expertise of leading international service providers, who possess state of the art technology, in order to improve production.

## **Main operating licences**

### ***General considerations concerning licences in the gas field***

The licences/authorisations in the gas field obtained by the Company were issued based on the licensing regulation approved through Government Decision No. 784/2000, which was recently repealed by Government Decision No. 446/2013 and replaced by Order no. 34/2013 ("**Gas Licensing Regulation**"). In accordance with the latter, ANRE shall issue, *ex officio*, new licences/authorisations within 9 (nine) months as of the entry into force of Order no. 34/2013 (i.e. 15 July 2013). The licences/authorisations issued pursuant to the Government Decision No. 784/2000 will lose validity upon the issuance of the new licences/authorisations.

### ***Natural gas supply licence***

The Company operates as a natural gas supplier on the basis of licence no. 642 issued by ANRE on 21 August 2006, as further amended (the "**Gas Supply Licence**"). The Gas Supply Licence is valid until 21 August 2036, a term of 30 years, and covers the Company's gas supply and trading activities.

According to the validity conditions attached to the Gas Supply Licence, the Company has rights to, among other things, the revenues from supply services according to the agreements entered into with eligible customers, system operators and/or other suppliers; the revenues from supply services according to the standard agreements entered into with the customers that buy gas at the regulated price; supply, on an exclusive basis, non-eligible customers (i.e. customers that cannot choose their supplier) in the following communities: Stejari village (Gorj County), Ghercesti and Garlesti villages (Dolj County); and limit or suspend the service in case of late payment.

Under the same licence, the Company has the obligations to, among other things, enter into agreements for selling natural gas; supply natural gas to non-eligible customers on the basis of standard agreements; comply with the performance standards of the supply service; measure the quantities of natural gas supplied to customers; and properly notify ANRE of any breach of the conditions of its licence, a decrease of its share capital by more than 25%, a change of its registered office and any change of secondary offices, legal status or share capital structure.

ANRE may suspend the Gas Supply Licence for a 60-day term if the Company fails to observe its legal obligations or one or more of the conditions set forth in the Gas Supply Licence more than three

times within a year, **provided that** such breach can be remedied. In such case ANRE will impose a cure period and the Company must submit to ANRE documents proving the remediation within no more than 30 days from the suspension date. The beginning of a judicial reorganisation or bankruptcy procedure against the Company also triggers the suspension of the Gas Supply Licence.

The Gas Supply Licence may be withdrawn by ANRE if the Company cannot fulfil its legal obligations or the conditions set forth in the Gas Supply Licence, if such breach cannot be remedied. Also, ANRE will withdraw the licence if the Company enters into bankruptcy following a final court decision or if the Company expressly requests so in writing.

### ***Natural gas storage licence***

Licence No. 830 dated 20 September 2007, (as further amended (the “**Gas Storage Licence**”) is valid for a period of 30 years, until 20 September 2037 and covers the underground storage facilities located in Sarmasel (Mures County), Bilciuresti (Dambovita County), Urziceni (Ialomita County), Balaceanca (Ilfov County), Ghercesti (Dolj County) and Cetatea de Balta (Alba County).

There are no validity conditions attached to the Gas Storage Licence since, according to the Company, ANRE did not formally approved specific conditions for storage activities. As such, the rights and obligations applicable under the Gas Storage Licence are those provided for by the Energy Law (see “*Regulatory Matters—The Natural Gas Industry—Gas Storage*”). In addition, certain additional obligations derive from the public service nature of the storage service and from secondary legislation, including: not holding a reserved and unutilised storage capacity for a long period of time; not keeping natural gas in the storage facilities longer than a complete storage cycle; and ensuring an efficient use of the storage capacities.

Under the Gas Licensing Regulation, if a licence holder does not observe the specific validity requirements due to causes for which they are not liable, whether acknowledged by ANRE, referred by third parties or notified by the holder, ANRE will: (i) grant a three-month term for remedy purposes, if the situation can be remedied; (ii) suspend the licence for a period of three months, if the remedy has not been performed during the term granted under (i); or (iii) withdraw the licence, if following the expiry of the term under (ii), the remedy has not been achieved.

The Gas Storage Licence would be withdrawn by ANRE if the Company (i) enters into bankruptcy, (ii) does not perform the remedy or (iii) upon request. In the latter case, if the holder performs its activity based on a concession agreement, partnership agreement with the local authority or petroleum agreement, ANRE has the right to withdraw the licence solely after the holder submits the approval of the relevant contract partner.

### ***Natural gas distribution licence***

Licence no. 879 dated 7 February 2008, as further amended (the “**Gas Distribution Licence**”) is valid for a period of 15 years, until 7 February 2023 and covers the distribution activities in the following communities: Stejari village (Gorj County), Ghercesti and Garlesti villages (Dolj County).

ANRE may suspend the Gas Distribution Licence if the Company does not observe its obligations or the conditions, limits, restrictions, prohibitions or duties set forth in the Gas Distribution Licence and, although such breach can be remedied, the Company does not remedy it within the cure period of a maximum of three months indicated by ANRE.

In accordance with the validity conditions attached to the Gas Distribution Licence, if the Company does not properly fulfil its obligations, ANRE can suspend the Gas Distribution Licence for a 60 day period in order for the Company to remedy the breach. In such a case, the Company must submit to ANRE documents proving the remediation within no more than 30 days. The initiation of a judicial reorganisation or a bankruptcy procedure against the Company would also trigger the suspension of the Gas Distribution Licence.

Under the Gas Licensing Regulation, if a licence holder does not observe the specific validity requirements due to causes for which they are not liable, whether acknowledged by ANRE, referred by third parties or notified by the holder ANRE: (i) grants a maximum three-month term for remedy purposes, if the situation can be remedied; (ii) imposes a contravention warning and, consequentially, suspends the licence for a period of maximum three months, if the remedy has not been performed during the term granted under (i); or (iii) withdraws the licence, if following the expiry of the term under (ii), the remedy has not been achieved.

Also, ANRE will withdraw the license if (i) the holder enters into bankruptcy, (ii) the holder does not remedy the situation in accordance with (ii) above or (iii) the holder submits a written request in this



respect. In the latter case, if the holder performs its activity based on a concession agreement, partnership agreement with the local authority or petroleum agreement, ANRE has the right to withdraw the licence solely after the holder submits the approval of the relevant contract partner.

### ***Electricity production licence***

The licence no. 1180 dated 20 February 2013 regarding the electricity production (the “**Electricity Production Licence**”) is valid for a period of 25 years, until 20 February 2038.

Under the Electricity Production Licence the Company has access to electricity transportation and distribution grids of public interest and the ability to obtain a right of way in connection with its electricity grids. It can sell electricity on the wholesale market through negotiated or regulated bilateral agreements (including export), and/or transactions on DAM, buy electricity from other licence holders or from import, in order to ensure the quantities contracted as producer and transfer its balancing responsibility to a another PRE registered with the transport and system operator.

The Company is also obligated to observe relevant codes of the electricity market; participate on the electricity balancing market; maintain the primary control reserve; inform ANRE on the total quantity of electricity sold and the primary sources used; observe environmental obligations; ensure the availability and efficiency of the electricity production facilities; and provide the proper notifications to ANRE for any breach of the conditions of the licence, change of legal representatives and transactions regarding its assets.

Under the validity conditions attached to the Electricity Production Licence, if the Company, due to a cause for which they are liable, fails to observe its legal obligations or a condition of the Electricity Production Licence deemed as essential, or repeatedly failed at least three times during a one-year period, to observe the conditions set out in the Electricity Production Licence, ANRE may suspend the Electricity Production Licence for a period of at least 30 business days, necessary for the remediation of the failure and compliance. ANRE can also suspend the Electricity Production Licence if the Company enters into general reorganising procedures.

In case of irremediable impossibility of the Company, regardless of its liability, to fulfil its obligations under the law or the conditions attached to the Electricity Production Licence, ANRE may withdraw Electricity Production Licence. This could also be withdrawn by ANRE if the Company is wound up following reorganisation or in case the Company can no longer operate following a reduction of its assets or if the Company submits a written request in this respect.

(See also “*Regulatory Matters—Electricity Industry—Legal Framework*”).

### ***Electricity supply licence***

The licence no. 1181 issued by ANRE to the Company on 20 February 2013 (the “**Electricity Supply Licence**”) is valid for a period of 2 years, until 20 February 2015.

Under the Electricity Supply Licence, the Company has the right to, among other things, buy electricity on the wholesale market through negotiated power purchase agreements and import agreements, on the Day Ahead Market, on the Intra-Day Market and on the Balancing Market; sell electricity to eligible customers and other licence holders, on the Day Ahead Market, on the Intra-Day Market and on the Balancing Market, or through export agreements; transfer its balancing responsibility to another PRE registered with the transport and system operator; enter into electricity transportation and/or distribution agreements; and apply penalties, limit or even suspend the service in case of late payment.

Under the same licence, the Company has obligations to, among other things, execute supply agreements with customers; undertake the balancing obligation in relation to the purchase, sale, import or export of electricity; purchase a number of green certificates corresponding to the annual quantity of electricity supplied to end customers; measure the quantities of electricity supplied to customers; notify ANRE prior to a decrease by more than 25% of its share capital; and provide the proper notifications to ANRE regarding any breach of the conditions of the licence, any change of registered offices, business purpose, legal status, share capital or general manager and transactions regarding its assets or shares.

Under the validity conditions attached to the Electricity Supply Licence, if the Company, due to a cause for which they are liable, fails to observe its legal obligations, or if a condition of the Electricity Supply Licence is broken, at least three times during a one year period, ANRE can suspend the Electricity Supply Licence for a period of at least 30 business days, for the remediation of the failure. ANRE can also suspend the Electricity Supply Licence if the Company enters into general insolvency procedures.



In case of irremediable impossibility of the Company, regardless of its liability, to fulfil its obligations under the law or the conditions attached to the Electricity Supply Licence, ANRE may withdraw Electricity Supply Licence. This could also be withdrawn by ANRE if the Company is wound up following reorganisation or in case the Company can no longer operate following a reduction of its assets or if the Company submits a written request in this respect.

(See also “Regulatory Matters—Electricity Industry—Legal Framework”).

### Employees and Pensions

As at 30 June 2013, the Company employed 6,458 people. The table below sets out the number of full time employees of the Company by branches as at 31 December 2012, 2011 and 2010 and as at 30 June 2013:

Staff	As at	As at		
	30 June	31 December		
	2013	2012	2011	2010
Medias Branch .....	1,967	1,979	1,986	1,996
Targu-Mures Branch .....	1,712	1,726	1,749	1,770
SIRCOSS .....	719	718	722	723
Ploiesti Branch .....	534	537	533	530
STTM.....	577	582	577	576
Iernut Branch.....	557			
Bratislava Branch.....	—	1	1	1
Headquarters.....	391	376	376	379
<b>Total .....</b>	<b>6,458</b>	<b>5,922</b>	<b>5,946</b>	<b>5,976</b>

The Company’s total number of employees increased by 482 employees from 5,976 as at 31 December 2010 to 6,458 as at 30 June 2013.

Approximately 99.8% of the Company’s employees are members of labour unions, and their employment conditions are governed by a collective bargaining agreement that is renegotiated at least every two years and filed with the relevant labour authorities in Romania. None of the Company’s operations has experienced any strike or other form of labour disturbances that have interfered with its operations, and the Company considers its relationship with its employees to be good.

The Company offers its employees various benefits, including severance payments in case of individual or collective redundancies (20 base salaries), a retirement bonus (between six and 10 base salaries, depending on the employee’s seniority with the industry) and a participation in the Company’s profit.

According to the provisions of the Company’s collective bargaining agreement, the employees have the right to participate in the Company’s profit within a threshold of up to 10% of the Company’s net profit, *pro rata* to individual base salaries, which cannot exceed one monthly average base salary per employee according to Government Ordinance no. 64/2001 on profit distribution within national companies and companies fully or partially owned by the state, as well as autonomous companies. In the year 2010, profits were not distributed to employees. For the financial years 2012 and 2011, employee participation in the Company’s profit (determined based on statutory financial statements) was as follows: 0.9% of the Company’s net profit (RON 11.5 million) for the year ended 31 December 2012; and 1.1% (RON 11.1 million) for the year ended 31 December 2011.

The Company’s employees are members of a state managed retirement benefit plan and from 1 January 2008 employees over the age of 35 may voluntarily subscribe to a private pension fund. For employees under the age of 35 the subscription to a private pension fund is compulsory. The Company contributes a specified percentage to the retirement benefit scheme to fund the benefits. According to the collective labour agreement, the Company must pay to its employees at retirement certain amounts, calculated according to the years worked for the Company, work conditions and other similar criteria. For this purpose, in 2012, the Company recorded a provision as of 31 December 2012 in an amount of RON 63.8 million for benefits upon retirement, computed on the basis of estimates of the average salary, the average number of salaries payable upon retirement and the estimate of the period when they shall be paid.

The Company's recruitment procedures focus on attracting and retaining individuals who are motivated to advance within the organisation and meet the Company's evolving needs. The Company uses traditional modes of recruitment, including press advertisements, campus recruitment and considers searches through consultants and headhunting agencies, as well as special recruitment drives. Competition for qualified employees in Romania among companies that rely heavily on engineering and technology is intense. See "*Risk Factors—Risks Relating to the Company's Business and Industry—The Company may not be able to hire, train or retain sufficient qualified staff*". In the last six years less than 1% of the workforce left the Company (including for both voluntary and disciplinary reasons).

Romgaz's training programmes aim to upgrade the skills of the Company's employees so they can adapt to broader tasks to better utilise its existing resources. The Company believes that the emphasis on training and development helps its employees meet business challenges effectively. The Company's operations employ an experienced and productive workforce.

### **Environmental Regulation**

Romgaz is subject to numerous laws and regulations with respect to the protection of the environment (see "*Regulatory Matters—Environmental protection*"). These laws govern air emissions, wastewater discharges, the reclamation of contaminated soil, the use, handling and disposal of hazardous substances and wastes, and employee health and safety. In addition, the Company has long-term obligations concerning the decommissioning of operational facilities and the remediation of soil or groundwater at certain of its facilities.

The Company focuses efforts to meet customers' requirements and to reduce the environmental impact, ensuring a clean environment for future generations. As proof of this commitment, it has recertified the Environment Management System (ISO14001) with the Certification Body SRAC-IQNet Management System. The Company continually aims to prevent pollution, implement environmental protection programs and conduct regular analysis to monitor the Company's progress. As part of this process, the Company has invested in numerous "green" initiatives, such as utilising closed systems of pooling water during exploitation of wells, replacing/upgrading compressors in order to reduce consumption of electricity, eliminating all loss of methane gas during its transmission, and preparing studies on landslides to prevent production accidents.

The Company's total expenses for environmental compliance were RON 14.9 million and RON 7.2 million in 2012 and for the six months ended 30 June 2013, respectively. In carrying out its environmental policies, the Company generally seeks to adhere to international standards for environmental protection and monitors its compliance with these principles. In order to improve the Company's environmental performance, the Company conducts both in-house environmental audits as well as environmental inspections.

### ***Integrated environmental authorisation***

On 29 December 2006, the Company was issued an integrated environmental authorisation for a landfill developed on a former borrow pit with a granted concession for 25 years, consisting of a waste conditioning facility and two cells for waste dumping, located in Ogra, Mures County, operated by Targu Mures Production Branch. The authorisation is valid until 1 April 2020 and covers all the Company's operations on the respective site, from the receipt of the waste up to its final storage after processing. If the conditions under which the authorisation was issued are not observed, the issuing authority will suspend the authorisation subject to a prior notice by which it may grant a maximum 60-day term for compliance. The suspension may last until the Company remedies the breach, but no longer than 6 months. If the Company fails to remedy the breaches within this compliance term, the issuing authority will cancel the authorisation.

In line with the integrated environmental authorisation and national law requirements, a provision of RON 1,677,700 (EUR 373,000) for site closure and post-monitoring is to be created over a period of 20 years (2007 – 2027) through equal annual deposits in a bank account. Payments are made by the Company periodically, with an annual closing fund participation quota of RON 83,885.08, which have resulted in a total deposit of approximately 566,224.29 RON through September 2013. The payment made to the bank account is, therefore, ahead of schedule and exceeds the required level. Regular payments will need to be sustained in order to achieve the requested provision of RON 1,677,700 by first quarter of 2027.

CTE Iernut was issued an integrated environmental authorisation, valid until 31 December 2013, which regulates all the activities performed by the operator on the site of the power plant (CO<sub>2</sub> emissions, waste control, water use and treatment, chemical substances monitoring etc.). The authorisation was revised on 20 February 2013 and, according to the environmental authority's Decision no. 1429, dated 18 March 2013, it has been transferred from the previous holder, Electrocentrale Bucuresti to the Company. Two of the generation units of the power plant have been granted a transition period (during which they are not required to comply with all the conditions provided in the authorisation) until 31 December 2013 (after this date, NO<sub>x</sub> emissions must be reduced below 300 mg/m<sup>3</sup>), while for another unit, the transition period ended on 31 December 2012. Also, two other generation units can be fired for only 20,000 hours each, for the period between 1 January 2008 and 31 December 2015 and, upon reaching the 20,000 limit, they are required to be closed. Due to the applicable requirements of the Industrial Emission Directive (IED Directive 2010/75/EU), the Company has agreed an action plan with the environmental authorities to reduce NO<sub>x</sub> emissions at the Iernut power plant to below 100 mg/m<sup>3</sup> by 1 July 2020 to ensure compliance with the Large Combustion Plant Directive (2001/80/EC) and IED Directive NO<sub>x</sub> limits. Furthermore, the issuing authority has imposed an action plan providing that the operator must perform certain investments to provide for: (i) modernisation of the wastewater treatment plant by the end of 2013, amounting to approximately EUR 250,000 and (ii) purchase and installation of burners with low NO<sub>x</sub> emissions by the end of 2013, amounting to approximately EUR 12 million.

### ***Other environment authorisations***

The Company has been issued a significant number of environmental authorisations and/or water management authorisations for the various gas exploitation sites which have terms between 7 months and 10 years, with respect to the environmental authorisations, and between 10 months and 5 years with respect to the water management authorisations. However, approximately 37 environmental authorisations and water management authorisations have expired or will expire in the near term. For all of these authorisations, which are expired or about to expire, filings have been made seeking approval for re-authorisations, with the exception of two authorisations. In these two cases, which are not considered significant by the Company, activity will cease at the date of expiration of such authorisations, upon the Company's request.

### ***Greenhouse gas emission authorisation***

Since CTE Iernut is covered by the European Union Emission Trading Scheme ("EU-ETS"), it received a greenhouse gas emissions authorisation for the third phase of this scheme, valid until 2020. Following this authorisation, CTE Iernut receives a certain number of EU allowances giving it the right to emit the maximum number of tonnes of CO<sub>2</sub> during this period.

The applicable EU-ETS account of CTE Iernut has been opened as of September 2013 by the CTE Iernut management in the National Registry of Greenhouse Gas Emissions but the level of allowances allocated for the period 2012 – 2020 is not yet known. Historically, the account was managed by the former owner ELCEN, together with the EU-ETS of the other power plants operated by ELCEN. It is not clear whether the remaining yearly CO<sub>2</sub> allowances were collected and traded by ELCEN. For the emission trading period of 2008 – 2012, 5.16 million CO<sub>2</sub> certificates were allocated to CTE Iernut, which however used only 2,766,903 certificates. Given that the Company currently has no access to the EU-ETS account and is not aware of the number of granted allowances, no plan has yet been developed by CTE Iernut management for the emission trading period of 2013 – 2020.

### ***Joint venture with Amromco Energy LLC***

The Company has entered into a joint venture with Amromco Energy LLC (Amromco) by concluding an association contract in 2002 for gas structure rehabilitation and production enhancement in Muntenia and Oltenia.

In case of an accident or other emergency situation at the facilities operated by Amromco, Amromco is required to take all measures to restore control over the emergency situation and prevent any damage to natural resources and the environment. Although the installations subject to the association contract are operated by Amromco, the environmental obligations are stipulated within

environmental operational permits issued on the Company's name in its capacity as owner of the installations. Therefore, in case of any failures, accidents or environmental events occurring at such installations, the Company, as formal holder of the permits, may be subject to fines and reputational risks, although the operation of these facilities is outside of the Company's direct control.

### ***Seveso Directive requirements***

Given the current practice of intermediate storage of large amounts of natural gas by the Company in natural underground deposits for clients, the underground gas storage facilities operated by the Company are classified as Tier 2 sites and are therefore subject to the Seveso Directive requirements. To date, the required Tier 2 safety measures, especially regarding emergency response in case of power outage (e.g., availability of adequate back-up power generators and associated equipment), have not been installed at the relevant underground storage sites. The need to comply with the Seveso Directive requirements was highlighted in inspection protocols concluded by the Emergency Situation Inspectorate in 2011 for the facilities. The authority however has not formally set a due date for implementation of measures to secure compliance with the Seveso Directive.

### ***Soil and groundwater issues***

Given that the Company's activities involve handling relatively large quantities of hazardous substances (oils and other chemicals) and other substances with the potential to affect the soil and subsoil (e.g. formation water) at its production sites, dewatering and compression stations, and due to past underground oil and fuel storage, the ERM Report concludes that there is a moderate risk of the potential occurrence of material soil and groundwater issues at the Company's current sites.

According to ERM Report, local subsurface impacts due to oil spills, leakages, pipe damages improper storage of formation water or inadequate discharge of potentially impacted stormwater occurred at several areas of the Company's branches in the past and were partly remediated without related available records. However, none of the remediation measures performed in the past have been associated with material costs.

#### *Known subsurface impacts:*

Former compression station Corunca: Soil sampling (limited to the shallow soil 5 cm to 30 cm below ground level) has recently been performed on behalf of the Company at several locations of the former compression station Corunca by the environmental authority. According to ERM Report, the sampling revealed that the total petroleum hydrocarbon (TPH) intervention threshold levels (threshold had been exceeded 2 to 13 times) in the area of the former oil storage tanks. The Company was requested to perform a study to delineate the contamination by 1 October 2013 but an extension of the deadline will be requested by the Company given that the requested investigation has not been initiated to date. The Company estimates that an area of 1,000 m<sup>2</sup> is impacted.

#### *Potential subsurface impacts:*

According to the ERM Report, chlorinated solvents used for cleaning parts are used at the Company's sites. The total quantity of Tetrachloroethylene ("TETRA") used by the Company (across all facilities except STTM) is approximately 6,000 liters yearly. No past incident involving TETRA release has been reported.

The ERM Report also states that, due to the use of TETRA at several facilities of the Company, the risk of local subsurface impact cannot be ruled out. No subsurface contamination due to the use of TETRA is currently known to the Company.

CTE Iernut: A former landfill with an area of 0.5 hectare and an approved storage capacity of 320 m<sup>3</sup> has been operated by CTE Iernut since 1980. The landfill was closed down in 2012 and the waste removed from the former landfill area, according to the provisions of the applicable permits issued for this project. However, no confirmation sampling was carried out at the end of the remediation and landfill closure activities, although such were not imposed through regulation acts. Groundwater post closure monitoring program was imposed for a 30-year period, however the sampling was not carried out due to the fact that no groundwater could be found in the wells, such wells being dry.

At the time the Company purchased CTE Iernut, the responsibility for historical and present environmental liabilities, including those associated with unknown land contamination, was not clearly defined. Therefore, the possibility that the Company may be held liable for potential subsurface contamination at the former landfill area, as well as for other potentially contaminated areas at the CTE Iernut site cannot be ruled out.

**SIRCOSS Branch:** In the past, SIRCOSS operated fuel stations equipped with aboveground storage tanks (at Craiova, Ploiesti and Targu Mures workshops) and underground storage tanks (in Medias). The fuel station from Medias was decommissioned and the tanks were emptied and cleaned. Reportedly, no evidence of subsurface impacts had been revealed at the time of decommissioning. All other fuel stations were emptied and cleaned and are currently out of service.

**STTM Branch/Targu Mures Production Branch:** According to the ERM Report, significant oil staining was observed on the concrete floors of the Targu Mures maintenance workshop and the Targu Mures Compression Station, but no obvious damage to the concrete floors had been observed. Oil absorbent (stored at easily accessible locations within the workshop) was reported to be used to collect spillages.

According to the ERM Report, intermediate storage or collection tanks for formation water were observed at several of the production sites being either significantly corroded or/and placed directly on unsealed ground, without adequate secondary containment. Secondary containment was also observed to be partly deteriorated and some concrete basins for collection of formation water showed significant cracks or damage. No soil and groundwater investigations were conducted by the Company, nor were required by the relevant environmental authorities. Current conditions of formation water storage at relevant sites bear the risk of impact on soil and groundwater quality. Currently, there are no records of spills or environmental incidents associated with underground salt water and gas transport pipelines.

**Medias Production Branch:** Former well-drilling practices involved storage of drilling waste and other types of waste into excavated pits located near the wells. These pits were subsequently compacted and covered with excavated soil.

According to the ERM Report, evidence of local subsurface impacts were observed at several areas, including formation water spills at injection wells, drilling fluid and formation water impacts around production wells, and petroleum products spills at compression stations. However, such subsurface impacts appeared to be local and no evidence of widespread subsurface contamination was observed.

The Roman Section comprises one former drilling waste storage site (DS Frasin) which was operated during the 1970s and was transformed into a stormwater pond (in the latter part of the 1980s) used for firefighting purposes. Furthermore, a gas condensate storage facility comprised two aboveground steel storage tanks 30 m<sup>2</sup> each, fitted with concrete secondary containment used to be operated on the site of DS Harlesti. As part of the state's modernization in 2005, the tanks were decommissioned and the concrete secondary containment restored to its initial condition, as required by the environmental authorities. According to the site contacts, no land remediation works took place at the former waste storage area of the gas condensate storage facility and there are no remaining liabilities. There was no evidence of any soil or groundwater monitoring of the area. One of the sites covers approximately 3,500 m<sup>2</sup> (DS Frasin), and the other approximately 300 m<sup>2</sup> (DS Harlesti).

The ERM Report noted that no systematic monitoring of the integrity of the formation water piping (over 30 years old) is performed. Piping leakages were observed during the site visit (Injection Well 242 Roman) which impacts an area of approximately 100 m<sup>2</sup> (vegetation dried, agricultural soil affected).

Overall, the ERM Report's conclusion is that no evidence of widespread subsurface contamination due to past and current activities at the Company's portfolio sites has been observed. However, there may be several hotspot areas with subsurface contamination.



### ***Inspections from authorities***

Several site inspections at the different branches of the Company were performed by different authorities in the last few years, which mainly observed only minor issues. However, based on the observations made during such inspections, the Company did receive some non-material fines due to identified non-compliance issues, or formal warnings.

Overall inspections in the last few years observed deficiencies with regard to local subsurface impacts, either by discharge of contaminated wastewater or by oil spills, especially at the compression stations. In addition, deficiencies were observed regarding the regular inspection and operational capability of fire-fighting equipment, as well as regarding the adequate awareness of employees regarding emergency response.

The fact that some of the identified findings occurred as repeat findings revealed deficiencies regarding the overall Environmental Health and Safety (EHS) management and the follow-up of required actions. However, none of the observations made during the authority inspections revealed deficiencies which require material investment for improvement or upgrading measures.

### ***EHS management***

The Executive Board of the Company is ultimately responsible for EHS issues at the business. The day-to-day EHS issues are handled by the Environmental and Health and Safety Managers at the individual branches, as well as the sites' representatives.

The Company has in place a Quality Management System in compliance with SR EN ISO 9001:2001 and an Environmental Management System in compliance with SR EN ISO 14001:2005 standards. Both systems are certified by SRAC certification body in 2013. While the systems in place are sufficient, according to the ERM Report, further improvements could be made, including employee training, implementation of appropriate procedures and work instructions, and EHSS monitoring, which includes obtaining and ensuring compliance with the necessary environmental permits for all activities. The Company is undertaking to ensure that the appropriate Environmental and Social Impact Assessments (ESIA), in line with international practice, will be conducted for potential future major power generation and gas field prospects.

In addition, the Company has established health and safety procedures and compiled a Health and Safety Policy dated 29 March 2013. The policy outlines the company's position with regard to the prevention of professional risks, protection of employee health and removal of risks and accident factors.

There are provisions for Occupational Health and Safety (procedures, safety representatives, etc.) in place and an OHSAS 18001:2007 aligned OHS management system is being implemented. The Company's objective is the implementation of an integrated quality—environment—health and safety management system. However, OHS risk awareness of employees and contractors as assessed in the ERM Report is low and some fatalities and accidents have occurred. Improvements are required with respect to the use of Personal Protection Equipment, employee training, workplace assessments, implementation of work instructions, addressing unsafe work practices (working at heights, excavations and confined spaces), equipment maintenance, and accident reporting and investigation.

According to the ERM Report, overall, the organisation of environmental topics was found to be fair, considering that the Company's personnel showed a proactive attitude towards addressing environmental compliance matters. However, the implementation of the management system needs to be enforced as there were several items of non-compliance observed during the assessment, including expired permits and inconsistency in monitoring in line with permit requirements.

### ***Community engagement***

The Company has in place a Stakeholder Engagement Plan, which provides an identification and mapping of the main general groups of stakeholders according to their interest and influence in the Company. This plan complies with IFC PS1 *Social and Environmental Management & Management Systems* requirements. However, the Company has not yet developed a formal grievance mechanism for external stakeholders and the public to ensure communities are able to raise any concerns. A



procedure for “Employee Satisfaction Evaluation” was implemented by the Company for employees in May 2013. However, a formal employment grievance mechanism is not yet in place which represents a gap to IFC Performance Standard 2 *Labor and Working Conditions* (IFC PS2) provisions. According to the ERM Report, further community engagement measures need to be implemented for appropriate management plans and mitigation measures where risks to communities are identified.

The Company is undertaking to implement the improvements necessary for the completion of the objectives described above and in the ERM Report in order to achieve international and industry environmental, health and safety and social good practise.

### **Competition**

The natural gas business is highly competitive with respect to the search for and acquisition of reserves, the procurement of production equipment, the production and marketing of gas and the recruitment and employment of qualified personnel. The primary areas in which the Company encounters substantial competition are in locating and acquiring desirable acreage for its drilling and development operations, locating and acquiring attractive natural gas producing properties, and obtaining equipment for drilling operations. In addition, the Company competes with oil and gas companies in the bidding for exploration and production licences that are made available by the Romanian Government or by governmental bodies in other jurisdictions. Competition for such assets in Romania is likely to come from companies already present in Romania in which the exploration and production licenses are located as well as new entrants. The Company’s primary competitor is OMV Petrom, which in 2012 had a 47% market share in production of natural gas in Romania. Other natural gas companies with which it competes within Romania are Amromco, EON, GDF Suez, Mol, OMV Petrom and Raffles Energy. There is also competition between producers of natural gas and other industries producing alternative energy and fuel. In addition, the Company faces competition from other electricity producers which can produce electricity at lower costs, such as Hidroelectrica, Nuclearelectrica and producers of electricity from renewable sources.

### **Insurance**

The Company maintains insurance for certain buildings and their content and all-risk civil liability insurance for its auto park. In addition, in relation to the Iernut Electricity Generation Branch, the Company maintains collective insurance for accidents related to personnel in the private service for emergency situations.

The Company believes the level of insurance maintained by its operations is in accordance with local industry practice. See *“Risk Factors—Risks Relating to the Company’s Business and Industry—The Company does not carry the types of insurance coverage customary in other more developed countries for a business of its size and nature, and a significant event could materially adversely affect the Company’s business, results of operations, financial condition and prospects”*.

### **Intellectual Property**

The Company’s operations rely on a combination of patents and proprietary know how, together with confidentiality agreements, to establish and protect proprietary rights in its products and processes. For example, the Company owns a number of patents related to its products and techniques. The Company does not consider its business to be materially dependent on any of these patents.

### **Legal Proceedings**

The Company is a party to various proceedings arising in the ordinary course of its business. Other than as described below, the Company is not involved in, nor is it aware of, any legal, arbitral or administrative proceedings or governmental investigations that could reasonably be expected to have a material and adverse affect on the Company’s business, financial condition or results of operations.

According to the press release issued by DIICOT on 4 January 2012 and 2 September 2013, in December 2011, 27 of the Company’s former and current employees (including members of management) were notified by the Direction for Investigation of Crimes of Organised Criminal Activity and Terrorism (“DIICOT”) that they were subjects of an investigation initiated by the latter regarding the

Company's gas sale contracts with Interagro S.A., a Romanian agro-industrial group. DIICOT alleges that the Company's former and current employees granted unauthorised discounts to Interagro S.A. during the period from 2005 to 2010. DIICOT alleges that these discounts may have triggered a loss of USD 92 million for the Company and, in turn, reduced the Romanian Government's share of the Company's profits, thereby "undermining the national economy". In response to DIICOT's allegations, the Company performed an internal review and concluded that the discounts in the sales contracts had been granted based on approvals from the Ministry of Economy and Finance, the General Assembly of the Shareholders and the Board of Directors. As a result, the Company's management believes that the DIICOT investigation will not result in a negative impact on the Company's business, financial condition or results of operations. The DIICOT investigation is still ongoing. According to the press release issued by DIICOT, on 2 September 2013, DIICOT requested that the Prosecutor General notify the Romanian Senate and President Traian Basescu of the intention to draw up a request for the commencement of a criminal investigation of former Minister of Economy and Commerce Varujan Vosganian and former Minister of Economy Adriean Videanu over allegations of collusion in undermining the national economy by approving the Company's discounted sales of gas to the Interagro S.A.

In 2013, ANI initiated an assessment procedure against Marcel Piteiu, who at that time was the Company's exploration department manager, for alleged corruption and conflicts of interest. According to ANI, during 2005 to 2009, Marcel Piteiu, in his capacity then as the Company's deputy CEO and CEO, approved contracts worth approximately RON 66.5 million that had been awarded to Aprov SRL, a company for which he had been a director during 2001 to 2005. Marcel Piteiu resigned as the Company's exploration department manager. Currently, Marcel Piteiu is employed by Romgaz as counsellor. As a result of its assessment, ANI requested that the criminal prosecutors investigate the allegations further. Upon the conclusion of their investigation, the criminal prosecutors may decide not to take any further actions against Marcel Piteiu or may refer the case to court for trial. The Company's management believes that this investigation will not have a material adverse effect on the Company's business, financial condition or results of operations as neither the Company nor any of its current employees have been implicated in the investigation. Regardless of whether either of the investigations described above are or are not likely to result in a material adverse effect on the Company's business, financial condition or results of operations, the outcome of either of the DIICOT's investigations could give rise to further negative publicity and damage the Company's reputation.

On the 17 August 2012, the Romanian Competition Council has submitted to the Company a request for information whereby it stated it launched an *ex officio* investigation regarding the natural gas sector in Romania. In this respect, the Romanian Competition Council requested the Company to provide a series of information with respect to the activity carried out on the Romanian natural gas production and trading market. The Company complied and responded to the Competition Council within the given time limit. The procedure launched by the Romanian Competition Council is in incipient phase and there are not other information from the authority on this investigation on the natural gas sector. From past experience, involving other investigations initiated by the Romanian Competition Council, there is a possibility that, on the basis of the conclusions reached in the investigation report, the Romanian Competition Council may decide on initiating more specific investigations on potential problems that were identified.

In 2010, the Company was subject to a control action performed by the external public auditors of the Sibiu Chamber of Accounts. For correcting the deficiencies noticed, the Sibiu Chamber of Accounts issued Decision no. 10 on 24 January 2011 whereby it ascertained the performance by the Company of undue payments to commercial partners in aggregate amount of RON 102.4 million. The Company challenged the Decision of the Sibiu Chamber of Accounts before administrative litigation courts. Currently, the procedural stage of the litigation is that of the extraordinary appeal in front of the High Court of Cassation and Justice, with a decision in case scheduled to be delivered on 29 October 2013. Considering the increased degree of complexity of this litigation, it is difficult to estimate the final decision to be issued by the court. We would like to mention that pursuant to the existence of this litigation between the Company and the Sibiu Chamber of Accounts, the Company registered in its accounting records, in the "Contingent Assets" off balance sheet account, the total amount of RON 102.4 million.

The Company is currently a creditor claimant in various insolvency proceedings. As a result, certain unsecured receivables of the Company may be only partially recovered or not recovered at all. The value of these unsecured receivables is approximately RON 118.26 million.

## Equity investments

As at 31 December 2012, 31 December 2011 and 31 December 2010, the Company had no subsidiaries and thus no control to govern the financial and operating policies of its equity investments (see “*Related Party Transactions*”).

The table below sets out the Company’s shareholdings in other entities as at 31 December 2012:

<u>Entity</u>	<u>Business object</u>	<u>Equity interest held by Romgaz (%)</u>	<u>Other shareholders</u>
Depomures S.A. ....	Underground gas storage in Tg.Mures storage	40	G.D.F.International SC MIF SA SC Foraj Sonde SA
Amgaz S.A.....	Underground gas storage in Nades-Prod-Seleus storage	35	G.D.F.International
Energia Cybinka s.z.o.o.sp.k <sup>(1)</sup> .....	Exploration of block Cybinka—Poland	30	Aurelian Oil & Gas Poland s.z.o.o. GB Petroleum Plc (currently known as Sceptre Oil & Gas)
Energia Torzym s.z.o.o.sp.k <sup>(1)</sup> .....	Exploration of block Torzym—Poland	30	Aurelian Oil & Gas Poland s.z.o.o. GB Petroleum Plc (currently known as Sceptre Oil & Gas)
AGRI LNG Project Company SRL .....	Feasibility study for AGRI project	25	GOGC, (Georgian Oil Gas Corporation) SOCAR (State Oil Company of the Republic of Azerbaidjan) MVM (Magyar Villamos Muvek Zartkoruen Mukodo Reszvenytarsasag)
MKB Romexterra Bank S.A.....	Financial intermediation activities	0.12	MKB BANK ZRT Legal persons Natural persons
Black Sea LPG Romania S.A. <sup>(3)</sup> .....	Foreign trade, oil products trading and marine transportation	6.30	
MI Petrogas Services S.A.....	Activities implying related services for the extraction of oil and gas	10	M-I Holdings (BVI) Ltd
GHCL Upsom Romania SA <sup>(2)</sup> .....	Inorganic chemical products manufacturing	4.21	Indian England N.V Legal persons Natural persons

(1) The extraordinary general meeting of the shareholders of the Company no.15 of 2 September 2013 voted in favour of commencing procedures for the co-optation of a partner to acquire 50% of the Company’s participation in Energia Cybinka s.z.o.o.sp.k and Energia Torzym s.z.o.o.sp.k

(2) As of the date of this Prospectus, GHCL Upsom Romania S.A. is undergoing bankruptcy procedures.

(3) As of 10 March 2009, the company was deregistered based on Bucharest Court decision no. 1377.

## BOARD AND MANAGEMENT

### Board of Directors

The Board of Directors, a one-tier management board, comprises executive members (the “**Executive Directors**”) and non-executive members (the “**Non-Executive Directors**”). The members of the Board (the “**Directors**”) are appointed by the general meeting of shareholders. The Board of Directors elects one of its members as Chairman of the Board of Directors. Each member serves for a term of four years. Since all current members were appointed in May 2013, the expiry of their terms is in April 2017.

The process for the appointment of the current Board of Directors has been carried out by the Company pursuant to the provisions of Emergency Government Ordinance No. 109/2011 regarding corporate governance in state-owned enterprises. In this respect, the Selling Shareholder was bound to carry out a complex selection procedure, following principles and regulations derived from the general applicable provisions of the Companies’ Law and the Company’s Articles of Incorporation. Concurrently with the appointment of the current Board of Directors, the Company amended the Articles of Incorporation and took over the principles set out by the Emergency Government Ordinance No. 109/2011 and incorporated the legal procedure for appointing directors into the operation of the Company. For this purpose, among others, an audit committee and a nominalisation and remuneration committee were set up as part of the Company structure.

The purpose of Emergency Government Ordinance No. 109/2011 is to set forth the corporate governance rules applicable to state-owned companies, from the appointment of the members of the Board of Directors to establishing rules regarding the transparency of the annual financial statements and the companies’ decisions to the shareholders. Additionally, it sets out certain measures for guaranteeing the transparency and objectiveness of the process for selecting the management and the members of the boards of directors of such companies, as well as ensuring the professionalism and the responsibility of the management teams.

According to the provisions of Emergency Government Ordinance 109/2011, the Board of Directors may include a maximum number of two members selected from among public officers or other categories of personnel within public authorities or institutions. Mrs. Aurora Negrut, Ms. Eufemia Musat and Mr. Constantin-Adrian Volintiru are currently working within the Office of State Ownership and Privatisation in Industry and the Authority for State Assets Recovery. The Selling Shareholders, as majority shareholder, is analysing the possibility of submitting a proposal to amend the structure of the Board of Directors for the assessment of the general meeting of shareholders.

In addition, the Company intends to comply with the recommendations set forth in the Bucharest Stock Exchange Corporate Governance Code (the “**BSE Corporate Governance Code**”) following listing on the Bucharest Stock Exchange. Companies admitted to trading on the regulated market of the Bucharest Stock Exchange adopt and comply with the provisions of the principles and recommendations of BSE Corporate Governance Code on a voluntary basis. The principles and recommendations address share and other financial instruments holders’ rights, roles and duties of the Board of Directors and composition of the board.

The members of the Board of Directors, who have been appointed following the selection procedure concluded by means of cumulative vote, in accordance with the applicable legal provisions and pursuant to the Decision of the general meeting of the shareholders no.5 dated 29 April 2013, are the following:

<u>Name</u>	<u>Date of birth</u>	<u>Position</u>
Aurora Negrut	12 April 1961	Chairman, Non-Executive Director
Eugen-Dragos Doros	26 January 1973	Member, Non Executive Director
Virgil-Marius Metea	12 August 1960	Member, Executive Director
Eufemia Musat	16 July 1955	Member, Non Executive Director
Constantin-Adrian Volintiru	31 March 1967	Member, Non Executive Director

The place for the performance of the directors' mandate is the Company's headquarters, or the place where they act as representatives of the Company. The Company may change the place for the performance of such mandate.

Aurora Negrut is a Non-Executive Director and has served as Chairman of the Board of Directors of the Company since May 2013. Prior to this assignment from 2009 to 2012, she worked as a technical expert for the Office of State Ownership and Privatisation in Industry and for the Authority for State Assets Recovery as an expert. Currently, she works for the Romanian Department for Energy—General Directorate of Privatisation and Administration of State Ownership in Energy as a director. Mrs. Negrut holds a bachelor's degree in chemistry from the Polytechnic Institute of Iasi University and studied accounting and financial management from Spiru Haret University.

Eugen-Dragos Doros is a Non-Executive Director. Prior to this assignment, he worked as General Manager of the Legislation General Directorate—Fiscal Code within the Ministry of Public Finance, as Senior Tax Manager for Bostina & Asociatii, and as Senior Tax Consultant for Ernst & Young Romania. He is a Partner in Nestor & Nestor Diculescu Kingston Petersen Tax Advisory since 2010. Mr. Doros holds a bachelor's degree in economics from Bucharest Academy of Economics University.

Virgil-Marius Metea is an Executive Director. Prior to this assignment, he worked as CEO for EON Gaz Distributie and EON Moldova Distributie, Deputy CEO for EON Romania, as Development Manager for Distrigaz Nord S.A. and as CEO for Distrigaz Nord/EON Gaz Romania. Mr. Metea holds a bachelor's degree in drilling and extraction engineering and gas distribution from Institutul de Petrol si Gaze Ploiesti University. He also has an MBA from the Bucharest Academy of Economics University and a PhD in Mechanical Engineering from Universitatea Tehnica Ploiesti/ Distributie Gaze.

Eufemia Musat is a Non-Executive Director. Prior to this assignment, she worked for the Ministry of Economy, as expert and chief of service. Currently, she works for the Romanian Department of Energy—General Directorate of Privatisation and Administration of State Ownership in Energy. Ms. Musat holds a bachelor's degree in industrial, construction and transportation economy from the Bucharest Academy of Economics University. She also holds a master's degree in Management of European Public Affairs. Ms. Musat is also an accredited financial auditor and tax consultant.

Constantin-Adrian Volintiru is a Non-Executive Director. Prior to this assignment, he worked as CEO for SC Vulcan S.A., as Chief Operations Officer and member of the Board for Marine Resources Exploration International (Marexin), as Chief Financial Officer for Relad Group of Companies, and as Chief Financial Officer for Rompetrol Downstream. He is the Chairman of the Board in C.N. Posta Romana S.A. since 2012 and the President of the Authority for State Assets Recovery since 2012. Mr. Volintiru holds a bachelor's degree in economics from Bucharest Academy of Economics University and an MBA in General Management from Harvard Business School.

In the context of the Corporate Governance Action Plan (See section "*Corporate Governance Action Plan*"), the Selling Shareholder intends to propose changes to the structure of the Board of Directors in order to comply with the provisions of Emergency Government Ordinance no. 109/2011.

### **Consultative Committees constituted within the Board of Directors**

According to Regulation regarding the organisation and the functioning of consultative committees constituted within the Board of Directors, approved pursuant to the decision of the Board of Directors no. 3/2013, there are currently two consultative committees organised at the Company level: the nominalisation and remuneration committee and the audit committee.

The nominalisation and remuneration committee has the following duties: proposes and drafts the selection criteria for new directors; proposes candidates for appointment as directors; assists the Board of Directors in exercising certain duties; identifies the criteria and the objectives required for drafting the performance-based remuneration scheme; drafts the remuneration policy of the directors and the managers; makes proposals regarding the remuneration of the managers and of other persons holding management related positions; requests the Board of Directors to submit to the general meeting of shareholders the approval of the remuneration policy of the Board of Directors; drafts and presents to the general meeting of shareholders approving the annual financial statements an annual report with



respect to the remuneration and other benefits granted to the directors and managers throughout the financial year; submit to the Board of Directors activity reports every three months; and any other duties as per the applicable law.

The audit committee has the following duties: supervises the financial reporting process; supervises the efficiency of the internal control, audit and risk management systems within the Company; supervises the statutory audit of the annual financial statements and of the consolidated annual financial statements; verifies and supervises the independence of the statutory auditor or of the external auditor, as applicable; analyses the annual financial statements drafted by the auditor in comparison to the results of the internal control and submits to the Board of Directors activity reports every three months.

The current members of the nominalisation and remuneration committee are Mr. Volintiru Constantin-Adrian, Mrs. Negrut Aurora and Ms. Musat Eufemia and the current members of the audit committee are Mr. Doros Eugen-Dragos, Mr. Volintiru Constantin-Adrian and Ms. Musat Eufemia.

### **Corporate Governance Action Plan**

Pursuant to a corporate governance action plan which will become effective by the end of 2015, (the “**Corporate Governance Action Plan**”), two additional independent directors shall be appointed to the Company’s Board of Directors. The two additional members shall be independent according to the definition of the BSE Corporate Governance Code and shall not be, and have not been in the last 5 years, state or local government officials. The Company’s annual report shall clearly identify these independent directors and the state the grounds upon which they are considered independent. In addition, the independent directors, who will possess the relevant expertise and qualifications according to the scope and responsibilities of the committees, shall chair the Company’s audit committee and the nominalisation and remuneration committee. The nomination of the independent directors shall be accompanied by a statement attesting to each director’s independence, integrity, expertise and qualification and explaining how they will add value to the work of the board and of the committees. Also, as set out in the Corporate Governance Action Plan, the charter of the company shall be amended to ensure that at least one director at the board shall be nominated and appointed by minority shareholders.

Under the Corporate Governance Action Plan, the audit committee and nominalisation and remuneration committee will have a majority of independent directors. The Selling Shareholder intends to put forward the two additional independent directors as candidates for the chairmanship of these two committees. Each member of the committee shall have the expertise and appropriate qualifications for the scope of work and functions performed by the committee. The committee shall be structured in line with the BSE Corporate Governance Code, and for those issues not regulated by the BSE Corporate Governance Code, including on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, with the EC Commission Recommendation dated 15 February 2005. The frequency of meetings of the committees, the attendance by its members (in person or in absentia) and a summary of the significant issues dealt with by the committees shall be included in the Company’s annual report.

In addition, pursuant to the Corporate Governance Action Plan, the Company shall create an internal audit function in accordance with international best practice as set forth in the “*International Standards for the Professional Practice of Internal Auditing*” as established by the Institute of Internal Auditors or similar professional standards. In particular, the Company seeks to ensure that its internal audit function (i) operates independently, (ii) reports directly to the audit committee and (iii) performs its activities on the basis of the audit plan approved by the audit committee. The Corporate Governance Action Plan provides that the internal audit function will report quarterly to the audit committee on the implementation of the audit plan. Also, the Company has committed to undertake identifying and mapping the key functions and businesses of the Company and establishing clear reporting and accountability lines between these functions, businesses and the Board of Directors. The mapping of these key functions and business are to be published in the annual report. Under the Corporate Governance Action Plan, the Board of Directors shall approve in advance the calendar of its meetings so to ensure regular reporting from each of the identified key functions and businesses.



The Corporate Governance Action Plan also sets forth a framework for the Company to strengthen its code of conduct (the “**Code of Conduct**”) including provisions aimed at (i) strengthening the Company’s corporate governance and practices in line with best international standards; (ii) preventing legal and regulatory violations; (iii) fostering employee loyalty and retention; (iv) building strong relations with suppliers and other business partners; (v) strengthening trust and respect of stakeholders; and (vi) building a strong reputation for integrity in line with best practice. Also, pursuant to the Corporate Governance Action Plan, the Company will take all necessary steps to ensure that the Code of Conduct is effectively implemented by, among other things, the appointment of a dedicated senior officer to monitor the implementation of the Code of Conduct. Such officer shall regularly report directly to the Board of Directors and include a note on the Code’s implementation in the annual report of the Company.

### **Management**

Pursuant to the decision of the Board of Directors no. 8 dated 12 June 2013, the Board of Directors has appointed Mr. Virgil Marius Metea to the position of CEO of the Company. The Annex to the aforementioned decision sets out the following main duties of the CEO, which are completed accordingly by the provisions of the management agreement between the Company and the CEO, and which have been delegated to him by the Board of Directors: approving the organisation and functional structure of Romgaz; approving the Organisation and Functioning Regulation of Romgaz as well as approving any other internal documents regulating the Company’s activity at the employees’ level; approving the employment, promotions and dismissal of the Company’s employees; approving the working tasks and duties of the Company’s employees; approving the awarding and the sanctioning of the Company’s employees; approving the material operations necessary and useful for accomplishing the Company’s object of activity; and carrying out any other accessory duties, acts or material operations required and necessary in relation to the aforementioned duties.

In addition to the above, the CEO has also been delegated with certain representation powers, as follows: representing the Company with respect to issuing and concluding juridical acts; representing the Company in case of pre-contractual, administrative and jurisdictional procedures; and carrying out any other accessory duties, acts or material operations required and necessary in relation to the aforementioned duties.

The members of the Company’s management, who have had powers delegated to them from the Board of Directors, are:

<u>Name</u>	<u>Date of birth</u>	<u>Position</u>	<u>Name and Address of the Employer</u>
Virgil-Marius Metea	12 August 1960	CEO	S.N.G.N. ROMGAZ SA

For details regarding Mr Virgil Marius Metea’s experience please see section “Board of Directors” above.

### **Senior officers**

The senior officers, who do not have delegated powers from the Board of Directors, are:

<u>Name</u>	<u>Date of birth</u>	<u>Position</u>	<u>Name and Address of the Employer</u>
ROTAR Dumitru Gheorghe	7 July 1965	Deputy CEO	S.N.G.N. ROMGAZ SA Medias
CINDREA Corin Emil	5 November 1973	Deputy CEO	S.N.G.N. ROMGAZ SA Medias
DOBRESCU Dumitru	15 July 1955	Deputy CEO	S.N.G.N. ROMGAZ SA Medias
STEFANESCU Dan Paul	21 April 1954	Division Manager	S.N.G.N. ROMGAZ SA, Cod 551130, P-ta Constantin Motas, Nr. 4, Medias, Jud. Sibiu

<u>Name</u>	<u>Date of birth</u>	<u>Position</u>	<u>Name and Address of the Employer</u>
CIOLPAN Vasile	13 January 1964	Department Manager	S.N.G.N. ROMGAZ SA Medias
IONASCU Lucia	24 May 1956	Department Manager	S.N.G.N. ROMGAZ SA Medias
BIRSAN Mircea Lucian	27 July 1972	Department Manager	S.N.G.N. ROMGAZ SA Medias
VLASSA Susana Ramona	14 February 1970	Branch Financial Manager	ROMGAZ MEDIAS - SPEE Iernut
BIRCEA Angela	28 May 1966	Branch Manager	SE MURES - CTE Iernut
ACHIMET Teodora Magdalena	6 September 1974	Branch Financial Manager	S.N.G.N. ROMGAZ SA - Sucursala Medias
TOTAN Costel	2 April 1958	Branch Manager	S.N.G.N. ROMGAZ SA - Sucursala Medias
CARAIVAN Viorica	7 March 1957	Branch Financial Manager	S.N.G.N. ROMGAZ SA Medias Sucursala Targu-Mures
AVRAM Pantelimon	29 March 1952	Branch Manager	S.N.G.N. ROMGAZ SA Sucursala Targu-Mures
STANCIU Elena	25 April 1954	Branch Financial Manager	S.N.G.N. ROMGAZ SA Medias - S.I.S.G.N. Ploiesti si S.N.G.N. Romgaz SA - Sucursala Ploiesti - nr. 184, str. Gr. Ghe. Cantacuzino, 100492, Ploiesti
CARSTEA Vasile	24 January 1958	Branch Manager	S.N.G.N. ROMGAZ SA Medias - S.I.S.G.N. Ploiesti - nr. 184, str. Gr. Ghe. Cantacuzino, 100492, Ploiesti
DINCA Ispasian Ioan	22 May 1958	Branch Manager	S.I.R.C.O.S.S. Medias
BORDEU Viorica	29 September 1960	Branch Financial Manager	S.N.G.N. ROMGAZ SA - S.I.R.C.O.S.S.
DIMBEAN Gheorghe	9 October 1949	Branch Financial Manager	S.N.G.N. ROMGAZ SA - Sucursala TTM Tg. Mures
CIOBAN Cristian Augusti	21 June 1972	Branch Manager	S.N.G.N. ROMGAZ SA Medias - Sucursala de Transport Tehnologic si Mentenanta Tg. Mures

Dumitru Gheorghe Rotar is a deputy CEO since May 2012. Prior to this assignment, he worked as Division Manager and Department Manager of the Company and as member of the Board of MI Petrogas Service Romania S.R.L. and as Chairman of the Management Committee of both Romgaz—Schlumberger and Romgaz—Amromco associations and as Chairman of the technical-economical committee of the Company, as a member of the Board of Directors of S.C. Aprov S.A. Mr. Rotar holds a bachelor's degree in gas and oil drilling and extraction engineering from Institutul de Petrol si Gaze Ploiesti University.

Corin Emil Cindrea has been Deputy CEO as of June 2013. Prior to this appointment, he had several positions with the Company, such as CEO, Department Manager. Mr Cindrea has a law degree from the Babes-Bolyai University in Cluj-Napoca, the Faculty of Law, a master's degree in natural gas engineering and management from the Lucian Blaga University in Sibiu, the Faculty of Engineering.

Dumitru Dobrescu has been Deputy CEO as of February 2013. Prior to this appointment, he worked as Production Manager, Branch Manager with the Medias Natural Gas Production Branch of the Company. Mr. Dobrescu is a bachelor of engineering degree issued by the Ploiesti Oil and Gas

Institute, the Faculty of Drilling and Oil and Gas Field Exploitation. He was also trained as labor inspector by the Ministry of Labor, Social Solidarity and family.

Dan Paul Stefanescu has been Division Manager as of August 2012. Prior to this appointment, he worked as Chief Engineer with Medias Branch and as Department Manager with the Company. Mr. Stefanescu is a bachelor of oil engineering degree issued by IPG Ploiesti, the Faculty of Well Drilling, Oil and Gas Field Exploitation and holds as well a PhD in engineering with UPG Ploiesti.

Vasile Ciolpan has been Department Manager as of February 2013. Prior to this appointment, he worked as Division Manager, Department Manager, Head of Services Department and Engineer with the Company and with S.C. Romtelecom S.A. as Medias Regional Head. Mr. Ciolpan is a bachelor of engineering degree issued by the Polytechnic Institute of Iasi—the Faculty of Electrotechnics, Electronics and Telecommunications and holds as well a PhD in economics (management) issued by Lucian Blaga University in Sibiu.

Lucia Ionascu has been Financial Department Manager as of March 2013. Prior to this appointment, she worked as Financial Manager with the Medias Production Branch of the Company and as Deputy Financial General Manager, Division Manager, Department Manager with the Company. Ms. Ionascu graduated from the Faculty of Economic Sciences in Timisoara.

Mircea Lucian Barsan has been Technical Department—Procurement Manager as of July 2012. Prior to this appointment, he worked as Head of Procurement of the Medias Natural Gas Production Branch of the Company, as Deputy Manager with the Business Department of the Company. Mr. Barsan is a bachelor of mechanical engineering degree issued by the Transilvania University of Brasov, the Faculty of Technological Engineering and holds also a master's degree in natural gas utilization issued by Lucian Blaga University in Sibiu.

Susana Ramona Vlassa has been Deputy Financial Manager with the Company—Iernut Electricity Generation Branch as of February 2013. Prior to this appointment, she worked as Deputy Financial Manager and Head of Financial—Accounting Department with ELCEN Bucuresti—Mures Branch, as Chief Accountant with Iernut Medical—Social Facility. Ms. Vlassa is a bachelor of economics degree issued by the Academy of Economic Studies in Bucharest, holds a master's degree in financial control, appraisal and audit issued by Dimitrie Cantemir University in Targu Mures and is chartered accountant with the Body of Chartered and Licensed Accountants of Romania.

Angela Bircea has been Branch Manager with Iernut Electricity Generation Branch as of 2013. Prior to this appointment, she worked as Head of Thermal Mechanical Maintenance and Repairs Unit and Head of LUR-ISCIR with SE Mures- CTE Iernut. Ms. Bircea is licensed in energetic engineering and a graduate of the Polytechnic Institute of Train Vuia, the Faculty of Electrotechnics, Department for Energy Economics.

Teodora Magdalena Achimet has been Interim Financial Manager with Medias Branch as of March 2013. Prior to this appointment, she worked as economist with the Medias Branch of the Company. Ms. Achimet is licensed in tourism and services and a graduate of the Transilvania University of Brasov, the Faculty of Economic Sciences, she holds a master's degree in environmental sciences issued by Babes-Bolyai University in Cluj-Napoca, the Faculty of Environmental Sciences, and a master's degree in business management and marketing strategies and policies issued by Lucian Blaga University in Sibiu.

Costel Totan has been Branch Manager with Medias Branch as of June 2012. Prior to this appointment, he worked as CEO of the Company, as Branch Manager of the Medias Branch. Mr. Totan is a bachelor of engineering degree issued by UPG Ploiesti, the Faculty of Well Drilling and Oil and Gas Field Exploitation and holds as well as a master's degree in oil management issued by UPG Ploiesti.

Viorica Caraivan has been Financial Manager of Targu Mures Branch as of 1997. Ms Caraivan graduated the Babes-Bolyai University in Cluj-Napoca, the Faculty of Economic Sciences, Finance and Accounting department and she has a master's degree in banking and capital markets from the Babes-Bolyai University in Cluj-Napoca.

Avram Pantelimon has been Branch Manager of the Targu Mures Branch as of July 2012. Prior to this appointment, he worked as Production Manager with the same branch. Mr Avram Pantelimon has an engineering degree from the Ploiesti Oil and Gas Institute, the Faculty of Well Drilling and Oil and Gas Field Exploitation.

Elena Stanciu has been Financial Manager of the Ploiesti Underground Gas Storage Branch as of May 2012. Prior to this appointment, she worked as Head of Services Department with the same branch. Ms Stanciu has an economist degree from the Academy of Economic Studies in Bucharest, the Faculty of Industrial, Constructions and Transportation Economy.

Vasile Carstea has been the Branch Manager of the Ploiesti Underground Gas Storage Branch as of April 2005. Mr Carstea has an engineering degree from the Ploiesti Oil and Gas Institute, the Faculty of Well Drilling and Oil and Gas Field Exploitation.

Ioan Ispasian Dinca has been a Manager with the Medias Well Workovers and Special Operation Branch as of 2012. Prior to this appointment, he worked as Head of the Geological Services Department with the Targu Mures Production Branch of the Company. Mr Dinca has a geologist and geophysicist degree from the Bucharest University, the Faculty of Geology and Geography, Department of Geological and Geophysical Engineering.

Viorica Bordeu has been Financial Manager of the Medias Well Workovers and Special Operation Branch as of 2008. Prior to this appointment, she worked as Department Manager with the Company. Ms Bordeu has a finance-accounting degree from the Babes-Bolyai University in Cluj-Napoca, the Faculty of Economic Sciences.

Gheorghe Dimbean has been Financial Manager of the Targu Mures TTM Branch as of March 2013. Prior to this appointment, he worked as Manager of the Financial Department of the Company and Financial Manager with the same branch. Mr. Dimbean graduated the Babes-Bolyai University in Cluj-Napoca, the Faculty of Economic Sciences, majoring in Industrial, Constructions and Transportation Economy.

Cristian Augustin Cioban has been Branch Manager of the Targu Mures Technological, Transport and Maintenance Branch as of February 2013. Prior to this appointment, he worked as a chief engineer with the Targu Mures Technological, Transport and Maintenance Branch, mechanical engineer with the Medias Well Workovers and Special Operation Branch, as Branch Manager of the Targu Mures Technological, Transport and Maintenance Branch and Chief of the R.A.R. Mures Representative Office, with R.A.R. Bucuresti. Mr Cioban has an engineering degree from the Technical University in Targu Mures, the Faculty of Engineering, majoring in Machine Manufacturing Technology and an economist degree from the Petru Maior University in Targu Mures, the Faculty of Economic and Administrative Sciences, majoring in Management.

There are no family relationships between any of the members of the Company's Board of Directors, the CEO and/or senior officers.

#### **The positions held by the members of the Board of Directors, the CEO and senior officers**

In addition to their directorships of the Company, the Company's directors, the CEO and the senior officers hold, or have held within the past five years, the following directorships:

<u>Name</u>	<u>Branch</u>	<u>Position</u>	<u>Position currently held (Yes/No)</u>
METEA Virgil Marius	E-on Moldova Distributie	CEO	No
	E-on Gaz Distributie	CEO	No
	E-on Romania	Deputy CEO	No

## **Remuneration of Members of the Board of Directors, of the CEO and of the senior officers**

The members of the Board of Directors receive a remuneration established in accordance with the Government Emergency Ordinance no. 51 of 29 May 2013, amending and supplementing the Government Emergency Ordinance no. 109/2011 concerning the corporate governance of state-owned enterprises, namely:

- The fixed monthly allowance of non-executive members cannot exceed the last 12 months average of the average monthly gross salary in the industry where the Company operates, as communicated by the Romanian National Institute for Statistics prior to the appointment.
- The remuneration of the members of the Board of Directors is established under the management contract approved by the general meeting of shareholders.
- The remuneration of the members of the Board of Directors consists of a fixed monthly allowance and a variable component consisting of a form of remuneration based on performance objectives and indicators.
- The fixed monthly allowance of the executive members (the CEO) cannot exceed 6 times the last 12 months average of the average monthly gross salary in the industry where the Company operates, as communicated by the Romanian National Institute for Statistics prior to the appointment.

The fixed remuneration of the members of the Board of Directors determined as agreed above is payable as from June 2013.

Variable remuneration has not been paid to date.

In accordance with the resolution of the OGMS no. 14/26.08.2013, general limits were set out for the remuneration due to the CEO of the Company, an executive member of the Board of Directors, as follows:

- for the gross monthly fixed allowance, 4 to 6 times the average gross monthly salary for the last 12 months in the industry branch in which the Company is active, as communicated by the National Institute of Statistics prior to appointment;
- for the variable monthly component, 0.75 to 2 gross monthly fixed allowances granted according to the provisions of the management agreement of the CEO.

The Resolution no. 14/11.09.2013 of the Board of Directors determined:

- The gross monthly fixed allowance for the amount of RON 31,230;
- The monthly variable component amounting to 2 monthly fixed allowances, which is to be granted after approval by the General Meeting of the Shareholders of the performance targets and criteria of the Management Plan and in consistence with the provisions of the CEO's management agreement and also with the observance of the limits of the Company's income and expenditure budget.

According to Emergency Government Ordinance no. 79/2008 (as amended), the remuneration of the members of the Board of Directors could not exceed 1% of the remuneration of the Chief Executive Officer (CEO); otherwise the management agreements would have terminated by operation of law. After the 1st of September 2013 this restriction was eliminated. The management agreements of the members of the Board of Directors are not dated but stipulate several dates from May 2013 and were registered by the Company on 12 September 2013. Given the fact that it is unclear whether the restriction mentioned above was applicable at the effective date (May 2013) of the management agreements of the current members of the Board of Directors, if a court of law would consider that the restriction was applicable at the effective date of the agreements and if the members of the Board of Directors have received a remuneration higher than the 1% threshold, then those management agreements would be deemed to be terminated by operation of law and new management agreements would need to be concluded between the Company and the members of the Board of Directors.

The table below presents the remuneration and benefits granted to the senior officers in 2012.

Name and surname	Gross Remuneration 2012	Other benefits 2012
ROTAR Dumitru Gheorghe .....	287,143	7,989
CINDREA Corin Emil .....	153,993	5,976
DOBRESCU Dumitru .....	235,503	6,266
STEFANESCU Dan Paul .....	284,820	7,294
CIOLPAN Vasile .....	231,315	3,459
IONASCU Lucia .....	261,744	7,254
BIRSAN Mircea Lucian .....	222,217	6,057
VLASSA Susana Ramona <sup>(1)</sup> .....	—	—
BIRCEA Angela <sup>(1)</sup> .....	—	—
ACHIMET Teodora Magdalena .....	81,532	2,875
TOTAN Costel .....	195,413	6,414
CARAIVAN Viorica .....	238,884	6,666
AVRAM Pantelimon .....	249,821	7,013
STANCIU Elena .....	196,992	5,106
CARSTEVA Vasile .....	236,151	6,755
DINCA Ispasian Ioan .....	206,670	5,819
BORDEU Viorica .....	243,600	7,187
DIMBEAN Gheorghe .....	257,726	6,492
CIOBAN Cristian Augusti .....	198,359	6,109

(1) Mrs. Vlassa and Mrs. Bircea were not employees of the Company in 2012.

If the director is revoked in an intempestive or unjustified manner he is entitled to receive a compensation, from the Company, with respect to the remaining unexecuted period of the management contract, irrespective of the moment when the revocation took place, but not exceeding more than 12 fixed monthly allowances determined as described below:

- if the revocation takes place at any moment before the beginning of the last year in office, the director will receive a compensation of 12 fixed monthly allowances;
- if the revocation takes place during the last year of the term in office, a compensation equal to the remaining months in office will be paid, but it will not be greater than 6 fixed monthly allowances.

This form of compensation is the only form of indemnity owed to a director when he is revoked in an unjustified manner.

If the director is revoked for grounded/justified reasons, the Company does not owe any compensation for the unexecuted period.

#### **Litigation Statement Relating to Directors, the CEO and the senior officers. Conflicts of Interests**

At the date of this Prospectus, none of the members of the Board of Directors, the CEO and the senior officers has at any time within the last five years:

- (i) had any convictions in relation to fraudulent offences;
- (ii) held an executive function in the form of a senior executive officer or a member of the administrative, management or supervisory bodies, of any company at the time of or preceding any bankruptcy, receivership or liquidation; or
- (iii) been subject to any official public incrimination and/or sanctions by statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.



There are no conflicts of interest between the obligations assumed by the Board members towards the Company and their private interests and/or other obligations. Moreover, the Board members are not party to any contracts concluded with the Company, save for the management agreements concluded by the Directors with executive positions.

### **Directors & Management Liability Insurance Policies**

Currently the Company does not have in place any Directors' and management' liability insurance policies/contracts. Nevertheless, at the beginning of October 2013, the Board of Directors issued a decision whereby it (i) approved the conclusion of professional liability insurance contracts as regards the Company's Directors; (ii) established that the insurance instalments related to the professional liability insurance contracts as regards the Company's Directors to be paid by the Company for the benefit/in the name and on behalf of the Directors; and (iii) empowered the senior management of the Company to initiate the actions for selecting the insurance company and for concluding the relevant professional liability insurance contracts as regards the Company's Directors. Through the same decision, the Board of Directors also established that the provisions mentioned under (ii) and (iii) above are applicable also for the executive managers of the Company, at their request.

## PRINCIPAL SHAREHOLDERS

The Selling Shareholder is the Ministry of Economy, offering 57,813,360 Shares through the Romanian Department for Energy.

The table below sets forth certain information regarding the ownership of the Shares prior to the Offering, and Shares and GDRs immediately following the Offering assuming all the Shares and the GDRs are sold in the Offering and that the Stabilisation Proceeds are not used by the Stabilising Manager(s) to buy any Shares or GDRs in the market:

	Shares owned before the Offering		Shares owned after the Offering	
	(Number)	%	(Number)	%
<b>Shareholder</b>				
Ministry of Economy .....	327,636,440	85.0071	269,823,080	70.0071
Fondul Proprietatea.....	57,785,960	14.9929	57,785,960	14.9929
<b>Total</b> .....	<b><u>385,422,400</u></b>	<b><u>100.0000</u></b>	<b><u>327,609,040</u></b>	<b><u>85.0000</u></b>

If the Stabilising Manager(s) use the Stabilisation Proceeds to purchase Securities in connection with the stabilisation activities, all of the Shares (in the form of Shares and/or GDRs) purchased by the Stabilising Manager(s) in connection with the stabilisation activities will be returned to the Romanian Department for Energy. As a result, at the end of the Stabilisation Period, the Ministry of Economy may hold Shares (in the form of Shares and/or GDRs) representing more than 70.0071% of the Company's issued share capital. As the number of Shares (in the form of Shares and/or GDRs), if any, that the Stabilising Manager(s) will be able to purchase is dependent upon the prevailing Share or GDRs price at the time of purchase, the precise number of Securities that may be purchased and transferred to the Romanian Department for Energy's account cannot be determined until the end of the Stabilisation Period but in any case will not exceed 1.96% of the Company's share capital. The exact results of stabilisation activities will be announced upon their completion, if applicable.

## DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

### General

The Company is a joint stock company, registered with the Romanian Trade Registry Office attached to the Sibiu Court under number J32/392/2001, having sole registration code RO14056826. The Company's corporate seat is in Medias, Romania and its business address is 4 Piata Constantin Motas, Medias, Sibiu County 551130, Romania. The Company was founded in the form of a joint stock company in accordance with the incorporation certificate no. 1914453 and the Companies Law and has conducted business since that date in conformity with its articles of incorporation (the "**Articles of Incorporation**") and the Companies Law. In case the Offering succeeds and the Company is admitted to trading on the Bucharest Stock Exchange, the Company shall also be subject to the provisions of the Capital Markets Law as well as other applicable capital markets regulations. The Company is registered under the trade name S.N.G.N. "ROMGAZ S.A.". The telephone number of the Company's registered office is +40269201020.

The Company complies with all applicable rules relating to corporate governance in force under the laws of Romania.

### Corporate Purposes

Pursuant to Article 5 of the Articles of Incorporation, the Company's main field of activity is natural gas extraction, CAEN code 0620.

The secondary fields of activity are presented in Article 5 of the Articles of Incorporation of the Company.

### Share Capital

#### **Issued share capital**

At the date of this Prospectus, the share capital of the Company amounts to RON 385.4 million, divided into 385,422,400 ordinary shares, each share with a par value of RON 1. The shares have been issued in book entry form. The subscribed share capital is fully paid in.

#### **Evolution of changes in the Company's share capital**

The table below presents the changes in the Company's share capital as of the date of this Prospectus and as at 30 June 2013, 31 December 2012, 31 December 2011 and 31 December 2010:

<u>Date</u>	<u>Number of shares</u>	<u>Share capital value<sup>(1)</sup></u> <u>(RON)</u>
31 December 2010 .....	38,303,838	383,038,380
31 December 2011 .....	38,303,838	383,038,380
31 December 2012 .....	38,303,838	383,038,380
30 June 2013 .....	38,542,240	385,422,400
As of date of the Prospectus .....	385,422,400	385,422,400

(1) Statutory share capital is registered with the Trade Registry.

#### **Rights, preferences and restrictions attaching to existing shares**

All shareholders are to be treated equally to other shareholders that own the same type of shares. Each and any shareholder must exercise its rights in good faith, by observing the rights and legitimate interests of the Company and of other shareholders.

##### **(a) Pre-emptive right**

The Companies Law and the Company's Articles of Incorporation provide its shareholders with a pre-emptive right to subscribe for any issue of new shares on a *pro rata* basis.

According to the provisions of the Companies Law, a shareholder may exercise pre-emptive rights during a period of one month following the date of publication of the resolution of the extraordinary general meeting of shareholders (the "**EGSM**") on increase of the share capital in the Official Gazette of Romania, Part IV.

According to the Companies Law the pre-emptive right may be limited by the EGSM, attended by shareholders representing at least  $\frac{3}{4}$  (three quarters) of the subscribed share capital and with the majority of the votes of the present shareholders. By way of exemption, according to the Capital Markets Law, in case of a share capital increase by contribution in cash, the withdrawal of the pre-emptive right of the shareholders to subscribe for new shares must be decided by the EGSM attended by at least  $\frac{3}{4}$  (three quarters) of the number of holders of the share capital and, based on the vote of shareholders, representing at least 75% of the voting rights.

*(b) Voting right and the right to participate at the general shareholders' meeting*

The shareholders' fundamental rights include the right to participate at the general shareholders' meeting and the right to vote. See "*General Meeting of Shareholders (GMS) and Voting Rights*" below.

*(c) Rights to dividends*

Shareholders have a right to receive dividends. According to the Companies Law, dividends may be distributed only if the Company registers profit, as recorded in the annual financial statements. See "*Profits and Distribution of Profits*" below.

*(d) Right to information*

The shareholders' right to be informed about the activity of the Company may, in general, be exercised at any time. The shareholders have the right to obtain any information regarding the exercise of voting rights and information regarding the voting results in the general shareholders meetings.

*(e) Withdrawal right*

According to the Companies Law, the shareholders that did not vote in favour of a certain decision have the right to withdraw from the Company and to request the Company to acquire their shares. This right may be exercised only if the decisions mentioned above refer to: (i) changing the Company's main object of activity as set out in the Articles of Incorporation; (ii) relocating the Company's registered seat to another country, (iii) changing the Company's legal form or (iv) the Company's merger or spin-off.

In addition, according to the Capital Markets Law, the shareholders of a company admitted to trading on a regulated market, who do not agree with the decisions taken by the general meeting as regards mergers and spin-offs, which involve the allotment of shares that are not admitted to trading on a regulated market, have the right to withdraw from the company and to obtain from the latter the counter-value of the shares.

*(f) Right to challenge the decisions of the general meeting of shareholders*

A shareholder who was absent at a general meeting of shareholders or has voted against a certain decision and has requested that its vote against the decision is registered in the minutes of that general meeting of shareholders is entitled to challenge such decision within 15 days as of its publication in the Romanian Official Gazette, Part IV.

Also, claims regarding an absolute nullity of a shareholders decision may be filed at any moment in time.

*(g) Other rights of the shareholders*

Certain shareholders rights are set out in the Companies Law only in favour of shareholders holding a minimum percentage of the share capital of the Company, as follows:

- shareholders holding individually or together at least 5% of the share capital of the Company have the right to request the internal auditors to investigate allegations concerning the Company;
- shareholders holding individually or together at least 5% of the share capital of the Company have the right to request the convening of a general meeting of shareholders;

- shareholders holding individually or together at least 10% of the share capital of the Company may request the court to appoint an expert for the purpose of investigating matters concerning the management of the Company; and
- where the general meeting of shareholders fails to resolve matters dealing with founders, directors, managers or financial auditors having caused losses (“daune”) to the Company by their conduct, shareholders holding, individually or together, as the case may be, at least 5% of the share capital of the Company have the right to take legal action in this respect. In these cases, such actions are carried out in the name of the claimant shareholder but for the account of the Company.

*(h) Obligation to refrain from deliberations*

The shareholder that, in a certain operation, has an interest contrary to the Company, either personal or as a representative of another person, must refrain from deliberations. The shareholder who fails to observe this legal requirement may be held liable for any damages incurred by the Company if without the vote of such shareholder the required majority for the passing of the respective resolution would not have been met.

*(i) Obligation to notify*

Following the admission to trading of the Company on the Regulated Spot Market of the Bucharest Stock Exchange, certain shareholders of the Company will be subject to the information obligations provided for by the applicable capital markets legislation.

As such, according to the Capital Markets Law, if following the acquisition or sale of the securities issued by a company admitted to trading on a regulated market, the proportion of voting rights held by a person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 20%, 33%, 50%, 75% or 90% of the total voting rights, that person must notify, within a maximum of three working days from acknowledging this operation, the company, the Romanian FSA and the regulated market where the respective securities are admitted to trading.

*(j) Provisions regarding mandatory acquisition public offers*

According to the Capital Markets Law a person who owns more than 33% of the voting rights in a company pursuant to its own acquisitions of shares or the acquisition of shares of persons with whom the respective person acts in a concentrated manner, is under the obligation to launch a public offer addressed to all securities holders. The public offer shall have as its object all the holdings of all securities holders and shall be launched as soon as possible, but no later than two months after reaching the 33% threshold.

Until the launching of the aforementioned public offer, the rights underlying the securities which exceed 33% of the voting rights in the company shall be suspended and the respective Shareholder and the persons with whom the respective person acts in a concentrated manner shall not be able to purchase, by any other means, securities issued by the same company.

The legal provisions regarding the mandatory public offer shall not apply where the threshold of 33% of the voting rights in the company was exceeded pursuant to an excepted transaction, in accordance with the provisions of the Capital Markets Law. An excepted transaction is one that results in the 33% threshold being exceeded pursuant to:

- the privatisation process;
- purchasing shares from the Ministry of Public Finances or other legally entitled entities within the procedure of enforcement of budgetary receivables;
- transfers of shares performed between a parent company and its subsidiaries or between the subsidiaries of the same parent company;
- a voluntary acquisition public offer addressed to all holders of securities and having as its object all securities held by such.

*(k) Withdrawal of shareholders from a company*

The Capital Markets Law establishes, in favour of the shareholder who launched a public purchase offer addressed to all shareholders for all their holdings, the right to request the shareholders which have not subscribed to the offer to sell to him the respective shares at an equitable price, if the respective shareholder meets one of the following requirements:

- i) he holds shares accounting for at least 95% of the total number of shares of the social capital conferring voting rights and at least 95% of the voting rights which can be actually exercised;
- ii) he has acquired within the offer, shares accounting for at least 90% of the total number of shares of the social capital conferring voting rights and at least 90% of the voting rights targeted by the offer.

Such right may be exercised within three months from the closing date of the public purchase offer.

Also, following a public purchase offer addressed to all holders and for all their holdings, a minority shareholder has the right to require the shareholder falling under one of the situations provided under points (i) and (ii) above to buy its shares at an equitable price. Such right may be exercised within three months from the closing date of the public purchase offer.

***Rules regarding changes in the share capital of the Company***

*(a) Increase in share capital*

The EGSM is competent to pass resolution to issue shares. The EGSM may authorise the Board of Directors as a body competent to pass resolutions to increase the share capital.

According to the Articles of Incorporation the share capital may be increased by issuing new shares or increasing the par value of the existing shares in exchange for contributions in cash and/or in kind. The share capital may also be increased by incorporation of reserves (save for legal reserves), as well as of the benefits or issue premiums or by swapping certain liquid and enforceable debts against the Company into shares.

The increase in share capital must be decided with a majority of  $\frac{2}{3}$  (two thirds) of the voting rights of the shareholders who are present or represented at the EGSM. By way of exemption, the Capital Markets Law provides that share capital increases by contribution in kind must be approved by the EGSM, attended by at least  $\frac{3}{4}$  (three quarters) of the number of holders of the share capital and based on the vote of shareholders representing at least 75% of voting rights.

*(b) Reduction of share capital*

The EGSM may pass a resolution for the reduction of the issued share capital by withdrawing shares, reducing the par value of the shares or by purchasing and cancelling the Company's own shares.

Furthermore, according to the Articles of Incorporation, in case the directors acknowledge that, as a result of certain losses, the net assets (calculated as the difference between the Company's total assets and total liabilities) represent less than half of the subscribed share capital, the directors will immediately convene the EGSM in order to decide to replenish the share capital, to decrease the share capital or to dissolve the Company.

According to the applicable law, where it is not motivated by losses, the decrease of the share capital may also be affected by: (i) total or partial write-off of contributions due by the shareholders; (ii) returning to shareholders a part of their contributions, *pro rata* to the share capital decrease and calculated equally for each share; and (iii) other methods set out in the law.

The share capital may be effectively decreased only upon expiry of a two-month period as of the publication of the EGSM decision approving the share capital decrease in the Official Gazette, Part IV.

The reduction in share capital must be decided with a majority of  $\frac{2}{3}$  (two thirds) of the voting rights of the shareholders present or represented at the EGSM.



## **Profits and distribution of profits**

The Companies Law and the Company's Articles of Incorporation provide that each share gives its holder the right to receive dividends. Dividends are distributed to the shareholders on a *pro-rata* basis, proportionately to their participation in the paid-up share capital of the Company according to the resolution of the ordinary general meeting of shareholders (the "OGMS").

Dividends related to the financial years ending as at 31 December 2012, 2011 and 2010 are determined based on the Company's annual financial statements prepared in accordance with the Romanian Accounting Standards, as approved by the OGMS. According to the Order of the Minister of Public Finance no. 881/2012 companies whose securities are admitted to trading on a regulated market must prepare financial statements according to IFRS which become the statutory statements of the company. Consequently, after listing, the Company shall distribute the profits according to the financial statements prepared in accordance with IFRS.

The Government Ordinance no. 64/2001 applies to distribution of profits by state-owned companies, including the Company and requires that the accounting profits, after deduction of profit tax and addition of profits retained from previous years, shall be distributed for the purposes below, unless otherwise prescribed under special laws:

- (a) legal reserves;
- (b) other reserves representing tax facilities provided by law;
- (c) covering accounting losses for the previous years, except for the accounting losses retained as a result of adjustments required under the application of IAS 29 "Financial Reporting in Hyperinflationary Economies", according to the Accounting Regulations compliant with the International Financial Reporting Standards and the Accounting Regulations in line with the Council Directive 86/635/EEC and the International Accounting Standards applicable to credit institutions;
- (c<sup>1</sup>) setting own financing sources for projects co-financed out of external loans, as well as for the amounts necessary for reimbursing capital instalments, paying interests, commissions and other costs related to these external loans;
- (d) other purposes provided by law;
- (e) employee's participation in the distribution of profits; national companies and companies fully or partially owned by the state, as well as autonomous companies which undertook and established in their income and expense budgets the obligation of participation in the distribution of profits, as a result of the employees' services in relation thereto, may grant these rights up to 10% of the net profit, however not exceeding the level of one monthly average base salary at the level of the relevant company during the respective financial year;
- (f) minimum of 50% contributions to the state or local budget, in the case of autonomous companies, or dividends, in the case of national companies and companies fully or partially owned by the state;
- (g) the profits undistributed according to the purposes under letters (a) – (g) above, are distributed to other reserves and represent own financing sources.

Profits are distributed for the purposes and in the amounts referred to under paragraph above letters (e), (f) and (g), after deduction of the amounts related to the purposes determined under special laws referred to under letters (a), (b), (c), (c<sup>1</sup>) and (d) of the same paragraph.

The general rule set out by the Companies Law sets out that the dividends are paid within the deadline established by the OGMS, though no later than six months from the approval of the annual financial statements for the ended financial year. Where payment of dividends is not made within the specified deadline, the Company is liable for legal interest.

However, as of 6 September 2012, as an exception to the requirement under the Companies Law that dividends are paid no later than six months from the approval of the annual financial statements, state-owned companies are required, in accordance with the provisions of Government Ordinance no. 64/2001, to pay the dividends to their shareholders within 60 days of the legal deadline for the submission of the annual financial statements to the competent fiscal authorities, in order to avoid paying penalties.

### ***Acquisition of shares in the Company's share capital***

Ownership over the shares is transferred freely under Romanian law by a statement made in the register of shareholders, signed by the transferor and transferee, or their representatives. Following the admission to trading of the Company on the Regulated Spot Market of the Bucharest Stock Exchange, the Company's shares shall be transferred pursuant to the regulations of the Bucharest Stock Exchange and the clearing and settlement rules of the Romanian Central Depository.

### ***The Board of Directors***

The Company is managed on a one-tier basis by a Board of Directors formed of five members, out of which one of them is appointed as the chairman of the Board of Directors. The directors are elected by the OGMS, with observance of the applicable legal provisions, for a 4-year mandate. According to the Articles of Incorporation, and in accordance with the provisions of Emergency Government Ordinance no. 109/2011, most of the members of the Board of Directors must be non-executive independent directors and at least one of them must have studied economics and have a minimum of five years' experience in the economics, accounting, audit and financial field. Within 90 days their appointment, the Board of Directors must present to the shareholders of the Company, for approval, the draft management plan which includes the management strategy for the duration of the mandate in view of reaching the performance objectives and criteria as set out in the management agreement.

In case of a vacancy on the Board of Directors, a temporary director will be appointed, until the convening of the ordinary OGMS. In case the vacancy reduces the number of directors below the minimum number provided for by law, the remaining directors will convene promptly the ordinary OGMS in order to restore the number of the members of the Board of Directors.

The Board of Directors gathers as many times as necessary, but at least once every three months, being convened by the chairman of the Board of Directors, either at its own initiative or following the initiative of at least two members of the Board of Directors or of the CEO. The meetings of the Board of Directors may be held by means of teleconference or videoconference, according to the conditions established by decision of the Board of Directors. The notice regarding the assembly of the Board of Directors is sent to every member of the Board of Directors at least seven days before the date of the meeting of the Board of Directors. For urgent matters, when taking decisions is necessary for preservation of a right, for avoiding imminent damage or for realisation of a legitimate interest of the Company which cannot be preserved, avoided or realised otherwise, the Board of Directors may take decisions without observing any convening formality or gathering in a meeting procedure, through the unanimous vote expressed in writing of the board members, or may take decisions during a meeting without observing the term for convening or the other convening formalities for the respective decision of the Board of Directors.

For the validity of the decisions of the Board of Directors, the presence of the majority of the members of the Board of Directors is required, and the decisions must be taken with a majority of the votes validly expressed. In case of equality of votes, the vote of the Chairman of the Board of Directors is decisive.

The directors may be represented in the Board of Directors' meetings only by other directors, in accordance with specific powers of attorney. One director in attendance may represent one director in absence.

The Board of Directors is in charge of performing all necessary and useful acts for the accomplishment of the Company's objects of activity, save for the ones reserved to the GSM by law. The Board of Directors delegates the Company's management, in accordance with the provisions of the Government Emergency Ordinance no. 109/2011 regarding corporate governance in state-owned companies and the provisions of the Articles of Incorporation, save for certain main duties of the Board of Directors which may not be delegated, such as: to organise the General Meetings of Shareholders ("**GMS**") and enforce the resolutions passed at the GMS, to establish the main strategies and goals of activities and development of the Company, to establish the accounting and financial control system and the financial planning, to prepare the annual report of the Board of Directors, to appoint and dismiss the managers (including the CEO) and supervise their activity and fix their remuneration, to approve the management plan of the Company, and to file the application for the opening of insolvency proceedings against the Company.

According to the Articles of Incorporation, the Board of Directors may delegate the Company's management (in full or in part) to one or more managers, appointing one of them as CEO. The Company's managers are responsible for taking all the measures related to the Company's management within the limits of the Company's objects of activity and in compliance with the exclusive competences reserved by law or the Articles of Incorporation and the GMS. The CEO cannot be chairman of the Board of Directors and he/she represents the Company in relation to third parties, including in front of the courts of law.

Directors also concluded with the Company relevant management agreements. According to the template management agreement approved by the OGMS such agreements cover matters such as:

- (a) the main duties and obligations of each director;
- (b) the performance objectives and criteria which must be met by each director;
- (c) the relevant remuneration made up of a fixed value amount and a variable amount, to be determined based on the achievement level of the objectives and performance pointers;
- (d) the right to benefit from, and the relevant amount of, Directors & Officers liability insurance; and
- (e) confidentiality and non-compete rules applicable to the directors.

### **Corporate Governance Action Plan**

Pursuant to the Corporate Governance Action Plan which will become effective by the end of 2015, two additional independent directors shall be appointed to the Company's Board of Directors. In addition, the independent directors shall chair the Company's audit committee and the nominalisation and remuneration committee. Also, as set out in the Corporate Governance Action Plan, the charter of the company shall be amended to ensure that at least one director at the board shall be nominated and appointed by minority shareholders. For more information regarding the Corporate Governance Action Plan, see "*Board and Management—Corporate Governance Action Plan*".

### ***Dissolution and liquidation***

The Company shall be dissolved in the following situations:

- (a) impossibility of achieving the Company's objects of activity;
- (b) initiation of bankruptcy procedure in respect of the Company;
- (c) liquidation or dissolution of the Company by a final court decision;
- (d) resolution of the EGMS to commence the Company's liquidation or dissolution;
- (e) reduction of the number of shareholders below the minimum legal threshold; and
- (f) for any other reasons provided by law.

In such circumstances, the Company will be dissolved through a winding up procedure, subject to the exceptions provided by law. The winding up and the distribution of the Company's remaining assets shall be made in accordance and in compliance with the legal provisions and procedures provided for by law.

### ***Liability of directors***

Under Romanian law, members of the Board of Directors may be held liable to the Company for damages in the event of improper or negligent performance of their duties as well as breach of the Articles of Incorporation or any relevant legal provisions. In addition, members of the Board of Directors may be held liable to the Company in connection with their actions with respect to: (i) payments made by the shareholders; (ii) the real existence of dividends paid; (iii) the registers required by law and their correct updating; (iv) execution of the resolutions of the GMS; and (v) strict performance of the duties imposed by law and by the Articles of Incorporation.

A member of the Board of Directors who votes against a resolution of the Board of Directors and requests that his or her vote is recorded in the minutes of the Board of Directors' meeting shall not be

held liable jointly with the remaining members of the Board of Directors that voted in favour of the passed resolution, provided that such member of the Board of Directors submits written confirmation of his or her opposing vote to the censors or the internal auditors as well as the financial auditor of the Company.

The template management agreement approved by the OGMS provides that the Company has to purchase relevant Directors & Officers liability insurance policies for the members of the Board of Directors in accordance with the applicable legal provisions.

### ***General Meetings of shareholders and voting rights***

The authorities and powers reserved for the GMS are divided between OGMS and EGMS.

The main powers of the OGMS include the approval or change of the annual financial statements of the Company, appointing and dismissing Directors, appointing and dismissing the financial auditor, approval of the incomes and expenditures budget and, as the case may be, the business plan for the next fiscal year and passing resolutions on encumbrances, rent or liquidation of one or more units of the Company.

The main powers of the EGSM are to resolve upon modification of the legal form of the Company, to resolve upon changing the Company's headquarters, to resolve upon the change of the main object of activity, to resolve upon the Company's split off or merger with other companies, or its dissolution, to resolve upon an increase or decrease of the share capital, to resolve upon the issue of bonds and conversion of bonds from one category to another, to resolve upon conversion of shares from one category to another. Regarding the entry by the Company into certain agreements, according to the Articles of Incorporation, the EGMS must approve the following: the purchase of immobilised assets having a value, individually or cumulatively, of more than 20% of the total immobilised assets of the Company, receivables not included; the selling, exchanging or constituting as guarantee of the Company's assets having a value, individually or cumulatively, of more than 20% of the total immobilised assets of the Company, receivables not included; and the renting of the Company's assets having an individual or cumulative value of more than 20% of the total immobilised assets of the Company, receivables not included. Additionally, the EGMS is also empowered, pursuant to the Articles of Incorporation, to resolve upon the incorporation the cancelling of any secondary offices as well as any other amendment of the Articles of Incorporation of the Company.

The annual ordinary general meeting of shareholders must be held within five months after the end of each financial year. Following the admission to trading of the Company on the Regulated Spot Market of the Bucharest Stock Exchange, the Company must observe the provisions of the capital markets legislation, according to which the companies admitted to trading on a regulated market must make available to the public, within a maximum of four months of the end of the financial year, the annual financial statements, together with the annual report, approved by the OGMS. Thus, the general five-month term for the approval of the financial statements will no longer be applicable, the four-month term from the end of the financial year referred, to in the capital markets legal framework, being applicable instead.

In addition, GMS will be held whenever deemed desirable by the Board of Directors. GMS may be held as soon as one or several shareholders, holding either alone or in aggregate at least 5% of the share capital, submit a written request to the Board of Directors, containing a precise statement of the objects to be considered. If the Board of Directors has not taken the necessary steps to ensure that the GMS is held within 60 days after such request, such shareholders may—on application to the court—be allowed to convene a general meeting by a court order.

The notice of the GMS shall specify the place, the date and the time of the meeting as well as the proposed agenda for the GMS and the record date. In addition, the notice of the general meeting shall contain a clear and precise description of the procedures that shareholders must comply with in order to be able to participate and to cast their vote in the general meeting and the procedure for voting by proxy. According to the Companies Law, the notice must be published in the Romanian Official Gazette, Part IV at least 30 days prior to the date set for the meeting as well as on the Company's internet page. The notice may alternatively be transmitted to the shareholders by letter, with confirmation of receipt, 30 days prior to the date set for the meeting.

The Articles of Incorporation provide that the shareholders representing the entire share capital, may, if none of them objects, hold and take any GMS decision without observing the convening formalities.

The Board of Directors shall determine a record date to establish which shareholders are entitled to attend and vote in the GMS. The record date shall also be included in the notice of the GMS. All the holders that at the record date are registered as shareholders of the Company may attend the GMS in person or by "proxy and may cast" their votes in person, by proxy, by correspondence or by electronic means.

Each share grants equal voting rights for its holder. The Company's principal shareholder does not have different voting rights. The Articles of Incorporation provide that each share represents a single vote.

The Articles of Incorporation provide that a shareholder may vote by proxy if he/she submits the power of attorney in original form or in electronic form, **provided that** it has an electronic signature attached, 24 hours before the adjourning of the relevant meeting.

Shareholders may vote by correspondence or by electronic means before the GMS, **provided that** the conditions regarding the identification of the shareholders and those regarding electronic security are met.

In case that the Offering succeeds and the Company is admitted to trading on the Bucharest Stock Exchange, the Company must also comply with the specific provisions of the capital markets legislation (among others, with the Capital Markets Law, Romanian National Securities Commission's Regulation no. 1/2006 regarding issuers and operations with securities and Romanian National Securities Commission's Regulation no. 6/2009 regarding the exercise of certain shareholders' rights at general meetings of companies) applicable to the convening process and holding of the general meetings of shareholders.

According to the Articles of Incorporation, the OGSM is validly assembled and may pass decisions if, at the first call, shareholders representing at least half of the share capital are present. In the event that the general meeting may not act due to the failure to comply with the above-mentioned quorum conditions the meeting may be re-convened to consider the matters included on the agenda of the first meeting in the presence of shareholders holding any part of the share capital. If the OGSM is validly assembled, the decisions are passed based on the majority of the votes expressed. The Articles of Incorporation set out higher quorum requirements for the first call of the OGSM as compared to the minimum quorum set in the Companies Law (i.e.  $\frac{1}{4}$  (one fourth) of total voting rights).

According to the Articles of Incorporation, the EGSM is validly assembled and may pass decisions if, at the first call, shareholders representing at least half of the share capital are present. In the event that the general meeting may not act due to the failure to comply with the above-mentioned quorum conditions, the meeting may be re-convened to consider the matters included on the agenda of the first meeting in the presence of the shareholders representing one fourth of the share capital. If the EGSM is validly assembled, the decisions are passed based on majority of votes of the shareholders present or represented, unless otherwise provided by the Companies Law and/or the Articles of Incorporation. The Articles of Incorporation set out higher quorum requirements for the first call of the ordinary EGSM as compared to the minimum quorum set in the Companies Law (i.e.  $\frac{1}{4}$  (one fourth) of total voting rights) and, also, higher quorum requirements for the following calls of the EGSM as compared to the minimum quorum set in the Companies Law (i.e.  $\frac{1}{5}$  (one fifth) of total voting rights).

The Company grants equal rights to all its shareholders. For this purpose, the Company makes available to its shareholders all information necessary for them to exercise their rights, including information regarding the GSM, dividend allocation and distribution or issuance of new shares.

According to the Articles of Incorporation, resolutions to change the Company's main objects of activity, increase or decrease share capital, or to effect change of the legal form, merger, split-off or dissolution of the Company, shall be passed by a majority of at least  $\frac{2}{3}$  (two thirds) of the voting rights held by the present shareholders or their authorised representatives.

A shareholder may not vote in respect of any contract, arrangement or other proposal in which it, or a person connected to it, is interested. The shareholder who fails to conform to this provision may be held liable towards the Company for the damage suffered, provided that without the vote of the respective Shareholder the legal majority required for passing the decision would not have been obtained.

In case a shareholder refrains from voting, with respect to one or more points on the notice, it shall be considered that the respective shareholder has waived its voting rights with respect to those points included in the notice.

The Articles of Incorporation may be inspected on the Company's website at <http://www.romgaz.ro/relatia-cu-investitorii/sedinte-aga/anul-2013.html>.



## RELATED PARTY TRANSACTIONS

*The following is a summary of transactions with related parties as defined in IAS 24 "Related Parties Disclosure", in accordance with IFRS. For further details of these transactions, as of 30 June 2013 and for the six-month periods ended 30 June 2013 and 2012 see Note 22 of the Interim Individual Financial Statements and as of and for the periods ended 31 December 2012, 2011 and 2010 see Note 24 of the 2012 Audited Individual Financial Statements. For more information on the related parties described in this section, see "Business".*

### General matters

For the purposes of the Company's Audited Individual Financial Statements, parties are considered to be related in line with the requirements of IAS 24 "**Related Party Disclosures**" as established under the International Accounting Standards ("**IAS**") in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, which defines a related party as a person or entity that is related to the entity that is preparing its financial statements (the "**reporting entity**").

Related parties include, as required by IFRS, companies under joint control of the Romanian state and in which the Romanian state has a significant influence.

Related parties may not enter into certain transactions which unrelated parties might, and transactions between related parties are effected on the same terms, conditions and amounts as transactions between unrelated parties. The Company is, and has been, a party to various agreements and other arrangements with certain related parties, the most significant of which are described below.

### Related parties agreements

#### ***Energia Torzym loan agreement***

On 5 September 2011, the Company entered into a loan agreement (the "**Energia Torzym Loan Agreement**") with Energia Torzym Spółka Z Ograniczoną Odpowiedzialnością Spółka Komandytowa ("**Energia Torzym**"), pursuant to which the Company agreed to lend the amount of EUR 5 million to Energia Torzym for the purpose of funding its statutory activities. The Energia Torzym Loan Agreement expires on 31 December 2015, but in case it is not repaid in full on such date, the term may be extended by mutual agreement of the parties.

#### ***Energia Cybinka loan agreement***

On 6 September 2011, the Company entered into a loan agreement (the "**Energia Cybinka Loan Agreement**") with Energia Cybinka Spółka Z Ograniczoną Odpowiedzialnością Spółka Komandytowa ("**Energia Cybinka**"), pursuant to which the Company agreed to lend the amount of EUR 5 million to Energia Cybinka for the purpose of funding its statutory activities. The Energia Cybinka Loan Agreement expires on 31 December 2015, but in case it is not repaid in full on such date, the term may be extended by mutual agreement of the parties.

#### ***Aprov S.A. Medias Agreement***

On 28 April 2009 the Company entered into an agreement with Aprov S.A. Medias ("**Aprov**"), pursuant to which Aprov undertook to handle and deposit pipes, cement and other materials for Romgaz and Romgaz agreed to pay Aprov a price of RON 10.83 million for such services. On 26 March 2010 and 25 August 2010, respectively, Romgaz entered into two other agreements with Aprov pursuant to which Romgaz acquired drilling pipes and extraction pipes from Aprov for a price of approximately RON 18.5 million and RON 9.5 million, respectively.

All the agreements mentioned above were entered into in full compliance with the legal relevant provisions related to public procurement.

## **MATERIAL CONTRACTS**

*The following selected contracts have been entered into by the Company and are, or may be, material or contain provisions under which the Company has an obligation or entitlement which is, or may be, material to the Company as of the date of this Prospectus. The following selected contracts are not intended to represent all of the material contracts of the Company.*

### **ExxonMobil and OMV Petrom Option Agreement**

On 13 February 2013, the Company entered into an option agreement with ExxonMobil and OMV Petrom whereby the Company has the right to become a party to the concession agreement to be held by ExxonMobil and OMV Petrom for a portion of the Midia XV block which is presently the object of the concession agreement for the Midia XV and Pelican XIII blocks in the Romanian Black Sea area. According to the option agreement, the Company has the right to a 10% participation in the concession agreement, concerning the deep sea portion, under certain conditions and subject to the payment of up to US dollar 12 million, in two instalments, plus certain costs incurred by ExxonMobil and OMV Petrom for the exploration of the deep sea area, plus an amount representing the interest computed for the period from the moment of incurring the costs and the actual date of payment by the Company.

ExxonMobil and OMV Petrom have entered in October 2012 into an agreement regarding the acquisition of the rights for the deep sea area of the area concessioned from Sterling Resources Ltd. and Petro Ventures Europe BV; the acquisition has not yet been finalised, pending required Governmental approval. The Company may exercise its option for a period of two months from the date the Company receives from ExxonMobil and OMV Petrom the notice that the commercial discovery report has been submitted to ANRM.

The option agreement provides that if there is a change of control in the Company following which the Company is controlled by an entity with whom any of ExxonMobil and OMV Petrom considers itself, in its sole discretion, prohibited and/ or conflicted from doing business, then ExxonMobil or OMV Petrom, as applicable, shall have the right to terminate the option agreement.

### **Lukoil and Vanco Joint Operating Agreements**

The Company is party to two joint operation agreements, initially entered into by Lukoil and Vanco for two blocks located in the Black Sea area (blocks EX-30 Trident and EX-29 Est Rapsodia). In each of these joint operation agreements the Company holds an interest of 10%, while Lukoil holds 72% and Vanco 18%. These agreements establish the rights and obligations of the parties in connection with the joint exploration, appraisal, development, production and disposition of hydrocarbons from the licence blocks.

### **Amromco Farm-out Agreement**

On 25 January 2002, the Company entered into a farm-out agreement with Amromco Energy LLC (further assigned to Amromco Energy SRL), in which the Company holds a stake of 50%. The agreement provides for the exploration, development, enhancement and sharing of the incremental production in the following 11 petroleum fields, which are concessioned by the Company: Bibesti Sardanesti, Stramba Rogojelu, Finta Gheboia, Fierbinti Targ, Frasin Brazi, Zatreni Tetoiu, Boldu, Rosioru, Gura Sutii, Balta Alba and Vladeni. The term of the agreement is equal to the term of the concession agreements executed by the Company in relation to the aforementioned petroleum fields.

The base production, (which is the anticipated amount of non-associated natural gas production produced from certain wells, in accordance with an agreed production decline curve) will be entirely owned by the Company, while the incremental production (which is the gas obtained from the existing wells or new wells, following the performance of the production enhancement operations and which is over and above the base production) will be shared in equal proportions between the Company and Amromco.

All costs necessary for the performance of the production enhancement operations will be borne equally by the parties, according to the association agreement.

The incremental production will be sold by Amromco at the market price, unless the parties agree otherwise.

### **Schlumberger Association Agreement**

On 4 September 2003, the Company and Schlumberger entered into an association agreement related to the development of Laslau Mare gas field and allocation of incremental production, in which the Company holds a 50% stake. The duration of the agreement is 15 years from the date Schlumberger notified the Company of the beginning of the rehabilitation works (upon the fulfilment of certain conditions precedent) and is subject to prolongation with the Company's approval (not to be unreasonably withheld) for an additional period or periods, up to a maximum of 10 years, at the request of Schlumberger, if it has not recovered its investment costs during the initial period.

The Company is the operator and the hidden associate, but the Company will be solely and directly responsible in front of all authorities for compliance with the applicable legislation and payment of all liabilities and taxes applicable (including the royalties for the entire incremental production), since it continues to be the sole holder of the concession. The Company also undertook to indemnify Schlumberger for any claims arising from or in connection with the exercise of the authority granted as a lead associate under the agreement.

The parties will bear all costs and expenses on an equal basis with monthly contributions required for carrying out enhancement operations and will participate also on an equal basis in the financial gain generated by the additional production. However, if the Company's participation is advanced by Schlumberger, then any such payments shall be reimbursed through the financial gains generated by the incremental production.

Schlumberger may terminate the agreement with 20-day prior written notice to the Company, upon the earlier of: (i) the completion of the first work program (designed to evaluate the economic feasibility of obtaining incremental production); or (ii) the investment of USD 3 million, or in case the Company is corporately restructured, with or without privatisation, and Schlumberger determines that such restructuring has a material adverse effect on the agreement and/or the rights of Schlumberger under the agreement. Also, in case the agreement is terminated by Schlumberger, it will still be entitled to recover certain costs from the Company and receive part of the incremental production in accordance with the terms of the agreement.

### **Cybinka Joint Partners Agreement**

The Company became party to a Joint Partners Agreement dated 20 August 2008, initially entered into among Aurelian Oil & Gas Poland s.z.o.o, GB Petroleum Plc, Avobone Poland B,V, Energia Cybinka Spzoo and Energia Cybinka s.z.o.o.sp.k.. The purpose of the agreement is to establish the principles of cooperation between the parties in relation to the petroleum operations to be conducted in the Cybinka concessioned area, located in Poland. The participation of each party in the partnership is as follows: Energia Cybinka Spzoo – 1%; Aurelian – 34%; GB Petroleum (currently known as Sceptre Oil & Gas) – 25%; Avobone – 10%; and Romgaz – 30%. The agreement is in force until February 2014, the expiry of the related petroleum and concession agreement, except for the clauses related to the abandonment of wells. The initial petroleum and concession agreement was concluded by Aurelian, but the parties agreed that it will be transferred to the limited liability partnership incorporated by the parties. Upon entering the partnership, the Company agreed to make a cash contribution to Energia Cybinka in the amount of 100,000 zlotys (approximately EUR 24,000), but it will not participate in the losses of the partnership.

In accordance with the terms of the Joint Partners Agreement, on 6 September 2011, the Company executed a loan agreement with Energia Cybinka, pursuant to which it has agreed to lend EUR 5 million, to be utilised by Energia Cybinka for the purposes of funding its statutory activities. Unless extended by mutual agreement of the parties, the agreement will terminate on 31 December 2015 and Energia Cybinka will be required to repay the utilised amount before such termination date. According to the information provided by the Company, as of 28 August 2013, Energia Cybinka had utilised EUR 863,395 of the loan granted by the Company.

### **Torzym Joint Partners Agreement**

The Company became a party to a Joint Partners Agreement dated 10 September 2008, initially concluded between Aurelian Oil & Gas Poland s.z.o.o., GB Petroleum Plc, (currently known as Sceptre Oil & Gas) Avobone Poland B.V, Energia Torzym s.z.o.o. and Energia Torzym s.z.o.o.sp.k. The purpose of the agreement is to establish the principles of cooperation between the parties in relation to the petroleum operations to be conducted in the Torzym concessioned area, located in Poland. The participation of each party in the partnership as follows: Energia Torzym s.z.o.o.—1%; Aurelian—34%; GB Petroleum—25%; Avobone—10%; and Romgaz—30%. The agreement is in force until February 2014, the expiry of the related petroleum and concession agreement. The initial petroleum and concession agreement was concluded by Aurelian, but the parties agreed that it will be transferred to the limited liability partnership incorporated by the parties. Upon entering the partnership, the Company agreed to make a cash contribution to Energia Torzym in the amount of 100,000 zlotys (approximately EUR 24,000), but it will not participate in the losses of the partnership.

In accordance with the terms of the Joint Partners Agreement, on 5 September 2011, the Company executed a loan agreement with Energia Torzym, pursuant to which it has agreed to lend EUR 5 million, to be utilised by Energia Torzym for the purposes of funding its statutory activities. Unless extended by mutual agreement of the parties, the agreement will terminate on 31 December 2015 and Energia Torzym will be required to repay the utilised amount before such termination date. According to the information provided by the Company, as of 28 August 2013, Energia Torzym had utilised EUR 2.8 million of the loan granted by the Company.

### **Imex Gas Sale-Purchase Agreement**

The Company entered into a sale-purchase of natural gas agreement with Imex on 2 April 2010, whereby the Company agreed to buy natural gas from the Russian Federation within the period 2010-2012. The contract was subsequently amended to supplement the quantities of natural gas purchased, to set the price of such supplementary quantities and to extend the term of the agreement until 31 December 2013.

### **Wintershall Gas Sale-Purchase Agreement**

On 30 March 2004, the Company entered into an assignment agreement with Wintershall and Termoelectrica, whereby Termoelectrica assigned to the Company *pro rata* rights and obligations over certain natural gas quantities that Termoelectrica bought from Wintershall, in accordance with the consolidated natural gas sales agreement dated 27 March 2003 (the “**Wintershall Sales Contract**”). The Company also agreed several amendments to the Wintershall Sales Contract to re-negotiate the quantities of natural gas, duration (the term of the agreement has been extended until 31 December 2013) and pricing terms with Wintershall.

### **Aurelian Petroleum, Raffles Energy and Europa Oil & Gas Petroleum Agreements**

On 31 December 1999, the Company concluded a petroleum agreement with ANRM, Ramco Romania SRL (“**Ramco**”), Millennium International Resources Corporation Limited (“**Millennium**”) and Europa Oil & Gas Limited (“**Europa**”) in respect of Block EIII-1 Brodina. The agreement was approved through Government Decision no. 1274/2002 and thus entered into force on 27 November 2002. The term of the agreement is 30 years, calculated from 27 November 2002, the effective date of the contract, with the possibility to terminate it if no commercial discovery is made. On the execution date of the agreement, the participation of each party was as follows: Ramco 28.75% Romgaz 37.5% Europa 28.75% and Millennium 5%. According to the Company, as of May 2012, the participation of each party in the agreement was as follows: Romgaz 50%, Aurelian Petroleum SRL 33% and Raffles Energy SRL (formerly Aurelian Oil & Gas (Romania) SRL) 17%.

On 31 December 1999, the Company and ANRM, Ramco, Millennium and Europa entered into a petroleum agreement in respect of Block EIII-3 Cuejdiu. The agreement was approved through Government Decision no. 1274/2002 and thus entered into force on 27 November 2002. The term of the agreement is 30 years, calculated from 27 November 2002, the effective date of the contract, with

the possibility to terminate it if no commercial discovery is made. However, due to the unfavourable results of the initial exploration efforts, the partnership abandoned the Cvejdiu block and terminated the petroleum agreement with respect thereto, according to ANRM decision no. 6 issued on 7 August 2012.

On 31 December 1999, ANRM, Ramco, Millennium and Europa entered into a petroleum agreement in respect of Block EIII 4 Bacau. The agreement was approved through Government Decision 1275/2002 and thus entered into force on 27 November 2002. The term of the agreement is 30 years, calculated from 27 November 2002, the effective date of the contract, with the possibility to terminate it if no commercial discovery is made.

On 22 January 2009, Aurelian Oil & Gas (Romania) SRL (formerly Ramco and currently Raffles Energy SRL) assigned and transferred to the Company a 40% interest as titleholder of the petroleum agreement concluded with Europa and Millennium in respect of Block EIII-4 Bacau. Pursuant to this assignment agreement, the participation of each party in the agreement became as follows: Romgaz 40%, Aurelian Oil & Gas (Romania) SRL 36%, Europa 19% and Millennium 5%. According to the Company, as of May 2012, the participation of each party in the agreement is as follows: Raffles Energy SRL 41%, Romgaz 40% and Europa 19%.

## DESCRIPTION OF INDEBTEDNESS

### RBS Bank Facility Agreement

The Company entered into a facility agreement with RBS Bank Romania SA (“**RBS**”) on 18 April 2013 (the “**RBS Facility Agreement**”), pursuant to which RBS agreed to provide a facility of up to USD 29,000,000 to the Company. The purpose of the RBS Facility Agreement is to finance the working capital needs of the Company and the facility is made available to the Company through issuance of letters of credit and bank letters of guarantee. The RBS facility may be utilised until, and any commitment of RBS thereunder will be valid until, 30 December 2013 and any amount due by the Company as a result of the utilisation of the RBS facility must be paid by 31 December 2013.

The RBS Facility Agreement requires the Company to comply with customary covenants and restrictions, including the obligation for the Company to notify RBS in writing, within 15 days as of such occurrence, regarding the occurrence of any economical, juridical or other circumstances of whatever nature which could modify the legal and factual circumstances existing at the signing of the finance documents, including any proposal of amending the Articles of Association or of amending, in any way, directly or indirectly, the shareholding structure with respect to the shareholders owning at least 5% of the share capital of the Company, spin-off, merger or any other organisational restructuring procedure or participation in the share capital of other companies. If RBS does not agree with such changes, this might trigger the default of the Company under the RBS Facility Agreement. In addition, the Company has the obligation to route monthly through the accounts opened with RBS a part of its turnover equal to the part utilised from the RBS facility for the respective month.

The RBS Facility Agreement contains customary events of default, including failure of the Company to pay when due a financial obligation towards RBS or any other third parties, or such financial obligation becomes payable or may become payable before the maturity date.

The RBS facility is unsecured but, unless agreed otherwise by the Company and RBS, in case the Company creates security over any of its assets for the purpose of securing other indebtedness, it must create in favour of RBS *pari passu* ranking security over the same assets or other assets having similar market value and liquidity. Moreover, for the purpose of guaranteeing the reimbursement of the amounts under the RBS Facility, RBS has the right to request the Company (i) at any time; (ii) in case of unilateral termination of the RBS Facility Agreement; and (iii) in case of the acceleration of the RBS facility, to create a movable mortgage over amounts of money equal to the amounts to be reimbursed under the RBS facility.



## REGULATORY MATTERS

### General/Corporate

The Companies Law establishes the main rules relating to the registration, operation, merger, spin-off and winding-up of Romanian commercial companies. Listed companies must comply with additional rules provided by the Capital Markets Law on capital markets and special regulations issued by the Romanian FSA and the Bucharest Stock Exchange, primarily addressing the transparency of listed companies.

With respect to corporate governance, the Company falls within the provisions of Emergency Government Ordinance no. 109/2011 on corporate governance of public institutions which sets out, among others, the principles according to which the appointment procedure of the Board of Directors should be performed as well as certain corporate governance aspects which must be complied with by state-owned companies.

Government Ordinance no. 64/2001 on distribution of profits of national companies and societies, and of wholly-owned or majority-owned companies, or autonomous regimes applies to distribution of profits by state-owned companies, including the Company, and provides that, starting with the year ended 31 December 2004, a minimum of 50% of the profit of state-owned companies must be distributed as dividends, after having deducted the amounts allocated in accordance with other special laws to: (i) legal reserves; (ii) other reserves representing tax facilities provided by law; (iii) covering accounting losses for the previous years; (iv) setting own financing sources for projects co-financed out of external loans, as well as for the amounts necessary for reimbursing capital instalments, paying interest, commissions and other costs related to these external loans; and (v) other purposes provided by law.

### The Natural Gas Industry

#### **Regulatory authority**

The Romanian gas market is regulated by ANRE. ANRE also regulates the electricity and heating markets in Romania. Until 2007, the gas market was separately regulated by the National Gas Regulatory Authority (*Autoritatea Nationala de Reglementare in Domeniul Gazelor Naturale*) (“ANRGN”). In April 2007 ANRGN was dissolved and its activity was taken over by ANRE.

According to Emergency Government Ordinance No. 33/2007 regarding the organisation and functioning of ANRE, as subsequently amended, ANRE is a public autonomous and independent authority, under the control of the Romanian Parliament, whose mission is to create and implement the appropriate regulatory system to ensure the proper functioning of the electricity, heat and gas markets, in terms of efficiency, competition, transparency and customer protection. ANRE is headed by a president, seconded by two vice-presidents, all appointed for a 5-year term by the Romanian Parliament. ANRE is financed entirely from its own resources. Each year, the president of ANRE presents the authority’s activity report for the previous year to the Parliament.

ANRE has the power to elaborate and enact secondary legislation, including technical norms, regarding the natural gas market. In the exercise of its powers, ANRE issues authorisations and licences for activities on the natural gas market.

#### **Regulatory framework**

ANRE is responsible for establishing secondary regulations enforcing the provisions of the Energy Law. Title I of the Energy Law pertains to electricity, while Title II pertains to natural gas. Title II of the Energy Law transposes into national legislation a substantial number of legal provisions required under Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing the Gas Directive. On 17 July 2013 the EC has referred Romania to the European Court of Justice claiming that some provisions of the Gas Directive still remain to be transposed into national law (e.g. provisions relating to the protection of customers). Such claim is currently pending with the European Court of Justice and the Romanian Government is taking steps to address the outstanding points.

The natural gas sector in Romania pledged to undertake the unbundling process in 2007, as per the provisions of the now repealed Gas Law.

## **Licencing**

In order to undertake activities in the gas sector in Romania, an authorisation and/or licence granted by ANRE is required. According to the Energy Law, there are two types of authorisations: establishment authorisation and design/execution/exploitation authorisation. The establishment authorisation allows a legal entity, Romanian or foreign, to establish upstream pipelines for natural gas production, new facilities for production of biogas, biomethane, liquefied natural gas (“LNG”) or compressed natural gas for vehicles (“CNGV”), or new systems for transportation, storage and distribution. The design/execution/exploitation authorisation is issued for upstream natural gas pipelines, for transportation and distribution systems, for natural gas utilisation installations, for installations for production or storage of CNGV, biogas and biomethane, and for surface technological installations for natural gas storage.

Legal entities must hold certain authorisations for the design and execution of any of the following objectives:

- surface technological installations, gas compressor stations, measuring and regulation stations, upstream pipelines and branch connections dedicated to natural gas production and/or storage;
- natural gas transportation pipelines and their respective gas compressor stations;
- high pressure branch connections and measuring and regulation stations for the transportation systems;
- natural gas distribution systems; and
- natural gas usage installations.

The Energy Law provides for licences for the following activities in relation to natural gas: operation of upstream natural gas pipelines; supply of natural gas, biogas/biomethane, LNG, CNGV, LPG (liquefied petroleum gas); operation of transportation, distribution and storage systems; operation of LNG terminals; and management of centralised markets.

According to the Gas Licensing Regulation, the establishment authorisations, storage licences and the licences for the operation of the distribution system are issued for the validity period of the underlying agreement (i.e. concession agreement, joint venture agreement or petroleum agreement). The natural gas supply licence and the licences for the operation of the closed distribution system have a maximum validity period of 25 years.

All licence holders undertake certain obligations including:

- to keep separate accounts for different activities, including storage, production, transportation, distribution and supply;
- to prepare, submit to audit and publish annual financial statements consolidated with their undertakings that do not have legal personality, in accordance with the Fourth Directive 78/660/CEE of the Council of 25 July 1978;
- to provide the information needed for efficient access to the system by other licensed operators and users;
- to possess all authorisations and licences required by the applicable law;
- to observe the “gas basket” obligations; and
- to make available to ANRE copies of all natural gas purchase/sale/supply agreements and transit agreements, upon request.

The authorisations and licences can be obtained only by a legal entity headquartered in Romania. Foreign companies must establish an office in Romania (such as a subsidiary, branch or representative office) and maintain it throughout the validity period of the authorisation and/or licence. Applications from companies that had a natural gas sector authorisation or licence withdrawn or annulled in the previous five years are rejected.

Authorisations and licences in the natural gas sector are approved by Decision of the president of ANRE and published in the Official Gazette of Romania, Part I.

ANRE may amend *ex officio* the authorisations and licences, if legislative changes or variations of the initial circumstances would occur. ANRE may also amend *ex officio* the authorisations and licences upon occurrence of certain events that substantially affect the activity of the holder or lead to the impossibility for the holder to perform its activity.

Also, upon the holder's request, ANRE may amend the authorisations and licences, in case of changes to the status of the holder of the authorisation or licence (*i.e.* merger, demerger, change of business object, change of name, change of registered office, share capital amendment) or of its assets, or any other changes of the conditions based on which the authorisation or licence was issued. The holder must request the amendment within a 30-day term. If ANRE cannot amend the respective authorisation/licence, the holder will request the transfer of the authorisation/licence to another entity.

In case the holder of an authorisation/licence does not observe the specific validity conditions, for reasons non-imputable to the respective holder, ANRE: (i) grants a three-month term for remedy purposes, if the situation can be remedied; (ii) suspends the authorisation/licence for a period of three months, if the remedy has not been performed during the term granted under (i); or (iii) withdraws the authorisation/licence, if following the expiry of the term under (ii) the remedy has not been performed.

ANRE also withdraws the authorisation/licence: (i) when the holder enters into bankruptcy, or (ii) if the holder requests so in writing. In this last case, if the holder performs its activity pursuant to a concession agreement, joint venture agreement or a petroleum agreement, the holder must also provide to ANRE the consent of the other party to such agreement.

Following the suspension or withdrawal of its authorisation/licence, the holder must cease to perform its activity from the date mentioned in the suspension or withdrawal decision issued by the authority. In certain, duly substantiated, cases where the interests of the customers are substantially affected, ANRE, together with the grantor of the concession, can (i) allow the holder to perform its activity during the suspension period, (ii) prolong, on a monthly basis, the remediation term granted to the holder of the authorisation/licence or (iii) decide to partially suspend the authorisation/licence that has been granted for several objectives.

### **Gas production**

In order to perform natural gas production activities, a legal entity must also hold a petroleum agreement, in accordance with the provisions of the Petroleum Law.

The petroleum agreement is defined by the Petroleum Law as an agreement between ANRM and a Romanian or a foreign legal entity, under which the latter is allowed to undertake operations in the petroleum sector (such as exploration, development, exploitation of a petroleum geological reserve, underground storage, transport and transit of petroleum and operation of petroleum terminals) and receives concession rights over necessary equipment. The Petroleum Law uses the term "petroleum" to define both natural gas and oil.

Oil resources in the underground and the Romanian continental plateau of the Black Sea, delineated in accordance with the principles of the international law and international conventions to which Romania is a party, represent exclusive public property belonging to the State. Therefore, the phrase "holder of rights to gas reserves" used in this Prospectus is construed in accordance with the above.

The concession of exploitation operations in the natural gas sector is agreed through a petroleum agreement concluded by ANRM with the winner of a public tender. The list of perimeters offered for concession by ANRM is published in the Official Gazette of Romania and in the Official Journal of the European Union. There are three types of petroleum agreements that entitle a company to exploit a natural gas reserve: concession petroleum agreement for exploration-development-exploitation, concession petroleum agreement for development-exploitation and concession petroleum agreement for exploitation.

The petroleum agreement becomes effective only after it is approved through a Government Decision, published in the Official Gazette of Romania. However, the petroleum agreement remains confidential, as it is not published together with the Government Decision approving it.

The initial term of the concession is for a maximum of 30 years and it can be extended upon petition by the concessionaire to ANRM for an additional period of up to 15 years.

A foreign company that is party to a petroleum agreement must establish a local subsidiary or a branch within 90 days from the date when the petroleum agreement becomes effective.

The exploitation operations may start only after the issuance of a written authorisation by ANRM, following the procurement of all necessary authorisations and endorsements required by the applicable law.

Also, the right to explore and/or exploit mineral resources, other than petroleum, can be granted by ANRM to other legal entities, within a petroleum exploitation perimeter, if this does not impact the petroleum operations.

A petroleum agreement confers certain key rights including, among others, the rights to:

- use and access plots of land, within the perimeter provided by the petroleum agreement, necessary for petroleum operations;
- dispose of the corresponding natural gas quantities, in accordance with the provisions of the petroleum agreement, including the right to export it;
- priority in applying for the concession for exploitation of other useful mineral resources, other than petroleum, discovered during the petroleum operations in the exploitation perimeter;
- request for the exploitation perimeter to be extended, if it is proven that the reservoir stretches outside the limits of the initial perimeter, if such areas are not subject to a different petroleum agreement; and
- undertake underground storage operations with the prior approval of the competent authority and only after obtaining a licence for underground storage.

A petroleum agreement also imposes certain obligations, including the obligations to:

- prepare technical and financial documentation for petroleum operations and submit them for approval to ANRM;
- keep daily records of the extracted oil, condensate and natural gas quantities, for each well, reservoir and exploitation perimeter;
- inform ANRM of any inspection carried out by local environmental protection and labour safety authorities;
- enter, upon ANRM's request, into an association with holders of neighbouring perimeters, if works reveal a continuous reservoir in such perimeters;
- hand over the perimeter to ANRM within 60 days from the finalisation of the concession;
- abandon a well only after receiving ANRM's endorsement and by taking actions for protecting the reservoir and the area;
- register in the accounts and deduct the provision for site abandonment, environmental rehabilitation and agricultural or forestry recovering of the land; and
- observe the legal due dates for payment of the petroleum royalty.

A petroleum agreement may be transferred, partially or wholly, the attained rights and undertaken obligations, to another legal entity only with the prior written approval of ANRM. The authority will approve the transfer only if:

- the petroleum agreement is in force;
- obligations undertaken by the holder through the petroleum agreement are fulfilled as compared to the lapsed period thereof or the legal entity to which the transfer is being performed undertakes to take over the unfulfilled obligations;
- the legal entity has the technical and financial capacity to take over the obligations set by the petroleum agreement;
- the transfer maintains the existing concession conditions;
- legal entity to which the undertaken rights and obligations is specialised to perform petroleum operations or to designate as operator an authorised company holding adequate technical capacity for petroleum operations provided by the transferred agreement.

The Energy Law provides for certain additional rights and obligations for the natural gas producer:

- the right to draft specific technical/commercial norms and to submit them for approval to ANRE;
- the right to sell the extracted natural gas, within the limits of the supply licence;
- the right to turn off installations during necessary maintenance and fixing operations, with prior notification to the relevant dispatchers of any affected systems and, where the case, of the end-customers;
- the right to refuse to grant third parties access to upstream pipes, when certain conditions provided in the Energy Law are met;
- the obligation to obtain the authorisation to establish upstream pipelines for natural gas production and the licence to operate them; and
- the obligation to provide, as a priority, the suppliers with the quantities of natural gas, resulted from the production activity, necessary to cover consumption on the regulated market. The remaining natural gas production, less the quantities necessary for its own technological use, will be supplied on the competitive market.

The entity exploiting a natural gas reserve must pay a royalty to the state budget. This royalty represents a percentage of the value of the gross extracted production and is currently set as follows:

<u>Quarterly production</u> (million m <sup>3</sup> )	<u>Royalty</u> (%)
0-10 .....	3.5
10-50 .....	7.5
50-200 .....	9.0
200+ .....	13.0

Accuracy of the data on which the royalty is calculated is subject to review by ANRM and the fiscal authorities.

The royalty is due and payable every three months, on the 25<sup>th</sup> of the first month of the quarter. When the payment of the royalty is more than 6 months overdue, ANRM can terminate the petroleum agreement.

The concession can be unilaterally terminated by the Company, if certain requirements provided for by law are met and the termination is approved by an ANRM decision.

The concession can be suspended by ANRM, after 60 days from the date an administrative penalty has been imposed or a notification has been issued, when the Company: (i) does not comply with a court judgment relating to petroleum operations, (ii) is under a judicial reorganisation or bankruptcy procedure, (iii) does not comply with the legal requirements on protection and safe exploitation of the gas reserve or (iv) is in severe breach of the health and labour safety norms.

ANRM can terminate the concession if the company does not start the operations within the agreed timeline, suspends operations for more than 60 days without ANRM's consent, does not comply with the technical and scientific exploitation studies, operates without an authorisation required by law, its environmental authorisation or labour safety authorisation has been revoked, submits to ANRM incorrect information and data regarding the operations, is in breach of the confidentiality clauses in the petroleum agreement, does not pay the petroleum royalty for more than 6 months, does not comply with a clause in the agreement set out under the penalty of early termination, does not comply with the minimum volume of work set out in the petroleum agreement for a given period that has ended, does not cast out the cause of the suspension within the set term. The termination becomes effective within 30 days from receipt of the termination notification.

The holder of a petroleum agreement can terminate the concession upon the occurrence of a force majeure event leading to an objective and definitive impossibility for the entity to fulfil some of its rights and/or obligations under the agreement which are essential for the implementation of the operations.

After the concession expires or is terminated, the company must give back, free of any encumbrances, the assets received as part of the concession, including the investments made to these assets.

The environmental liability of the company that is party to a petroleum agreement outlives the termination of the concession, until the rehabilitation of all environmental factors affected by the operations, in accordance with the environment rehabilitation plan approved by the competent environmental authority.

When the petroleum agreement is amended, the holder must notify ANRE within 48 hours.

If the petroleum agreement is assigned, ANRE will grant a new establishment authorisation/licence to the assignee or amend accordingly the respective establishment authorisation/licence to the assignee, upon its request.

### ***Gas supply***

The supply of natural gas is defined by the Energy Law as the commercial activity of selling the natural gas, including LNG, to clients. A supply licence is required in order to perform natural gas supply activities.

There are two types of supply agreements that can be entered into: (i) a negotiated supply agreement and (ii) a regulated supply agreement. A negotiated supply agreement can be entered into only with an eligible customer (a customer which is free to choose its supplier).

### ***Gas storage***

In order to apply for a storage licence, which is required in order to undertake natural gas storage activities, the legal entity must first obtain, among others, a metrological authorisation and an environmental authorisation.

The concession of underground natural gas storage facilities is agreed through a petroleum agreement entered into with ANRM.

The Energy Law provides minimum criteria, such as legal form, organisation and decision-making process for ensuring the independence of the storage operator that is part of a vertically integrated operator.

Access to the storage facilities can be obtained by any applicant through a written request filed with the operator, accompanied by supporting documents, as provided by the ANRGN Decision no. 824/2004. The storage operators shall grant access to the storage facilities if the following cumulative conditions are met: (i) valid documents are submitted attesting the origin of the natural gas that will be stored; (ii) storage capacity is available; and (iii) technical conditions regarding the flow, pressure and quality of the natural gas, safety and efficiency conditions of the storage facility are met.

The legislation provides for a specific priority regarding access to the underground storage facilities, as follows:

- the operator of the national transport system—for the quantities of natural gas necessary to ensure the balance of the national transport system;
- the producers—for the quantities of natural gas needed for the technological processes;
- suppliers that hold a distribution licence—for the quantities of natural gas needed for providing the mandatory public service; and
- eligible customers—for the quantities of natural gas needed for their own consumption; and wholesale market suppliers, other applicants and foreign legal entities that benefit from the transit of natural gas through Romania.

Within the same category, the first applicant receives priority.

In order to have access, an applicant must enter into a standard storage agreement with the operator.

Based on the standard storage agreement, approved by ANRGN Decision no. 480/2004, as subsequently amended, the operator cannot ask the beneficiary for security over the stored natural



gas, but has a legal retention right over the deposited natural gas until all the issued invoices for the storage services are fully paid by the beneficiary. The operator can also exercise its retention right to persuade the beneficiary to fulfil any other of its obligations under the storage agreement.

A royalty must be paid to the state budget by the company operating underground storage facilities, amounting to 3% of the gross revenues from the operations of underground storage of natural gas.

### ***Gas distribution***

Natural gas distribution is considered a public service of general interest. The Energy Law defines natural gas distribution as the activity of circulating through a distribution system the natural gas to be delivered to customers. Distribution does not include supply.

A distribution licence is required in order to operate a natural gas distribution system.

Certain minimum criteria for ensuring the independence of the distribution operator are set forth in the Energy Law:

- the executives of the distribution operator cannot have in a vertically integrated company or group of companies a coordinating position over the natural gas production, transport and supply;
- the professional interests of the executives of the distribution operator must be taken into account, ensuring their independence to act;
- the distribution operator must have actual powers in taking decisions, independently from the vertically integrated company, regarding the assets required for the exploitation, maintenance and development of the distribution network;
- the distribution operator must establish a conformity program ensuring that discriminatory practices are excluded, and guarantee that such program is monitored.

The above criteria are not applicable to distribution operators serving no more than 100,000 end-customers.

Third parties' access to the distribution system is regulated by the Energy Law and Government Decision no. 1043/2004 and is only permitted based on an access agreement, issued in accordance with specific regulations issued by ANRE. Access can be refused in certain circumstances, including: insufficient capacity; when access would obstruct the fulfilment of the obligations deriving from the public service nature and the safe exploitation requirements or lead to serious economic and/or financial difficulties for the operator in relation with the "take-or-pay" type agreements; and when the quality of the natural gas that is injected into the system and/or storage facilities does not meet the legal requirements.

The connection to the distribution system is also regulated by the Energy Law. The connection can be refused in certain circumstances, namely (i) when the system operator issues a refusal to grant access to the system, (ii) in case of inexistence of adequate system connection component; and (iii) in case of failure to pay the connection tariff.

The obligations of the distribution operator, as provided by the Energy Law, include, among others:

- to operate, maintain, repair, modernise and further develop the distribution system in safe, economically efficient and environmentally friendly conditions;
- to perform interconnections with other systems, as appropriate, and ensure the distribution system's capacity on a long-term basis;
- to maintain a balance between the incoming and outgoing natural gas quantities;
- to prevent cross-subsidy between categories of customers regarding the allocation of costs for the reservation of distribution capacities;
- to take over for a limited period of time (a maximum of two years) upon ANRE's request, the operation of another distribution system where the initial operator's licence was revoked or the concession agreement was terminated;

- to ensure permanent balance of the system operated by it; and
- to draft and submit to ANRE 5-year investment plans for the systems it operates. Such plans must be updated annually by the operator and are subject to approval by ANRE.

A standard framework agreement is attached as an Annex to ANRGN Decision no. 183/2005, as subsequently amended.

### ***Equipment certification***

The use of equipments installations, devices, products and techniques used in the natural gas sector is subject to a prior consent issued by the system operator according to the methodology/procedure elaborated by it and endorsed by ANRE.

The projects for objectives and systems in the natural gas sector (production, storage, transport and/or distribution) must be approved by a certified project surveyor authorised by ANRE.

### ***Gas price***

The internal gas market in Romania is split into two markets: the competitive market and the regulated market. Natural gas can be sold on either a wholesale or retail basis.

(i) The competitive market covers natural gas trading between suppliers and between suppliers and eligible customers. The eligible customer is defined in the Energy Law as the customer that can choose the supplier. The prices are set freely, based on market offer and demand.

(ii) The regulated market covers the natural monopoly activities (such as transport, storage or distribution activities), associated activities and gas trading based on standard form agreements. The prices and tariffs are set by ANRE.

The supply of natural gas under regulated regime is performed only in accordance with the framework agreement for the regulated supply of natural gas concluded between the customer and the supplier licensed by ANRE.

The regulated prices for supply to non-household customers will apply until 31 December 2014. This term can be extended until 31 December 2015, if there will be a significant difference between the price of the natural gas from the internal production and the European price for natural gas from import which could jeopardise market stability. The regulated prices for supply to household customers will apply until 31 December 2018.

Eligible customers can negotiate natural gas sale purchase agreements with the licensed suppliers. Also, they can enter directly into agreements for other regulated services (distribution, transport etc.). The supply of natural gas under the negotiated regime is performed based on the agreement for the supply of natural gas concluded between the customer and the supplier, in accordance with terms and conditions freely negotiated by the parties.

Under the negotiated supply agreement, the price is freely negotiated by the parties. There are no specific requirements or limitations which might apply to such price or to any other terms of the agreement (term, conditions etc.), except for the regulated tariffs afferent to services associated with the gas supply (i.e., transportation, distribution and storage). However, even with respect to the negotiated agreements, the structure of the “gas basket” mentioned below has to be observed. So, in the case of an eligible customer purchasing natural gas from several suppliers, such customer must purchase imported and local gas in the same percentages as those used to determine the “gas basket” price. However, if that eligible customer purchases gas from a single supplier, the obligation to create the gas basket is borne by the single supplier. This obligation relates to the quantity of imported and local gas purchased, not the price.

Customers have the option to choose the type of natural gas supply regime for each off-take. In addition, for the same off-take, a customer may conclude either: (i) one regulated supply agreement or (ii) one or more negotiated supply agreements, however, it cannot simultaneously benefit, for the same off-take, from both regulated and negotiated regimes. All customers have the right to be supplied with natural gas with the same resource structure (internal/ import).

The prices and tariffs in the regulated sector are approved by Order of the president of ANRE, published in the Official Gazette of Romania.

In the case of a non-household customer choosing the regulated regime for the supply of natural gas, it may enter into the supply agreement only with the supplier nominated and approved by ANRE to perform the regulated supply of natural gas in the area where the customer's off-take is located. Under the regulated supply regime, the price is set by ANRE according to the methodology for the approval and the setting up of the regulated prices in the natural gas sector. Such regulated natural gas price comprises the following components: (i) acquisition costs, (ii) transport costs, (iii) distribution costs, (iv) storage costs and (v) supply margins. In addition, the final acquisition cost of natural gas is set up as an average between the acquisition cost of natural gas from the internal production and the acquisition costs of natural gas from import, which represents the "gas basket".

The "gas basket" will continue to apply until elimination of regulated prices. The structure of the "gas basket" for non-household customers is proposed monthly by a specialised department within Transgaz S.A., the Romanian state-owned natural gas transport system operator and approved by ANRE. For September 2013 the "gas basket" has been set at 95.8% for household customers and 81% for non-household customers from internal production and 4.2% for household customers and 19% for non-household customers from imported gas. For household customers and heat producers, the "gas basket" is established monthly by ANRE.

The price of imported gas is determined based on an indexation formula related to the prices of petroleum and several petroleum products which are listed on the international stock exchanges. The regulated prices for natural gas are set by ANRE, individually for every supplier operating under the regulated regime, at different levels for each category of customer. Under the regulated regime, customers are divided into two main categories: customers connected directly to the transportation system and customers connected to the distribution system. Within these two categories, customers are also differentiated based on the volume of their annual natural gas consumption. The final regulated price for a customer will correspond to the relevant category in which such customer is placed. The price in the regulated supply regime is updated from time to time by ANRE. The last update has been made in late September 2013 through ANRE Order 70/2013.

Following the start of the liberalisation of natural gas prices, the Romanian Government imposed special taxes on additional income obtained as a result of the deregulation of prices in the natural gas sector. According to Government Ordinance No. 7/2013, companies acting as both natural gas producers and suppliers must pay this special tax of 60% of the additional income minus corresponding royalties and investments in the upstream segment. The amount of deducted investments in the upstream segment cannot exceed 30 per cent of the additional income. This special tax will continue to apply until 31 December 2014. Another special tax provided for by Government Ordinance no. 5/2013 is payable by the natural gas distributors that have more than 100,000 clients. This special tax amounts to RON 0.75/1 MWh.

## **The Electricity Industry**

### ***Regulatory authority***

The Romanian electricity market is regulated by ANRE, which also regulates the gas and heating sectors in Romania.

### ***Regulatory framework***

Title I of the Energy Law refers to electricity, while Title II refers to natural gas. Title I of the Energy Law transposes (i) a substantial number of legal provisions required under Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC, part of the Third Energy Package, (ii) Directive 2005/89/EC of the European Parliament and of the Council of 18 January 2006 concerning measures to safeguard security of electricity supply and infrastructure investment and (iii) Article 4 Paragraph (3) of Directive 2004/8/EC of the European Parliament and of the Council of 11 February 2004 on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC.

On 17 July 2013, the EC has referred Romania to the European Court of Justice claiming that some provisions of the Electricity Directive still remain to be transposed into national law. Such claim is currently pending with the European Court of Justice and the Romanian Government is taking steps to address the outstanding points.

In order to undertake activities in the electricity sector in Romania, an operator must obtain certain authorisations and/or licences issued by ANRE.

According to the Energy Law and the Regulation approved by ANRE Order no. 48/2013 regarding the issuance of authorisations and licences in the electricity sector (the “**Electricity Authorisations and Licences Regulation**”), a set-up authorisation issued by ANRE is required for the set-up of new energy facilities or for the refurbishment of existing energy facilities.

In addition, ANRE issues specific licences for each of the following activities:

- production of electricity;
- production of thermal energy in cogeneration;
- electricity transportation;
- performance of system services;
- electricity distribution services;
- management of centralised electricity markets; and
- supply of electricity (electricity trading).

The set-up authorisations and licences granted prior to the entry into force of the Electricity Authorisations and Licences Regulation remain valid, under their pre-existing terms and conditions, until the expiry of their respective terms.

The maximum term of a licence is of 25 years, except for the electricity supply licence, which has a maximum term of 10 years. The term of the licences can be extended by no more than the maximum initial term.

The regulatory authority will not grant authorisations and/or licences to (i) legal entities whose controlling shareholder or director formerly acted as controlling shareholder or director of a licensed entity that did not meet its payment obligations resulting from transactions on the electricity market, (ii) legal entities placed under the insolvency procedure or that have entered into bankruptcy, or (iii) applicants that have been sanctioned by ANRE with the withdrawal of an authorisation or licence within the previous 5 years.

Applicants for an authorisation/licence must pay a tariff to ANRE. The holders of an authorisation/licence must pay an annual contribution to ANRE, throughout the term of the authorisation/licence.

The authorisation/licence can be amended by ANRE, *ex officio* or upon the request of the holder, in the following situations:

- when the circumstances have changed after the date the authorisation/licence was granted;
- when certain events occur that materially affect, or lead to the impossibility of, the performance of the authorised/licensed activities;
- if the status of the holder has changed following merger, demerger or transformation, or if the holder has performed a change of name, registered office, share capital or assets;
- when it is necessary to update the technical details mentioned in the authorisation/licence;
- when the holder requests the extension of the term of the set-up authorisation, if the authorised works cannot be performed within the initial term; and
- when the holder requests the extension of the validity term of a licence.

When the holder of an authorisation/licence does not observe its legal obligations or the conditions set out in the authorisation/licence, ANRE will grant the holder a compliance term of no more than 6 months, if the failure to comply is not due to its fault and the respective situation can be remedied. If the holder is in default, ANRE will suspend the authorisation/licence for the period necessary for remediation of the failure.

ANRE withdraws the authorisation/licence, irrespective of the holder's default, if the situation that has resulted from the noncompliance cannot be remedied.

ANRE also suspends the authorisation/licence (i) upon the reasoned request of the holder, (ii) if another authority has suspended a piece of the documentation (i.e. permit, authorisation, agreement, approval) filed by the holder with ANRE for obtaining the respective authorisation/licence, (iii) if the establishment of the energy facilities endangers or is harmful for individuals, property and/or the environment, or (iv) during the checks performed by ANRE following a challenge regarding the granting of the authorisation/licence.

The authorisation/licence will also be withdrawn by ANRE (i) upon the reasoned request of the holder, (ii) if the holder enters bankruptcy or loses civil capacity, (iii) if the holder sells the facility or the lease/concession of the facility expires, (iv) if another authority has cancelled a piece of the documentation (i.e. permit, authorisation, agreement, approval) filed by the holder with ANRE for obtaining the respective authorisation/licence, (v) if the holder loses title over the real estate property where the facilities are located, following a final court decision, (vi) following a successful challenge regarding the granting of the authorisation/licence, (vii) following an injunction order or court decision stating that the facilities endanger or materially harm individuals, property and/or the environment, (viii) upon the transport and system operator's request following the repeated failure of the holder to observe its payment obligations as a PRE, or of the cogeneration contribution, or (ix) if the holder of a supply licence repeatedly fails to observe its obligation to purchase green certificates.

All licence holders must observe the following obligations:

- the conditions imposed in the licence;
- to keep separate accounting books for each licensed activity, in case of vertically or horizontally integrated entities;
- to constitute and maintain financial security allowing the performance of the activity and ensuring service continuity;
- to provide ANRE with the requested information;
- to prepare and perform the audit and publish their consolidated annual accounting records.

In addition, electricity producers must also observe the following obligations:

- to ensure the delivery of electricity and the technological system services;
- to offer publicly and in a non-discriminatory way on the competitive market the entirety of the available electricity;
- to offer in a non-discriminatory way the technological system services;
- not to send to the transport and system operator physical notifications in negative imbalance with their agreements in force;
- to maintain a sufficient fuel reserve in order to be able to continuously produce and supply electricity;
- to comply with the requests of the transport and system operator;
- to submit an annual activity report to ANRE.

### ***Electricity market***

The electricity market is split into the regulated market and the competitive market. On both markets, electricity can be traded either on a retail or wholesale basis.

### *The regulated market*

The regulated market refers to the supply of electricity to end-customers that did not exercise their eligibility option, to household customers and to industrial customers with less than 50 employees and a yearly turnover or a total asset book value below EUR 10 million.

The regulated supply of electricity to industrial customers will be maintained until 31 December 2013, while to household customers it will be maintained until 31 December 2017.

The prices and quantities of the electricity traded on the regulated market are approved by ANRE. The supply of electricity on the regulated market can be traded/sold only based on regulated agreements, which are approved and published by ANRE.

### *The competitive market*

The competitive market is transparent, public, centralised and non-discriminatory. Prices on the competitive market can be negotiated freely by the parties. The parties may trade electricity based on bilateral agreements concluded on the dedicated centralised market or on various other electricity markets. The Energy Law does not currently allow the conclusion of electricity sale and purchase agreements off the centralised market.

### *The wholesale electricity market*

The wholesale electricity market includes several independent markets operated by OPCOM, the electricity market administrator and Transelectrica, the transport and system operator. The producers, auto-producers, suppliers, distributors, customers and the transport and system operator are the players admitted to trading on the wholesale electricity market.

In addition to electricity, technological system services, system services, transportation services and distribution services are also traded on this market.

OPCOM operates the following markets:

(i) The Centralised Market Of Bilateral Electricity Agreements;

(a) The Centralised Market Of Bilateral Contracts Awarded Through Public Auction

Participation in this market is optional and the agreements are freely negotiated. The sale or purchase offers are not standardised in terms of agreement form, traded volume and delivery terms.

The offers for delivery/consumption of electricity placed by the participants registered on this market are for periods of at least one month.

(b) The Centralised Market Of Bilateral Contracts With Continuous Negotiation

Participation in this market is also optional and the trading is performed on-line, from the terminals of the participants registered on the market.

On this market, offers are standardised in terms of power, daily load to be covered (offers for base load (00:00 – 24:00), offers for peak load (06:00 – 22:00) and offers for off-peak load (00:00 – 06:00, 22:00 – 24:00)) and delivery periods (one week, one month, one quarter or one year). Also, the agreements must be concluded in the standard form approved by ANRE through Order No. 6/2011.

(ii) The Centralised Market Of Bilateral Contracts With Double Continuous Negotiation;

Participation in this market is optional and the trading is performed on-line between the participants registered on the market.

On this market, offers are standardised in terms of power, daily load to be covered (offers for base load (Monday-Sunday 00:00 – 24:00), offers for peak load (Monday-Friday 07:00 – 23:00) and offers for off-peak load (Monday-Friday 00:00 – 07:00 and 23:00 – 24:00 and Saturday-Sunday 00:00-24:00)) and delivery periods (one day, weekends, one week, one month, one quarter, one year).



The agreements shall be negotiated between the parties, prior to trading, based on standard EFET (European Federation of Energy Traders) contracts, establishing all contractual terms except for the delivery profile, price and delivery period.

#### (iii) The Day Ahead Market

This market functions on the basis of sell and purchase price-quantity offers, for each trading interval of the corresponding delivery day (the next day). The trading interval is of one hour. All offers are made at the level of the participants' portfolios and at the market closing price. Transactions are finalised through actual delivery of electricity.

Participation in this market is also optional. The participants must sign an agreement with the transport and system operator for assuming the balance responsibility or to prove the transfer of the balance responsibility to another PRE.

#### (iv) The Intra-day Market

The Intra-day Market provides a supplementary tool for participants in order to adjust their contracting portfolio and to achieve the balance between the bilateral contracts, load forecast and technical availability of the production units on the delivery day on an hourly basis, closer to the deadline for sending the physical notifications. The surplus or deficit of active electricity can be managed through selling or buying of such on this market.

Similarly with the Day Ahead Market, the trading interval is of one hour.

Participation in this market is optional and the participants must sign an agreement with the transport and system operator for assuming the balance responsibility or to prove the transfer of the balance responsibility to another PRE.

The markets operated by Transelectrica are briefly described below:

#### (i) The Balancing Market

On the Balancing Market, Transelectrica purchases and/or sells electricity from/to other participants, for the purpose of compensating deviations from the scheduled and notified values of electricity production and consumption. While traditionally, the amounts of electricity traded on the balancing market are relatively low, in certain situations such as unexpected variation in consumption or production, these quantities may become considerable.

In order to participate in the wholesale electricity market, a licensed trader must either be (i) registered as balancing responsible party with the Balancing Market operator or (ii) affiliated to another trader which is already registered as a PRE with the Centralised Balancing Market operator, based on a bilateral agreement negotiated with such trader.

Should a new trader choose not to register as a PRE, it must conclude an agreement with an already registered PRE in view of transferring its balancing responsibilities and submit to Transelectrica a standard form for delegation of the balancing responsibility to the PRE with whom it has concluded a bilateral agreement in this respect.

#### (ii) The Technological Services Market

The Technological Services Market aims to ensure sufficient technological system services for Transelectrica, as the sole transport and system operator, and the distribution operators, through free sale and purchase of such system services.

All producers must ensure primary regulation services and must maintain available primary reserve services. Electricity producers that trade technological system services (secondary reserves and tertiary reserves) must offer to trade on the Centralised Balancing Market electricity in a minimum quantity corresponding to the traded technological system services.

#### (iii) The Market for Allocation of International Interconnection Capacities

In order to transit electricity through the Romanian transportation grid or to export or import electricity from/into Romania, an entity must hold a trading licence, it must be registered as a PRE on the Centralised Balancing Market and it must successfully participate in the auctions for interconnection capacities.

Due to limited interconnection capacities, Transelectrica organises annually, quarterly and monthly auctions for the existing interconnection capacities for each interconnection point at the Romanian borders. In order to be able to participate in these auctions, the licensed trader must register (following a specific procedure) as an auction participant. Only licensed traders which are registered as auction participants are allowed to participate to the auctions for granting the interconnection capacities.

### **The Green Certificates Market**

OPCOM also operates the Green Certificates Market, on which green certificates are traded by the electricity producers and suppliers.

The incentives behind green electricity production in Romania are based mainly on a system of Green Certificates combined with mandatory quotas, which together result in an obligation on electricity suppliers to acquire Green Certificates, in mandatory quotas, proportionally with the volume of electricity sold by such electricity suppliers to end-customers.

The state aid support scheme is implemented by Law no. 220/2008 pertaining to the promotion system for energy produced from renewable energy sources ("**Law 220/2008**") and has been approved by the European Commission through Decision C (2011) 4.938.

Each producer of electricity from renewable energy sources, after receiving accreditation from ANRE, is granted a number of green certificates by the transport and system operator—Transelectrica. The number of green certificates granted per 1 MWh depends on the type of renewable energy source used by the respective producer, as per the provisions of Law 220/2008.

Suppliers of electricity to final customers are obliged to purchase green certificates to meet certain mandatory quotas established annually by ANRE. The mandatory quota is calculated as a percentage from the electricity actually delivered to customers. In case the suppliers do not meet these annual mandatory quotas, they have to pay a penalty for each missing green certificate.

## **Environmental Protection**

### ***General rules***

According to the provisions of the Emergency Government Ordinance no. 195/2005 relating to environmental protection (the "**Environmental Law**"), public authorities for environmental protection are responsible for authorising economic and social activities that impact the environment and for issuing environmental authorisations and endorsements. The relevant authorities issue both "**ordinary**" and "**integrated**" environmental authorisations which are valid for 10 years. However, following recent amendments of the Environmental Law, starting on 21 July 2013, the ordinary environmental authorisation issued will be valid for only five years. Environmental endorsements must be obtained for new public or private investment projects or for those that modify existing projects, including transferring or closing down projects related to activities that have a significant impact on the environment. The environmental endorsement is valid during the period of the project. Environmental authorities monitor compliance with previously granted authorisations and endorsements, which may be suspended for compliance failures. A company whose authorisation or endorsement has been suspended is given up to six months to remedy such non-compliance. During the suspension period, the company is forbidden to carry on its activity at the relevant authorised location. Thereafter, the environmental authority may order the cancellation of the authorisation or endorsement and cessation of the activity if the conditions specified in the notification have not been fulfilled.

### ***Regulations relating to the integrated environmental authorisation***

According to the Emergency Government Ordinance no. 152/2005 on integrated pollution prevention, reduction and control published in the Official Gazette on 30 November 2005 and approved by Law no. 84/2006 published in the Official Gazette on 4 November 2006, as further amended and completed, integrated environmental authorisations may be issued on the basis of documentation submitted to the environmental authority by the operator.

The integrated environmental authorisation must be obtained for industrial installations which exceed pollution limits for certain industries, such as the power industry, metal processing industry, chemical industry and waste management industry.

### ***Regulations relating to measures for preventing and covering environmental prejudice***

The Emergency Government Ordinance no. 68/2007 pertaining to environmental liability with respect to the prevention and covering of environmental damage, which was published in the Official Gazette on 26 June 2007, as amended and completed, establishes that (a) operators in Romania are strictly liable for all damage caused to the environment, including to land, water and air, in case of any pollution situation; and (b) the operator must bear all costs related to such situations, except in cases (i) where the prejudice is caused by a third party and occurred even though all safety measures were taken; (ii) where the prejudice is caused following a mandatory instruction from a public authority other than a disposition issued as a result of an emission or incident caused by the operator's activities; (iii) involving any activity for which it was technically impossible to foresee the damage; or (iv) of any authorised event. This ordinance was transposed into Romanian law to enforce Directive no. 2004/35/EC relating to environmental liability with respect to the prevention and covering of environmental prejudice published in the Official Journal of the European Communities no. L 143 of 30 April 2004.

### ***Regulations relating to air pollution***

In compliance with the Law no. 104/2011 regarding air quality published in the Romanian Official Gazette on 28 June 2011, the operator has the following obligations, among others:

- (a) to participate in the development of air quality plans and short-term action plans;
- (b) to adopt necessary measures for limiting the effects of emissions on the air as provided by the air quality plans;
- (c) to implement urgent measures in order to reduce emissions of air pollutants according to the plan, so that the concentration in ambient air is reduced to certain specified levels;
- (d) to monitor the emissions of air pollutants, as provided by law, and to send the results to the territorial public authority for environmental protection; and
- (e) to inform the territorial public authority for environmental protection in the case of exceeding the emission limit value imposed by regulatory acts or in case of occurrence of damage, accidents, incidents, etc.

This law was adopted into Romanian legislation to enforce the provisions of Directive 2008/50/EC on ambient air quality and cleaner air for Europe and Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air.

In addition, Order of the Ministry of Water, Forests and Environmental Protection no. 462/1993 published in the Romanian Official Gazette on 10 August 1993, as further amended and completed, establishes technical conditions on the protection of the atmosphere and methodological norms regarding determination of emissions of air pollutants produced by stationary sources. According to the aforementioned order, operators need to comply with emissions standards providing for the maximum concentration values of pollutants allowed to be released into the atmosphere in order to protect human health, animals and vegetation and their habitats, water and soil and to prevent injury and discomfort that may occur due to remediation systems against atmospheric pollution.

Furthermore, Order of the Ministry of Water, Forests and Environmental Protection no. 756/1997 published in the Official Gazette on 6 November 1997, as further amended and completed, approved the Regulation for the assessment of environmental pollution. By this Regulation, the procedure for identifying the damage inflicted on the environment was approved, in order to determine the operator's liability to remedy such damage. Whenever the concentration of one or more pollutants exceeds a threshold alert, the competent authorities may impose additional monitoring activities ensured either by the operator or by other specialised units.

In accordance with Government Decision no. 440/2010, published in the Romanian Official Gazette on 27 May 2010, which transposes the provisions of Directive 2001/80/EC on the limitation of

emissions of certain pollutants from large combustion plants into the air, operators must comply with the emissions ceilings and with the corresponding percentage reductions established for sulphur dioxide emissions. The existing and functioning plants may be exempted from compliance with the emissions limit values, provided that a written statement is submitted by the operator to the competent environment authority, according to which the operator undertakes not to operate the plant for more than 20,000 hours during the period 1 January 2008 to 31 December 2015.

### ***Regulations relating to greenhouse gas emissions***

By Government Decision no. 780 dated 14 June 2006, published in the Romanian Official Gazette on 27 June 2006 (the “**GHG Decision**”), the following were transposed into Romanian legislation: (a) provisions of Directive 2003/87/EC of 13 October 2003 relating to the trading scheme of greenhouse gas (“**GHG**”) emissions allowances within the European Union, (b) provisions of Directive no. 2004/101/EC relating to the modification of Directive no. 2003/87/EC in connection with GHG published in the Official Journal of the European Communities no. L 338/2004, (c) provisions of Directive no. 2008/101/EC amending Directive no. 2003/87/EC so as to include aviation activities in the scheme for greenhouse gas emissions allowance trading within the Community and (d) provisions of Directive 2009/29/EC amending Directive 2003/87/EC. According to the provisions of the GHG Decision, the greenhouse gas allowance is defined as an authorisation that gives its owner the right to emit one tonne of carbon dioxide within a determined period.

The Order of the Ministry of Environment and Forestry no. 3420 dated 12 September 2012, published in the Official Gazette on 1 October 2012, approved the procedure for issuing the authorisation for GHG for 2013 – 2020 (the “**GHG Procedure**”). According to the GHG Procedure, operators that use equipment that emit greenhouse gases are required to obtain authorisation from the competent environmental authority. GHG authorisations are issued on the basis of documentation delivered by the company to the competent environmental authority. The authorisation is valid for the period 2013 – 2020 provided the activity performed in the authorised installation fulfils all ongoing requirements of the authorisation. The operator is required to apply for an update to its authorisation in certain events provided for by law.

### ***Regulations relating to waste management***

Law no. 211/2011 on waste management, published in the Official Gazette on 25 November 2011, defines the operator’s obligations for ensuring a high level of environmental protection and the safety of the public’s health by preventing or reducing the adverse impact of waste generation and management of waste. This law was adopted into Romanian law to transpose Directive 2008/98/EC on waste and repealing certain Directives. Pursuant to such law methods and processes used for waste recovery and removal shall not endanger public health or the environment and in particular shall not: (a) cause any risks to the water, air, soil, fauna or vegetation; (b) cause phonic pollution or an unpleasant smell; and (c) affect protected landscape or areas of special interest.

The operator must implement certain measures, such as treating waste before placing it in a landfill, ensuring that hazardous waste is kept separate from non-hazardous waste and implementing closure control activities and post-closure monitoring for waste landfills.

### ***Regulations relating to the landfill of waste***

By the provisions of (i) Government Decision no. 349/2005 on landfill waste, (ii) Order of the Ministry of Environment and Water Management no. 95/2005 on defining the criteria for landfill waste and the national list of waste accepted in each class of landfill; and (iii) Order of the Ministry of Environment and Water Management no. 757/2004 on the approval of the technical norms regarding landfill waste, Directive 1999/31/EC on landfill waste was transposed into Romanian law. These legal provisions establish the legal framework for the landfill of waste and aim to establish measures, procedures and recommendations for the prevention or reduction of negative effects on the environment and human health caused by landfill activities.

The goal of these regulations is to prevent and reduce the negative effects on the environment from the landfilling of waste, by introducing stringent operational and technical requirements for waste and landfills. The operator needs to comply with certain conditions set forth for the operation of the landfill including: minimum standards for the location, the design and construction of landfills, the

nature of the waste accepted for landfill (hazardous sites can only accept hazardous waste, non-hazardous sites can only accept non-hazardous waste and inert sites only inert waste), control and monitoring procedures of the landfill. In addition, landfill operators have the obligation to obtain an ordinary environmental authorisation or an integrated environmental authorisation, approving the operation of the landfill and stipulating the conditions the landfill site must achieve.

### ***Regulations relating to packaging and packaging waste***

Government Decision no. 621/2005 relating to packaging and packaging waste, published in the Official Gazette on 20 July 2005, defines measures concerning the management of packaging and packaging waste to prevent harmful impact on the environment. This decision includes several measures aimed primarily at (i) preventing and reducing packaging waste; (ii) increasing packaging reuse; (iii) increasing recycling of packaging waste; and (iv) increasing the recovery of such waste. This decision was adopted into Romanian law to transpose the provisions of Directive 94/62/EC relating to packaging and packaging waste, Decision 97/129/EC regarding the identification system of materials for packaging and Decision 2005/270/EC on the formats for the database system on packaging and packaging waste.

### ***Regulations relating to management of waste oils***

Government Decision no. 235/2007 regarding management of waste oils, published in the Romanian Official Gazette on 22 March 2007, provides that operators should take all necessary measures to ensure the safe collection and disposal of waste oils, keep a record of the quantity, quality, origin and location of such oils and of their dispatch and receipt and convey such information to the competent authorities on request. This decision was adopted into Romanian law to transpose the provisions of Council Directive 75/439/EC on the disposal of waste oils.

### ***Regulations relating to batteries and chargeable cells and waste batteries and chargeable cells***

Government Decision no. 1132/2008, published in the Official Gazette on 25 September 2008, as amended and completed, transposes the provisions of Directive 2006/66/EC of the European Parliament and of the Council on batteries and chargeable cells and waste batteries and chargeable cells. Thus, the aforementioned Decision establishes specific rules for the collection, treatment, recycling and disposal of waste batteries and chargeable cells. Users of batteries and chargeable cells should deliver the waste batteries and chargeable cells to authorised operators and report to the National Authority for Environmental Protection with respect to the type, number and weight of the recycled batteries and chargeable cells.

### ***Regulation relating to management of waste tyres***

Government Decision no. 170/2004 published in the Official Gazette on 24 February 2004 regarding management of used tyres, establishes the obligation incumbent upon legal persons that hold waste tyres: (i) not to abandon them on the ground, in the territorial waters or in the territorial sea, (ii) to incinerate them only after observing the legal obligations established by law and (iii) to contract authorised persons for the disposal of waste tyres.

### ***Regulations relating to water management***

According to Law no. 107/1996 pertaining to water management published in the Romanian Official Gazette on 8 October 1996, as amended and completed, the operator shall not pollute or modify the characteristics of water sources. To prevent water pollution, the operator must comply with the provisions of the authorisation for water management issued by the environmental authorities. This law was adopted into Romanian law to transpose Directive 2000/60/EC relating to the establishment of the European water framework regulation and Directive 2007/60/EC on the assessment and management of flood risks.

### ***Regulations relating to the prevention of water pollution***

Under Government Decision no. 351/2005 for approving the program of measures against chemical pollution published in the Official Gazette on 20 May 2005, as amended and completed, the provisions of the Directive 80/68/CEE and related directives on pollution caused by certain dangerous



substances discharged into the aquatic environment of the European Community were adopted into Romanian law. This decision aims to reduce pollution caused by dangerous substances and to eliminate pollution caused by the most dangerous substances.

#### ***Regulations relating to the management of environmental noise***

Government Decision no. 321/2005 republished in the Official Gazette on 10 January 2008, as amended and completed, relating to the evaluation and management of environmental noise establishes measures for regulating noise levels, informs the public about noise levels and drafts action plans for preventing and reducing noise levels. This decision was adopted into Romanian law to enforce Directive 2002/49/EC regarding the evaluation and management of environmental noise.

#### ***Regulations relating to prevention of pollution of soil and subsoil***

Government Decision no. 1408/2007 regarding methods of investigation and evaluation of soil and subsoil pollution, published in the Romanian Official Gazette on 23 November 2007, provides that the operator has the obligation to complete and file reports for the identification of possible contaminated sites on the competent authority's request. In addition, Government Decision no. 1403/2007, published in the Romanian Official Gazette on 26 November 2007, provides the legal framework for the restoration of the soil, subsoil and terrestrial ecosystems that have been affected. In accordance with its provisions, the polluter is obliged to bear all costs related to the remediation of the damaged environment.

#### ***Regulations relating to the assessment of environmental plans or programs***

Government Decision no. 1076/2004 regarding the establishment of procedures for evaluation of the environmental plans or programs, published in the Official Gazette on 5 August 2004, as amended and completed, sets out the steps for evaluation of environmental plans or programs that may have material effects on the environment. This decision was introduced into Romanian legislation to enforce Directive 2001/42/EC relating to the evaluation of the effects of environmental plans or programs on the environment.

#### ***Regulations relating to public access to environmental information***

According to Government Decision no. 878/2005 regarding public access to environmental information published in the Official Gazette on 22 August 2005, companies holding environmental authorisations must continuously disclose certain environmental information to the public. This decision was adopted into Romanian law to transpose Directive 2003/4/EC pertaining to public access to environmental information.

#### ***Regulations relating to the regime for dangerous substances and chemicals***

Law no. 360/2003 regarding the regime for dangerous substances and chemicals published in the Romanian Official Gazette on 5 September 2003, as amended and completed, establishes the general legal framework for the protection of human health and the environment against the adverse action of dangerous substances and chemicals. Operators using hazardous substances have the obligation under the law to use restricted substances only under the strict conditions set out in specific legislation.

#### ***Regulations relating to the classification, packaging and labelling of dangerous substances***

Government Decision no. 1408/2008 on classification, packaging and labelling of dangerous substances, published in the Official Gazette on 4 December 2008, prohibits introduction into the market of substances or composition of mixtures which are not packaged or labelled in compliance with the provisions of such Government Decision. In addition, it is prohibited to introduce into the market registered substances without supplying information specified in Article 12 and Article 13 of Regulation (EC) no. 1907/2006, except in the case where provisions in respect of such compositions exist in other European regulations. This decision was adopted into Romanian law to enforce Council Directive 67/548/EEC of 27 June 1967 on the approximation of laws, regulations and administrative provisions relating to classification, packaging and labelling of dangerous substances, as published in the Official Journal of the European Community no. 196 of 16 August 1967.



### ***Regulations relating to major accidents caused by dangerous substances***

Government Decision no. 804/2007 relating to the control of major accident threats involving dangerous substances, published in the Official Gazette on 8 August 2007, establishes measures for preventing major accidents involving dangerous substances in order to limit the consequences on human health and environment. This Decision was adopted into Romanian law to enforce Council Directive 96/82/EC on the control of major accident threats involving dangerous substances, published in the Official Journal of the European Communities (OJEC) no. L 10/1997, amended and supplemented by the European Parliament and Council Directive 2003/105/EC, published in the Official Journal of the European Communities (OJEC) no. L 345/2003, and Commission Decision 98/433/EC, published in the Official Journal of the European Communities (OJEC) no. L 192/1998.

### ***Regulations relating to the legal regime for drug precursors***

Emergency Government Ordinance no. 121/2006 regarding the legal regime for drug precursors, published in the Official Gazette on 28 December 2006, as amended and completed, enforcing (i) Regulation (EC) no. 273/2004 on drug precursors, (ii) Council Regulation (EC) no. 111/2005 laying down rules for the monitoring of the trade between the Community and third countries in drug precursors and (iii) Commission Regulation (EC) no. 1277/2005 laying down implementing rules for Regulation (EC) no. 273/2004 and for Council Regulation (EC) no. 111/2005.

The Ordinance sets forth the legal regime for the substances frequently used for the illicit manufacture of narcotic drugs or psychotropic substances. Operators using such substances must obtain a licence from the National Antidrug Agency before holding/using the substances listed by the Council Regulation (EC) no. 111/2005.

### ***Regulations relating to the Environmental Fund***

Emergency Government Ordinance no. 196/2005, published in the Official Gazette on 30 December 2005, as amended and completed, provides for the obligation of operators to make certain contributions to the Environmental Fund, depending on the sources of pollution regulated therein. The Environmental Fund is an instrument designed to implement the environmental protection projects, the contribution of economic operators thereto being based, among other things, on taxes charged for the emission of polluting substances into the atmosphere, the quantity of packaging material placed on the Romanian market, the quantity of hazardous substances placed on the Romanian market, fees for the issuance of the environmental authorisations and permits etc.

### ***Regulations relating to environmental management***

In accordance with the provisions of Government Decision no. 57/2011 on certain measures ensuring enforcement of the provisions of Regulation (EC) no. 1.221/2009 of the European Parliament and Council of 25 November 2009 on voluntary participation of organisations in Environmental Management and Audit Scheme (“EMAS”) (as well as repealing Regulation (EC) no. 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC), the Romanian central public authority for environmental protection has been appointed as the competent agency responsible for the registration of organisations located in Romania in connection with environmental management and audit. In addition, the central public authority for environmental protection is responsible for EMAS registration of organisations located in other EU member states which request registration according to Article 3(2) of Regulation (EC) no. 1.221/2009 of the European Parliament and Council.

### **Foreign Exchange**

The Romanian foreign exchange regime is regulated by the National Bank of Romania Regulation No. 4/2005, which established the full liberalisation of foreign exchange operations from 1 September 2006. However, if significant short term currency inflows were to put significant pressure on the foreign exchange market and seriously affect the National Bank of Romania’s monetary and foreign exchange policies with a significant effect on internal liquidity, the National Bank of Romania may enforce certain safeguard measures on capital movements, for a period not exceeding six months, including: (i) temporary withholding of incoming and/or outgoing foreign currency amounts; (ii) maturity restrictions; (iii) minimum reserve increases; and (iv) trading fees.

## TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

*The following terms and conditions (subject to completion and amendment and excepting sentences in italics) will apply to the Global Depositary Receipts, and will be endorsed on each Global Depositary Receipt certificate:*

The Global Depositary Receipts (“**GDRs**”) represented by this certificate are issued in respect of ordinary shares (the “**Shares**”) in Societatea Națională de Gaze Naturale “Romgaz”—S.A. Mediaș (the “**Company**”) pursuant to and subject to an agreement dated on or about the Closing Date, and made between the Company and The Bank of New York Mellon in its capacity as GDR depositary (the “**GDR Depositary**”) for the “Regulation S Facility” and for the “Rule 144A Facility” (such agreement, as amended from time to time, being hereinafter referred to as the “**Deposit Agreement**”). Pursuant to the provisions of the Deposit Agreement, the GDR Depositary has appointed Raiffeisen Bank S.A. as Custodian (the “**Custodian**”) to receive and hold on its behalf any relevant documentation respecting certain Shares (the “**Deposited Shares**”) and all rights, interests and other securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares (together with the Deposited Shares, the “**Deposited Property**”). The GDR Depositary shall hold Deposited Property for the benefit of the Holders (as defined below) as bare trustee (other than any cash comprised in the Deposited Property which is held as banker pursuant to Condition 26) in proportion to their holdings of GDRs. In these terms and conditions (the “**Conditions**”), references to the “GDR Depositary” are to The Bank of New York Mellon and/or any other depositary which may from time to time be appointed under the Deposit Agreement, references to the “Custodian” are to Raiffeisen Bank S.A. or any other custodian from time to time appointed under the Deposit Agreement and references to the “Main Office” mean, in relation to the relevant Custodian, its head office in the city of Bucharest or such other location of the head office of the Custodian in Romania as may be designated by the Custodian with the approval of the GDR Depositary (if outside the city of Bucharest) or the head office of any other custodian from time to time appointed under the Deposit Agreement.

*The GDRs will upon issue be represented by interests in a Regulation S Master GDR, evidencing Regulation S GDRs, and by interests in a Rule 144A Master GDR, evidencing Rule 144A GDRs (as each such term is defined in the Deposit Agreement). The GDRs are exchangeable in the circumstances set out in “Summary of Provisions Relating to the GDRs while in Master Form” for a certificate in definitive registered form in respect of GDRs representing all or part of the interest of the holder in the Master GDR.*

References in these Conditions to the “Holder” of any GDR shall mean the person or persons registered on the books of the GDR Depositary maintained for such purpose (the “Register”) as holder. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the certificates in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the specified office of the GDR Depositary and each Agent (as defined in Condition 17) and at the Main Office of the Custodian. Terms used in these Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement. **Holders of GDRs are not party to the Deposit Agreement and thus, under English Law, have no contractual rights against, or obligations to, the Company or GDR Depositary. However, the Deed Poll executed by the Company in favour of the Holders provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce the relevant provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the “GDR Depositary” in respect of that number of Deposited Shares to which the GDRs of which he is the Holder relate. The GDR Depositary is under no duty to enforce any of the provisions of the Deposit Agreement on behalf of any Holder of a GDR or any other person.**

### 1. **Withdrawal of Deposited Property and Further Issues of GDRs**

1.1 Any Holder may request withdrawal of, and the GDR Depositary shall thereupon relinquish, the Deposited Property attributable to any GDR upon production of such evidence of the entitlement of the Holder to the relative GDR as the GDR Depositary may reasonably require, at the specified office of the GDR Depositary or any Agent accompanied by:

- (a) a duly executed order (in a form approved by the GDR Depositary) requesting the GDR Depositary to cause the Deposited Property being withdrawn to be delivered at the Main

Office of the Custodian, or (at the request, risk and expense of the Holder, and only if permitted by applicable law from time to time) at the specified office located in New York, London or Romania of the GDR Depositary or any Agent, or to the order in writing of, the person or persons designated in such order;

- (b) the payment of such fees, taxes, duties, charges, costs, expenses and governmental charges as may be required under these Conditions or the Deposit Agreement;
- (c) the surrender (if appropriate) of GDR certificates in definitive registered form properly endorsed in blank or accompanied by proper instruments of transfer satisfactory to the GDR Depositary to which the Deposited Property being withdrawn is attributable; and
- (d) the delivery to the GDR Depositary of a duly executed and completed certificate substantially in the form set out either (i) in Schedule 3, Part B to the Deposit Agreement (or as amended by the GDR Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8), if Deposited Property is to be withdrawn or delivered during the Distribution Compliance Period (such term being defined as the 40 day period beginning on the latest of the commencement of the Offering, the original issue date of the GDRs, and the issue date with respect to the additional GDRs, if any, issued to cover over- allotments) in respect of surrendered Regulation S GDRs, or (ii) in Schedule 4, Part B to the Deposit Agreement (or as amended by the GDR Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8), if Deposited Property is to be withdrawn or delivered in respect of surrendered Rule 144A GDRs.

1.2 Upon production of such documentation and the making of such payment as aforesaid for withdrawal of the Deposited Property in accordance with Condition 1.1, the GDR Depositary will direct the Custodian, by tested telex, facsimile or SWIFT message, within a reasonable time after receiving such direction from such Holder, to deliver at its Main Office to, or to the order in writing of, the person or persons designated in the accompanying order:

- (a) evidence of a book-entry transfer in respect of the relevant Deposited Shares, registered as directed by the withdrawing Holder; and
- (b) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof; **provided however that** the GDR Depositary may make delivery at its specified office in New York of any Deposited Property which is in the form of cash;

**PROVIDED THAT** the GDR Depositary (at the request, risk and expense of any Holder so surrendering a GDR):

- (i) will direct the Custodian to deliver the certificates for, or other instruments of title to, or book-entry transfer in respect of, the relevant Deposited Shares and any document relative thereto and any other documents referred to in sub-paragraphs 1.2(a) and (b) of this Condition (together with any other property forming part of the Deposited Property which may be held by the Custodian or its agent and is attributable to such Deposited Shares); and/or
- (ii) will deliver any other property forming part of the Deposited Property which may be held by the GDR Depositary and is attributable to such GDR (accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof);

in each case to the specified office located in New York or London of the GDR Depositary (if permitted by applicable law from time to time) or at the specified office in Romania of any Agent as designated by the surrendering Holder in the order accompanying such GDR.

1.3 Delivery by the GDR Depositary, any Agent and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.

1.4 The GDR Depositary may, in accordance with the terms of the Deposit Agreement and upon delivery of a duly executed order (in a form reasonably approved by the GDR Depositary) and a duly executed certificate substantially in the form of (a) Schedule 3, Part A of the Deposit Agreement (*which is described in the following paragraph*) (or as amended by the GDR Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8) by or

on behalf of any investor who is to become the beneficial owner of the Regulation S GDRs or (b) Schedule 4, Part A of the Deposit Agreement (*which is described in the second following paragraph*) (or as amended by the GDR Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8) by or on behalf of any investor who is to become the beneficial owner of Rule 144A GDRs from time to time execute and deliver further GDRs having the same terms and conditions as the GDRs which are then outstanding in all respects (or the same in all respects except for the first dividend payment on the Shares represented by such further GDRs) and, subject to the terms of the Deposit Agreement, the GDR Depositary shall accept for deposit any further Shares in connection therewith, so that such further GDRs shall form a single series with the already outstanding GDRs. References in these Conditions to the GDRs include (unless the context requires otherwise) any further GDRs issued pursuant to this Condition and forming a single series with the already outstanding GDRs.

*The certificate to be provided in the form of Schedule 3, Part A, of the Deposit Agreement certifies, among other things, that the person providing such certificate is not a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")), is located outside the United States and will comply with the restrictions on transfer set forth under "Transfer Restrictions".*

*The certificate to be provided in the form of Schedule 4, Part A, of the Deposit Agreement certifies, among other things that the person providing such certificate is a qualified institutional buyer (as defined in Rule 144A under the Securities Act ("QIB")) or is acting for the account of another person and such person is a QIB and, in either case, will comply with the restrictions on transfer set forth under "Transfer Restrictions".*

- 1.5 Any further GDRs issued pursuant to Condition 1.4 which (i) represent Shares which have rights (whether dividend rights or otherwise) which are different from the rights attaching to the Shares represented by the outstanding GDRs, or (ii) are otherwise not fungible (or are to be treated as not fungible) with the outstanding GDRs, will be represented by a GDR certificate in definitive form or a separate temporary Regulation S Master GDR and/or temporary Rule 144A Master GDR. Upon becoming fungible with outstanding GDRs, such further GDRs shall be evidenced by a Regulation S Master GDR and/or a Rule 144A Master GDR (by increasing the total number of GDRs evidenced by the relevant Regulation S Master GDR or Rule 144A Master GDR by the number of such further GDRs, as applicable).
- 1.6 The GDR Depositary may issue GDRs against rights to receive Shares from the Company (or any agent of the Company recording Share ownership). No such issue of GDRs will be deemed a "Pre-Release" as defined in Condition 1.7.
- 1.7 The following provisions of this Condition 1.7 shall only apply following receipt by the GDR Depositary of a written opinion of Romanian counsel in form and substance acceptable to the GDR Depositary confirming that Pre-Release is permissible under Romanian law.

Unless requested in writing by the Company to cease doing so, and notwithstanding the provisions of Condition 1.4, the GDR Depositary may execute and deliver GDRs or issue interests in a Regulation S Master GDR or a Rule 144A Master GDR, as the case may be, prior to the receipt of Shares (a "**Pre-Release**"). The GDR Depositary may, pursuant to Condition 1.1, deliver Shares upon the receipt and cancellation of GDRs, which have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release or the GDR Depositary knows that such GDR has been Pre-Released. The GDR Depositary may receive GDRs in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation and agreement from the person to whom GDRs or Deposited Property are to be delivered (the "**Pre-Releasee**") that such person, or its customer, (i) owns or represents the owner of the corresponding Deposited Property or GDRs to be remitted (as the case may be), (ii) assigns all beneficial right, title and interest in such Deposited Property or GDRs (as the case may be) to the GDR Depositary in its capacity as such and for the benefit of the Holders, and (iii) will not take any action with respect to such GDRs or Deposited Property (as the case may be) that is inconsistent with the transfer of beneficial ownership (including without the consent of the GDR Depositary, disposing of such GDRs or Deposited Property, as the case may be), other than in satisfaction of such Pre-Release, (b) at all times fully collateralised with cash or such other collateral as the GDR Depositary determines in good faith will provide substantially similar liquidity and security, (c) terminable by the GDR Depositary on not more than five (5) business days' notice, and



(d) subject to such further indemnities and credit regulations as the GDR Depositary deems appropriate. The number of GDRs which are outstanding at any time as a result of Pre-Release will not normally represent more than thirty per cent. of the total number of GDRs then outstanding; **provided, however, that** the GDR Depositary reserves the right to change or disregard such limit from time to time as it deems appropriate and may, with the prior written consent of the Company, change such limit for the purpose of general application. The GDR Depositary will also set dollar limits with respect to Pre-Release transactions hereunder with any particular Pre-Releasee on a case by case basis as the GDR Depositary deems appropriate. The collateral referred to in sub-paragraph (b) above shall be held by the GDR Depositary as security for the performance of the Pre-Releasee's obligations in connection herewith, including the Pre-Releasee's obligation to deliver Shares and/or other securities or GDRs upon termination of a Pre-Release transaction anticipated hereunder (and shall not, for the avoidance of doubt, constitute Deposited Property hereunder).

The GDR Depositary may retain for its own account any compensation received by it in connection with the foregoing including, without limitation, earnings on the collateral.

The person to whom any Pre-Release of Rule 144A GDRs or Rule 144A Shares is to be made pursuant to this Condition 1.7 shall be required to deliver to the GDR Depositary a duly executed and completed certificate substantially in the form set out in Schedule 4 Part A of the Deposit Agreement (or as amended by the GDR Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8). The person to whom any Pre-Release of Regulation S GDRs or Regulation S Shares is to be made pursuant to this paragraph shall be required to deliver to the GDR Depositary a duly executed and completed certificate substantially in the form set out in Schedule 3 Part A of the Deposit Agreement (or as amended by the GDR Depositary in accordance with Clause 3.10 of the Deposit Agreement and Condition 1.8).

- 1.8 The GDR Depositary may make such amendments to the certificates contained in the Deposit Agreement in Schedule 3 Parts A and B and in Schedule 4 Parts A and B as it may in good faith determine are required in order for the GDR Depositary to perform its duties under the Deposit Agreement, or to comply with any applicable law or with the rules and regulations of any securities exchange, market or automated quotation system upon which the GDRs may be listed or traded, or to comply with the rules or requirements of any book entry system by which the GDRs may be transferred, or to confirm compliance with any special limitations or restrictions to which any particular GDRs are subject.
- 1.9 In order to comply with any applicable laws and regulations, the GDR Depositary may from time to time request each Holder of GDRs to, and each Holder shall upon receipt of such request, provide to the GDR Depositary information relating to: (a) the capacity in which such Holder and/or any owner holds GDRs; (b) the identity of any owners of GDRs or other person or persons then or previously interested in such GDRs; (c) the nature of any such interests in the GDRs; and (d) any other matter where disclosure of such matter is required to enable compliance by the GDR Depositary with applicable laws or the constitutional documents of the Company.
- 1.10 In order to comply with any applicable laws and regulations, the GDR Depositary may from time to time request Euroclear, Clearstream and DTC to provide the GDR Depositary with details of the accountholders within such settlement systems that hold interests in GDRs and the number of GDRs recorded in the account of each such accountholder, and each Holder or owner of GDRs, or intermediary acting on behalf of such Holder or owner, hereby authorises each of Euroclear, Clearstream and DTC to disclose such information to the GDR Depositary as issuer of the GDRs.
- 1.11 In order to comply with any applicable laws and regulations, the GDR Depositary may from time to time request each Holder of GDRs to, and each Holder shall upon receipt of such request, provide to the GDR Depositary information relating to: (a) the capacity in which such Holder and/or any owner holds GDRs; (b) the identity of any owners of GDRs or other person or persons then or previously interested in such GDRs; (c) the nature of any such interests in the GDRs; and (d) any other matter where disclosure of such matter is required to enable compliance by the GDR Depositary with applicable laws or the constitutional documents of the Company.

## 2. **Suspension of Issue of GDRs and of Withdrawal of Deposited Property**

The GDR Depositary shall be entitled, at its reasonable discretion, at such times as it shall determine, to suspend the issue or transfer of GDRs (and the deposit of Shares) generally or in respect of particular Shares. In particular, to the extent that it is in its good faith opinion practicable for it to do so, the GDR Depositary will refuse to accept Shares for deposit, to execute and deliver GDRs or to register transfers of GDRs if it has been notified by the Company in writing that the Deposited Shares or GDRs or any depositary receipts representing Shares are listed on a U.S. Securities Exchange or quoted on a U.S. automated inter dealer quotation system unless accompanied by evidence satisfactory to the GDR Depositary that any such Shares are eligible for resale pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). Further, the GDR Depositary may suspend the withdrawal of Deposited Property during any period when the Register, or the register of shareholders of the Company is closed or, generally or in one or more localities, suspend the withdrawal of Deposited Property or deposit of Shares if deemed necessary or desirable or advisable by the GDR Depositary in good faith at any time or from time to time, in order to comply with any applicable law or governmental or stock exchange regulations or any provision of the Deposit Agreement or for any other reason. The GDR Depositary shall (unless otherwise notified by the Company) restrict the withdrawal of Deposited Shares where the Company notifies the GDR Depositary in writing that such withdrawal would result in ownership of Shares exceeding any limit under any applicable law, government resolution or the Company’s constitutive documents or would otherwise violate any applicable laws.

## 3. **Transfer and Ownership**

The GDRs are in registered form. Title to the GDRs passes by registration in the Register and accordingly, transfer of title to a GDR is effective only upon such registration. The GDR Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in violation of any applicable laws. The Holder of any GDR will (except as otherwise required by law) be treated by the GDR Depositary and the Company as its beneficial owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or theft or loss of any certificate issued in respect of it) and no person will be liable for so treating the Holder.

Interests in Rule 144A GDRs represented by the Rule 144A Master GDR may be transferred to a person whose interest in such Rule 144A GDRs is subsequently represented by the Regulation S Master GDR only upon receipt by the GDR Depositary of written certifications (in the forms provided in the Deposit Agreement) from the transferor and the transferee to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act. Prior to expiration of the Distribution Compliance Period, no owner of Regulation S GDRs may transfer Regulation S GDRs or Shares represented thereby except in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act or to, or for the account of, a qualified institutional buyer as defined in Rule 144A under the Securities Act (each a “**QIB**”) in a transaction meeting the requirements of such Rule 144A. There shall be no transfer of Regulation S GDRs by an owner thereof to a QIB except as aforesaid and unless such owner (i) withdraws Regulation S Shares from the Regulation S Facility in accordance with Clause 3.5 of the Deposit Agreement and (ii) instructs the GDR Depositary to deliver the Shares so withdrawn to the account of the Custodian to be deposited into the Rule 144A Facility for issuance thereunder of Rule 144A GDRs to, or for the account of, such QIB. Issuance of such Rule 144A GDRs shall be subject to the terms and conditions of the Deposit Agreement, including, with respect to the deposit of Shares and the issuance of Rule 144A GDRs, delivery of the duly executed and completed written certificate and agreement required under the Deposit Agreement by or on behalf of each person who will be the beneficial owner of such Rule 144A GDRs certifying that such person is a QIB and agreeing that it will comply with the restrictions on transfer set forth therein and to payment of the fees, charges and taxes provided therein.

## 4. **Cash Distributions**

Whenever the GDR Depositary shall receive from the Company any cash dividend or other cash distribution on or in respect of the Deposited Shares (including any amounts received in the liquidation of the Company) or otherwise in connection with the Deposited Property, the



GDR Depositary shall, as soon as practicable, convert the same into United States dollars in accordance with Condition 8. The GDR Depositary shall, if practicable in the good faith opinion of the GDR Depositary, give notice to the Holders of its receipt of such payment in accordance with Condition 23, specifying the amount per Deposited Share payable in respect of such dividend or distribution and the earliest date, determined by the GDR Depositary, for transmission of such payment to Holders and shall as soon as practicable distribute any such amounts to the Holders in proportion to the number of Deposited Shares represented by the GDRs so held by them respectively, subject to and in accordance with the provisions of Conditions 9 and 11; **PROVIDED THAT:**

- (a) in the event that the GDR Depositary is aware that any Deposited Shares are not entitled, by reason of the date of issue or transfer or otherwise, to such full proportionate amount, the amount so distributed to the relative Holders shall be adjusted accordingly; and
- (b) the GDR Depositary will distribute only such amounts of cash dividends and other distributions as may be distributed without attributing to any GDR a fraction of the lowest integral unit of currency in which the distribution is made by the GDR Depositary, and any balance remaining shall be retained by the GDR Depositary beneficially as an additional fee under Condition 16.1(d).

#### 5. **Distributions of Shares**

Whenever the GDR Depositary shall receive from the Company any distribution in respect of Deposited Shares which consists of a dividend or free distribution of Shares, the GDR Depositary shall cause to be distributed to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, additional GDRs representing an aggregate number of Shares received pursuant to such distribution. Such additional GDRs shall be distributed by an increase in the number of GDRs represented by the Master GDRs or by an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; **PROVIDED THAT**, if and in so far as the GDR Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the GDR Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the GDR Depositary shall (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) sell such Shares so received and distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

#### 6. **Distributions other than in Cash or Shares**

Whenever the GDR Depositary shall receive from the Company any dividend or distribution in securities (other than Shares) or in other property (other than cash) on or in respect of the Deposited Property, the GDR Depositary shall distribute or cause to be distributed such securities or other property to the Holders entitled thereto, in proportion to the number of Deposited Shares represented by the GDRs held by them respectively, in any manner that the GDR Depositary may deem equitable and practicable for effecting such distribution; **PROVIDED THAT**, if and in so far as the GDR Depositary deems any such distribution to all or any Holders not to be reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the GDR Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the GDR Depositary shall deal with the securities or property so received, or any part thereof, in such way as the GDR Depositary may determine to be equitable and practicable, including, without limitation, by way of sale (either by public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) and shall (in the case of a sale) distribute the resulting net proceeds as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.

#### 7. **Rights Issues**

If and whenever the Company announces its intention to make any offer or invitation to the holders of Shares to subscribe for or to acquire Shares, securities or other assets by way of rights, the GDR Depositary shall as soon as practicable give notice to the Holders, in accordance with Condition 23, of such offer or invitation, specifying, if applicable, the earliest

date established for acceptance thereof, the last date established for acceptance thereof and the manner by which and time during which Holders may request the GDR Depositary to exercise such rights as provided below or, if such be the case, specifying details of how the GDR Depositary proposes to distribute the rights or the proceeds of any sale thereof. The GDR Depositary will deal with such rights in the manner described below:

- (a) if and to the extent that the GDR Depositary shall, at its discretion, deem it to be lawful and reasonably practicable, the GDR Depositary shall make arrangements whereby the Holders may, upon payment of the subscription price in Lei or other relevant currency together with such fees, taxes, duties, charges, costs and expenses as may be required under the Deposit Agreement and completion of such undertakings, declarations, certifications and other documents as the GDR Depositary may reasonably require, request GDR the Depositary to exercise such rights on their behalf with respect to the Deposited Shares and to distribute the Shares, securities or other assets so subscribed or acquired to the Holders entitled thereto by an increase in the numbers of GDRs represented by the Master GDRs or an issue of certificates in definitive registered form in respect of GDRs, according to the manner in which the Holders hold their GDRs; or
- (b) if and to the extent that the GDR Depositary shall at its discretion, deem it to be lawful and reasonably practicable, the GDR Depositary will distribute such rights to the Holders entitled thereto in such manner as the GDR Depositary may at its discretion determine; or
- (c) if and to the extent that the GDR Depositary deems in good faith any such arrangement and distribution as is referred to in paragraphs (a) and (b) above to all or any Holders not to be lawful and reasonably practicable (including, without limitation, due to the fractions which would otherwise result or to any requirement that the Company, the Custodian or the GDR Depositary withhold an amount on account of taxes or other governmental charges) or to be unlawful, the GDR Depositary (i) will, **PROVIDED THAT** Holders have not taken up rights through the GDR Depositary as provided in (a) above, sell such rights (either by public or private sale and otherwise at its discretion subject to all applicable laws and regulations) or (ii) may, if such rights are not transferable, in its discretion, arrange for such rights to be exercised and the resulting Shares or securities sold and, in each case, distribute the net proceeds of such sale as a cash distribution pursuant to Condition 4 to the Holders entitled thereto.
- (d)
  - (i) Notwithstanding the foregoing, in the event that the GDR Depositary offers rights pursuant to Condition 7(a) (the “**Primary GDR Rights Offering**”), if authorised by the Company to do so, the GDR Depositary may, in its discretion, make arrangements whereby in addition to instructions given by a Holder to the GDR Depositary to exercise rights on its behalf pursuant to Condition 7(a), such Holder is permitted to instruct the GDR Depositary to subscribe on its behalf for additional rights which are not attributable to the Deposited Shares represented by such Holder’s GDRs (“**Additional GDR Rights**”) if at the date and time specified by the GDR Depositary for the conclusion of the Primary GDR Rights Offering (the “**Instruction Date**”) instructions to exercise rights have not been received by the GDR Depositary from the Holders in respect of all their initial entitlements. Any Holder’s instructions to subscribe for such Additional GDR Rights (“**Additional GDR Rights Requests**”) shall specify the maximum number of Additional GDR Rights that such Holder is prepared to accept (the “**Maximum Additional Subscription**”) and must be received by the GDR Depositary by the Instruction Date. If by the Instruction Date any rights offered in the Primary GDR Rights Offering have not been subscribed by the Holders initially entitled thereto (“**Unsubscribed Rights**”), subject to Condition 7(d)(iii) and receipt of the relevant subscription price in Lei or other relevant currency, together with such fees, taxes, duties, charges, costs and expenses as it may deem necessary, the GDR Depositary shall make arrangements for the allocation and distribution of Additional GDR Rights in accordance with Condition 7(d)(ii).
  - (ii) Holders submitting Additional GDR Rights Requests shall be bound to accept the Maximum Additional Subscription specified in such Additional GDR Rights Request but the GDR Depositary shall not be bound to arrange for a Holder to

receive the Maximum Additional Subscription so specified but may make arrangements whereby the Unsubscribed Rights are allocated *pro rata* on the basis of the extent of the Maximum Additional Subscription specified in each Holder's Additional GDR Rights Request.

- (iii) In order to proceed in the manner contemplated in this Condition 7(d), the GDR Depositary shall be entitled to receive such opinions from Romania counsel and US counsel as in its discretion it deems necessary which opinions shall be in a form and provided by counsel satisfactory to the GDR Depositary and the Company and at the expense of the Company and may be requested in addition to any other opinions and/or certifications which the GDR Depositary shall be entitled to receive under the Deposit Agreement and these Conditions. For the avoidance of doubt, save as provided in these Conditions and the Deposit Agreement, the GDR Depositary shall have no liability to the Company or any Holder in respect of its actions or omissions to act under this Condition 7(d) and, in particular, the GDR Depositary will not be regarded as being negligent, acting in bad faith, or in wilful default if it elects not to make the arrangements referred to in Condition 7(d)(i).

The Company has agreed in the Deposit Agreement that it will, unless prohibited by applicable law or regulation, give its consent to, and if requested use all reasonable endeavours (subject to the next paragraph) to facilitate, any such distribution, sale or subscription by the GDR Depositary or the Holders, as the case may be, pursuant to Conditions 4, 5, 6, 7 or 10 (including the obtaining of legal opinions from counsel reasonably satisfactory to the GDR Depositary concerning such matters as the GDR Depositary may reasonably specify).

If the Company notifies the GDR Depositary that registration is required in any jurisdiction under any applicable law of the rights, securities or other property to be distributed under Conditions 4, 5, 6, 7 or 10 or the securities to which such rights relate in order for the Company to offer such rights or distribute such securities or other property to the Holders or owners of GDRs and to sell the securities corresponding to such rights, the GDR Depositary will not offer such rights or distribute such securities or other property to the Holders or sell such securities unless and until the Company procures the receipt by the GDR Depositary of an opinion from counsel reasonably satisfactory to the GDR Depositary and the Company that a registration statement is in effect or that the offering and sale of such rights or securities to such Holders or owners of GDRs are exempt from registration under the provisions of such law. Neither the Company nor the GDR Depositary shall be liable to register such rights, securities or other property or the securities to which such rights relate and they shall not be liable for any losses, damages or expenses resulting from any failure to do so.

If at the time of the offering of any rights, at its discretion, the GDR Depositary shall be satisfied that it is not lawful or practicable (for reasons outside its control) to dispose of the rights in any manner provided in paragraphs (a), (b), (c) and (d) above, the GDR Depositary shall permit the rights to lapse. The GDR Depositary will not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Holders or owners of GDRs in general or to any Holder or owner of a GDR or Holders or owners of GDRs in particular.

## 8. **Conversion of Foreign Currency**

Whenever the GDR Depositary shall receive any currency other than United States dollars by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the currency so received can in the judgement of the GDR Depositary be converted on a reasonable basis into United States dollars and distributed to the Holders entitled thereto, the GDR Depositary shall as soon as practicable convert or cause to be converted, by sale or in any other manner that it may reasonably determine, the currency so received into United States dollars. If such conversion or distribution can be effected only with the approval or licence of any government or agency thereof, the GDR Depositary may make reasonable efforts to apply, or procure that an application be made, for such approval or licence, if any, as it may deem desirable. If at any time the GDR Depositary shall determine that in its judgement any currency other than United States dollars is not convertible on a reasonable basis into United States dollars and distributable to the Holders entitled thereto, or if any approval or licence of any government or agency thereof which is required for such conversion is denied or, in the good faith opinion of

the GDR Depositary, is not obtainable, or if any such approval or licence is not obtained within a reasonable period as determined by the GDR Depositary, the GDR Depositary may distribute such other currency received by it (or an appropriate document evidencing the right to receive such other currency) to the Holders entitled thereto to the extent permitted under applicable law, or the GDR Depositary may in its discretion hold such other currency without liability for interest for the benefit of the Holders entitled thereto. If any conversion of any such currency can be effected in whole or in part for distribution to some (but not all) Holders entitled thereto, the GDR Depositary may at its discretion make such conversion and distribution in United States dollars to the extent possible to the Holders entitled thereto and may distribute the balance of such other currency received by the GDR Depositary to, or hold such balance for the account of, the Holders entitled thereto, and notify the Holders accordingly.

## **9. Distribution of any Payments**

- 9.1 Any distribution of cash under Conditions 4, 5, 6, 7 or 10 will be made by the GDR Depositary to Holders on the record date established by the GDR Depositary for that purpose (such date to be as close to the record date set by the Company as is reasonably practicable) and, if practicable in the good faith opinion of the GDR Depositary, notice shall be given promptly to Holders in accordance with Condition 23, in each case subject to any laws or regulations applicable thereto and (subject to the provisions of Condition 8) distributions will be made in United States dollars by cheque drawn upon a bank in New York City or, in the case of the Master GDRs, according to usual practice between the GDR Depositary and Clearstream, Euroclear or DTC, as the case may be. The GDR Depositary or the Agent, as the case may be, may deduct and retain from all moneys due in respect of such GDR in accordance with the Deposit Agreement all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Deposit Agreement or under applicable law or regulation in respect of such GDR or the relative Deposited Property.
- 9.2 Delivery of any securities or other property or rights other than cash shall be made as soon as practicable to the Holders on the record date established by the GDR Depositary for that purpose (such date to be as close to the record date set by the Company as is reasonably practicable), subject to any laws or regulations applicable thereto. If any distribution made by the Company with respect to the Deposited Property and received by the GDR Depositary shall remain unclaimed at the end of three years from the first date upon which such distribution is made available to Holders in accordance with the Deposit Agreement, all rights of the Holders to such distribution or the proceeds of the sale thereof shall be extinguished and the GDR Depositary shall (except for any distribution upon the liquidation of the Company when the GDR Depositary shall retain the same) return the same to the Company for its own use and benefit subject, in all cases, to the provisions of applicable law or regulation.

## **10. Capital Reorganisation**

Upon any sub-division, consolidation or other reclassification of Deposited Shares or any other part of the Deposited Property or upon any reduction of capital, or upon any reorganisation, merger or consolidation of the Company or to which it is a party (except where the Company is the continuing corporation), the GDR Depositary shall as soon as practicable give notice of such event to the Holders and at its discretion may treat such event as a distribution and comply with the relevant provisions of Conditions 4, 5, 6 and 9 with respect thereto, or may execute and deliver additional GDRs in respect of Shares or may require the exchange of existing GDRs for new GDRs which reflect the effect of such change.

## **11. Withholding Taxes and Applicable Laws**

- 11.1 Payments to Holders of dividends or other distributions on or in respect of the Deposited Shares will be subject to deduction of Romania and other withholding taxes, if any, at the applicable rates.
- 11.2 If any governmental or administrative authorisation, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in Romania in order for the GDR Depositary to receive from the Company Shares or other securities to be deposited under these Conditions, or in order for Shares, other securities or other property to be distributed under Condition 4, 5, 6 or 10 or to be subscribed under Condition 7 or to offer any



rights or sell any securities represented by such rights relevant to any Deposited Shares, the Company has agreed to apply for such authorisation, consent, registration or permit or file such report on behalf of the Holders within the time required under such laws. In this connection, the Company has undertaken in the Deposit Agreement to the extent reasonably practicable to take such action as may be required in obtaining or filing the same. The GDR Depositary shall not be obliged to distribute GDRs representing such Shares, Shares, other securities or other property deposited under these Conditions or make any offer of any such rights or sell any securities corresponding to any such rights with respect to which (as notified to the GDR Depositary by the Company) such authorisation, consent, registration or permit or such report has not been obtained or filed, as the case may be, and shall have no duties to obtain any such authorisation, consent, registration or permit, or to file any such report.

## 12. **Voting Rights**

- 12.1 Holders will have voting rights with respect to the Deposited Shares. The Company has agreed to notify the GDR Depositary of any resolution to be proposed at a General Meeting of the Company and the GDR Depositary will vote or cause to be voted the Deposited Shares in the manner set out in this Condition 12.

The Company has agreed with the GDR Depositary that it will promptly provide to the GDR Depositary sufficient copies, as the GDR Depositary may reasonably request, of notices of meetings of the shareholders of the Company and the agenda therefor as well as written requests containing voting instructions by which each Holder may give instructions to the GDR Depositary to vote for or against each and any resolution specified in the agenda for the meeting, which the GDR Depositary shall send to any person who is a Holder on the record date established by the GDR Depositary for that purpose (which shall be the same as the corresponding record date set by the Company or as near as practicable thereto) as soon as practicable after receipt of the same by the GDR Depositary in accordance with Condition 23, subject to law or regulations applicable thereto. The Company has also agreed to provide to the GDR Depositary appropriate proxy forms to enable the GDR Depositary to appoint a representative to attend the relevant meeting and vote on behalf of the GDR Depositary.

- 12.2 In order for each voting instruction to be valid, the voting instructions form must be completed and duly signed by the respective Holder (or in the case of instructions received from the clearing systems should be received by authenticated SWIFT message) in accordance with the written request containing voting instructions and returned to the GDR Depositary by such record date as the GDR Depositary may specify.
- 12.3 The GDR Depositary will exercise or cause to be exercised the voting rights in respect of the Deposited Shares so that a portion of the Deposited Shares will be voted for and a portion of the Deposited Shares will be voted against any resolution specified in the agenda for the relevant meeting in accordance with the voting instructions it has received.
- 12.4 If the GDR Depositary is advised in the opinion referred to in Condition 12.7 below that it is not permitted by Romanian law to exercise the voting rights in respect of the Deposited Shares differently (so that a portion of the Deposited Shares may be voted for a resolution and a portion of the Deposited Shares may be voted against a resolution) the GDR Depositary shall, if the opinion referred to in Condition 12.7 below confirms it to be permissible under Romanian law, calculate from the voting instructions that it has received from all Holders (x) the aggregate number of votes in favour of a particular resolution and (y) the aggregate number of votes opposed to such resolution and cast or cause to be cast in favour of or opposed to such resolution the number of votes representing the net positive difference between such aggregate number of votes in favour of such resolution and such aggregate number of votes opposed to such resolution.
- 12.5 The GDR Depositary will only endeavour to vote or cause to be voted the votes attaching to Shares in respect of which voting instructions have been received, except that if no voting instructions are received by the GDR Depositary from a Holder (either because no voting instructions are returned to the GDR Depositary by such Holder or because the voting instructions are incomplete, illegible or unclear) from a Holder with respect to any or all of the Deposited Shares represented by such Holder's GDRs on or before the record date specified by the GDR Depositary, the GDR Depositary shall not vote in respect of such Deposited Shares of such Holder.

- 12.6 If the GDR Depositary is advised in the opinion referred to in Condition 12.7 below that it is not permissible under Romanian law or the GDR Depositary determines that it is not reasonably practicable to vote or cause to be voted such Deposited Shares in accordance with Conditions 12.3, 12.4 or 12.5 the GDR Depositary shall not vote or cause to be voted such Deposited Shares.
- 12.7 Where the GDR Depositary is to vote in respect of each and any resolution in the manner described in Conditions 12.3, 12.4 or 12.5 above the GDR Depositary shall notify the Board of Directors of the Company and appoint a person designated by him as a representative of the GDR Depositary to attend such meeting and vote the Deposited Shares in the manner required by this Condition. The GDR Depositary is entitled to request the Company to provide to the GDR Depositary, and where such request has been made shall not be required to take any action required by this Condition 12 unless it shall have received, an opinion from the Company's legal counsel (such counsel being reasonably acceptable to the GDR Depositary) at the expense of the Company to the effect that such voting arrangement is valid and binding on Holders under Romanian law and the statutes of the Company and that the GDR Depositary is permitted to exercise votes in accordance with the provisions of this Condition 12 but that in doing so the GDR Depositary will not be deemed to be exercising voting discretion.
- 12.8 By continuing to hold GDRs, all Holders shall be deemed to have agreed to the provisions of this Condition as it may be amended from time to time in order to comply with applicable Romanian law.
- 12.9 The GDR Depositary shall not, and the GDR Depositary shall ensure that the Custodian and its nominees do not, vote or attempt to exercise the right to vote that attaches to the Deposited Shares, other than in accordance with instructions given, or deemed given, in accordance with this Condition.

**13. Recovery of Taxes, Duties and Other Charges, and Fees and Expenses due to the GDR Depositary**

The GDR Depositary shall not be liable for any taxes, duties, charges, costs or expenses which may become payable in respect of the Deposited Shares or other Deposited Property or the GDRs, whether under any present or future fiscal or other laws or regulations, and such part thereof as is proportionate or referable to a GDR (the "**Charges**") shall be payable by the Holder thereof to the GDR Depositary at any time on request or may be deducted from any amount due or becoming due on such GDR in respect of any dividend or other distribution. The GDR Depositary may sell (whether by way of public or private sale and otherwise at its discretion, subject to all applicable laws and regulations) for the account of the Holder an appropriate number of Deposited Shares or amount of other Deposited Property and will discharge out of the proceeds of such sale any Charges, and any fees or expenses due to the GDR Depositary from the Holder pursuant to Condition 16, and subsequently pay any surplus to the Holder. Any request by the GDR Depositary for the payment of Charges shall be made by giving notice pursuant to Condition 23.

**14. Liability**

- 14.1 In acting hereunder the GDR Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders or owners of GDRs or any other person.
- 14.2 Neither the GDR Depositary, the Custodian, the Company, any Agent, nor any of their agents, officers, directors or employees shall incur any liability to any other of them or to any Holder or owner of a GDR or any other person with an interest in any GDRs if, by reason of any provision of any present or future law or regulation of Romania or any other country or of any relevant governmental authority, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or by reason of any other circumstances beyond their control, or in the case of the GDR Depositary, the Custodian, any Agent, or any of their agents, officers, directors or employees, by reason of any provision, present or future, of the constitutive documents of the Company, any of them shall be prevented, delayed or forbidden from doing or performing any act or thing which the terms of the Deposit Agreement or these



Conditions provide shall or may be done or performed; nor shall any of them incur any liability to any Holder or owner of GDRs or any other person with an interest in any GDRs by reason of any exercise of, or failure to exercise, any voting rights attached to the Deposited Shares or any of them or any other discretion or power provided for in the Deposit Agreement. Any such party may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).

- 14.3 Neither the GDR Depositary nor any Agent shall be liable (except for its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) to the Company or any Holder or owner of GDRs or any other person, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs or any signature on any transfer or instruction purporting to be such and subsequently found to be forged or not authentic or for its failure to perform any obligations under the Deposit Agreement or these Conditions.
- 14.4 The GDR Depositary and its agents may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or affiliates, or in relation to the Deposited Property (including without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold or be interested in GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank, and not in the capacity of GDR Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and on any sales of property) without accounting to Holders or any other person for any profit arising therefrom.
- 14.5 The GDR Depositary shall endeavour to effect any such sale as is referred to or contemplated in Conditions 5, 6, 7, 10, 13 or 21 or any such conversion as is referred to in Condition 8 in accordance with the GDR Depositary's normal practices and procedures but shall have no liability (in the absence of its own wilful default, negligence or bad faith or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be reasonably practicable.
- 14.6 The GDR Depositary shall not be required or obliged to monitor, supervise or enforce the observance and performance by the Company of its obligations under or in connection with the Deposit Agreement or these Conditions.
- 14.7 The GDR Depositary shall have no responsibility whatsoever to the Company, any Holders or any owner of GDRs or any other person as regards any deficiency which might arise because the GDR Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof.
- 14.8 In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement, the GDR Depositary shall not, except as otherwise expressly provided in Condition 22, be obliged to have regard to the consequence thereof for the Holders or the owners of GDRs or any other person.
- 14.9 Notwithstanding anything else contained in the Deposit Agreement or these Conditions, the GDR Depositary may refrain from doing anything which could or might, in its good faith opinion, be contrary to any law of any jurisdiction or any directive or regulation of any agency or state or which would or might otherwise render it liable to any person and the GDR Depositary may do anything which is, in its good faith opinion, necessary to comply with any such law, directive or regulation.
- 14.10 The GDR Depositary may, in relation to the Deposit Agreement and these Conditions, act or take no action on the advice or opinion of, or any certificate or information obtained from, any lawyer, valuer, accountant, banker, broker, securities company or other expert whether obtained by the Company, the GDR Depositary or otherwise, and shall not be responsible or liable for any loss or liability occasioned by so acting or refraining from acting or relying on information from persons presenting Shares for deposit or GDRs for surrender or requesting transfers thereof.

- 14.11 Any such advice, opinion, certificate or information (as discussed in Condition 14.10 above) may be sent or obtained by letter, telex, facsimile transmission, telegram or cable and the GDR Depositary shall not be liable for acting on any advice, opinion, certificate or information purported to be conveyed by any such letter, telex or facsimile transmission although (without the GDR Depositary's knowledge) the same shall contain some error or shall not be authentic.
- 14.12 The GDR Depositary may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Company by a director of the Company or by a person duly authorised by a director of the Company or such other certificate from persons specified in Condition 14.10 above which the GDR Depositary considers appropriate and the GDR Depositary shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be occasioned by the GDR Depositary acting on such certificate.
- 14.13 The GDR Depositary shall have no obligation under the Deposit Agreement except to perform its obligations as are specifically set out therein without wilful default, negligence or bad faith.
- 14.14 The GDR Depositary may delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons, whether being a joint GDR Depositary of the Deposit Agreement or not and not being a person to whom the Company may reasonably object, all or any of the powers, authorities and discretions vested in the GDR Depositary by the Deposit Agreement and such delegation may be made upon such terms and subject to such conditions, including power to sub-delegate and subject to such regulations as the Depositary may in the interests of the Holders think fit, **provided that** no objection from the Company to any such delegation as aforesaid may be made to a person whose financial statements are consolidated with those of the GDR Depositary's ultimate holding company. Any delegation by the GDR Depositary shall be on the basis that the GDR Depositary is acting on behalf of the Holders and the Company in making such delegation. The Company shall not in any circumstances and the GDR Depositary shall not (**provided that** it shall have exercised reasonable care in the selection of such delegate) be bound to supervise the proceedings or be in any way responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. However, the GDR Depositary shall, if practicable, and if so requested by the Company, pursue (at the Company's expense and subject to receipt by the GDR Depositary of such indemnity and security for costs as the GDR Depositary may reasonably require) any legal action it may have against such delegate or sub-delegate arising out of any such loss caused by reason of any such misconduct or default. The GDR Depositary shall, within a reasonable time of any such delegation or any renewal, extension or termination thereof, give notice thereof to the Company. Any delegation under this Condition which includes the power to sub-delegate shall provide that the delegate shall, within a specified time of any sub-delegation or amendment, extension or termination thereof, give notice thereof to the Company and the GDR Depositary.
- 14.15 The GDR Depositary may, in the performance of its obligations hereunder, instead of acting personally, employ and pay an agent, whether a solicitor or other person, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money.
- 14.16 The GDR Depositary shall be at liberty to hold or to deposit the Deposit Agreement and any deed or document relating thereto in any part of the world with any banking company or companies (including itself) whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers of good repute, and the GDR Depositary shall not (in the case of deposit with itself, in the absence of its own negligence, wilful default, or bad faith or that of its agents, directors, officers or employees) be responsible for any losses, liability or expenses incurred in connection with any such deposit.
- 14.17 Notwithstanding anything to the contrary contained in the Deposit Agreement or these Conditions, the GDR Depositary shall not be liable in respect of any loss or damage which arises out of or in connection with its performance or non-performance, or the exercise or attempted exercise of (or the failure to exercise any of) its powers or discretions, under the Deposit Agreement, except to the extent that such loss or damage arises from the wilful default, negligence or bad faith of the GDR Depositary or that of its agents, officers, directors or employees. Without prejudice to the generality of the foregoing, in no circumstances shall the

GDR Depository have any liability for any act or omission of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of Deposited Shares or otherwise.

- 14.18 No provision of the Deposit Agreement or these Conditions shall require the GDR Depository to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.
- 14.19 For the avoidance of doubt, the GDR Depository shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable Romanian law as the same may be amended from time to time. Notwithstanding the generality of Condition 3, the GDR Depository shall refuse to register any transfer of GDRs or any deposit of Shares against issuance of GDRs if notified by the Company, or the GDR Depository becomes aware, from any source, of the fact that such transfer or issuance would result in a violation of the limitations set forth above.
- 14.20 No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement.

**15. Issue and Delivery of Replacement GDRs and Exchange of GDRs**

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the GDR Depository may in good faith require, replacement GDRs will be issued by the GDR Depository and will be delivered in exchange for or replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of the destruction, loss or theft) at the specified office of the GDR Depository or (at the request, risk and expense of the Holder) at the specified office of any Agent.

**16. GDR Depository's Fees, Costs and Expenses**

- 16.1 The GDR Depository shall be entitled to charge the following remuneration and to receive the following remuneration and reimbursement (such remuneration and reimbursement being payable on demand) from the Holders in respect of its services under the Deposit Agreement:
- (a) for the issue of GDRs (other than upon the issue of GDRs pursuant to the Offering) or the cancellation of GDRs upon the withdrawal of Deposited Property: U.S.\$5.00 or less per 100 GDRs (or portion thereof) issued or cancelled;
  - (b) for issuing GDR certificates in definitive registered form in replacement for mutilated, defaced, lost, stolen or destroyed GDR certificates: a sum per GDR certificate which is determined by the GDR Depository to be a reasonable charge to reflect the work, costs and expenses involved;
  - (c) for issuing GDR certificates in definitive registered form (other than pursuant to (b) above): the greater of U.S.\$1.50 per GDR certificate (plus printing costs) or such other sum per GDR certificate which is determined by the GDR Depository to be a reasonable charge to reflect the work plus costs (including but not limited to printing costs) and expenses involved;
  - (d) for receiving and paying any cash dividend or other cash distribution on or in respect of the Deposited Shares: a fee of U.S.\$0.03 or less per GDR for each such dividend or distribution;
  - (e) in respect of any issue of rights or distribution of Shares (whether or not evidenced by GDRs) or other securities or other property (other than cash) upon exercise of any rights, any free distribution, stock dividend or other distribution: U.S.\$5.00 or less per 100 outstanding GDRs (or portion thereof) for each such issue of rights, dividend or distribution;
  - (f) for transferring interests from and between the Regulation S Master GDR and the Rule 144A Master GDR: a fee of U.S.\$0.05 or less per GDR;
  - (g) a fee of U.S.\$0.05 or less per GDR (or portion thereof) per calendar year for depository services which shall be payable as provided in paragraph (i) below;

- (h) a fee of U.S. \$0.01 or less per GDR per annum for local share registry inspection and related services by the GDR Depositary or the Custodian or their respective agents, which shall be payable as provided in paragraph (i) below; and
- (i) any other charge payable by the GDR Depositary, any of the GDR Depositary's agents, including the Custodian, or the agents of the GDR Depositary's agents, in connection with the servicing of Deposited Shares or other Deposited Property (which charge shall be assessed against Holders as of the date or dates set by the GDR Depositary and shall be payable at the sole discretion of the GDR Depositary by billing such Holders for such charge or deducting such charge from one or more cash dividends or other cash distributions),

together with all expenses (including currency conversion expenses), transfer and registration fees, taxes, duties and charges payable by the GDR Depositary, any Agent or the Custodian, or any of their agents, in connection with any of the above.

- 16.2 The GDR Depositary is entitled to receive from the Company the fees, taxes, duties, charges costs and expenses as specified in a separate agreement between the Company and the GDR Depositary.
- 16.3 From time to time, the GDR Depositary may make payments to the Company to reimburse and / or share revenue from the fees collected from GDR holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the GDR facilities established pursuant to the Deposit Agreement. In performing its duties under the Deposit Agreement, the GDR Depositary may use brokers, dealers or other service providers that are affiliates of the GDR Depositary and that may earn or share fees and commissions.

## 17. Agents

- 17.1 The GDR Depositary shall be entitled to appoint one or more agents (the "**Agents**") for the purpose, *inter alia*, of making distributions to the Holders.
- 17.2 Notice of appointment or removal of any Agent or of any change in the specified office of the GDR Depositary or any Agent will be duly given by the GDR Depositary to the Holders.

## 18. Listing

The Company will undertake in the Deposit Agreement to use all reasonable endeavours to maintain, so long as any GDR is outstanding, a listing for the GDRs on the Official List and admission to trading on the regulated market of the London Stock Exchange.

For that purpose the Company will pay all fees and sign and deliver all undertakings required by the Financial Conduct Authority or the London Stock Exchange in connection therewith. In the event that the listing for the GDRs on the Official List and admission to trading on the regulated market of the London Stock Exchange is not maintained, the Company will use all reasonable endeavours with the reasonable assistance of the GDR Depositary (provided at the Company's expense) to obtain and maintain a listing of the GDRs on any other internationally recognised stock exchange in Europe.

## 19. The Custodian

The GDR Depositary has agreed with the Custodian that the Custodian will receive and hold (or appoint agents approved by the GDR Depositary to receive and hold) all Deposited Property for the account and to the order of the GDR Depositary in accordance with the applicable terms of the Deposit Agreement which include a requirement to segregate the Deposited Property from the other property of, or held by, the Custodian **PROVIDED THAT** the Custodian shall not be obliged to segregate cash comprised in the Deposited Property from cash otherwise held by the Custodian. The Custodian shall be responsible solely to the GDR Depositary **PROVIDED THAT**, if and so long as the GDR Depositary and the Custodian are the same legal entity, references to them separately in these Conditions and the Deposit Agreement are for convenience only and that legal entity shall be responsible for discharging both functions directly to the Holders and the Company. The Custodian may resign or be removed by the GDR Depositary by giving prior notice, except that if a replacement Custodian is appointed which is a

branch or affiliate of the GDR Depository, the Custodian's resignation or discharge may take effect immediately on the appointment of such replacement Custodian. Upon the removal of or receiving notice of the resignation of the Custodian, the GDR Depository shall promptly appoint a successor Custodian, which shall, upon acceptance of such appointment, and the expiry of any applicable notice period, become the Custodian. The GDR Depository in its discretion may appoint a substitute or additional custodian or custodians, which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement. The GDR Depository shall notify Holders of such change as soon as reasonably practicable upon such change taking effect in accordance with Condition 23. Notwithstanding the foregoing, the GDR Depository may temporarily deposit the Deposited Property in a manner or a place other than as therein specified; **PROVIDED THAT**, in the case of such temporary deposit in another place, the Company shall have consented to such deposit, and such consent of the Company shall have been delivered to the Custodian. In case of transportation of the Deposited Property under this Condition, the GDR Depository shall obtain appropriate insurance at the expense of the Company if and to the extent that the obtaining of such insurance is reasonably practicable and the premiums payable are of a reasonable amount.

## 20. **Resignation and Termination of Appointment of the GDR Depository**

- 20.1 The Company may terminate the appointment of the GDR Depository under the Deposit Agreement by giving at least 120 days' prior notice in writing to the GDR Depository and the Custodian, and the GDR Depository may resign as GDR Depository by giving at least 120 days' prior notice in writing to the Company and the Custodian. Within 30 days after the giving of either such notice, notice thereof shall be duly given by the GDR Depository to the Holders in accordance with Condition 23.

The termination of the appointment or the resignation of the GDR Depository shall take effect on the date specified in such notice; **PROVIDED THAT** no such termination of appointment or resignation shall take effect until the appointment by the Company of a successor depository under the Deposit Agreement and the acceptance of such appointment to act in accordance with the terms thereof and of these Conditions, by the successor depository. The Company has undertaken in the Deposit Agreement to use all reasonable endeavours to procure the appointment of a successor depository with effect from the date of termination specified in such notice as soon as reasonably possible following notice of such termination or resignation. Upon any such appointment and acceptance, notice thereof shall be duly given by the GDR Depository to the Holders in accordance with Condition 23.

- 20.2 Upon the termination of the appointment or resignation of the GDR Depository and against payment of all fees and expenses due to the GDR Depository from the Company under the Deposit Agreement, the GDR Depository shall deliver to its successor as depository sufficient information and records to enable such successor efficiently to perform its obligations under the Deposit Agreement and shall deliver and pay to such successor depository all property and cash held by it under the Deposit Agreement. The Deposit Agreement provides that, upon the date when such termination of appointment or resignation takes effect, the Custodian shall be deemed to be the Custodian thereunder for such successor depository, and shall hold the Deposited Property for such successor depository, and the GDR Depository shall thereafter have no obligation under the Deposit Agreement or the Conditions (other than liabilities accrued prior to the date of termination of appointment or resignation or any liabilities stipulated in relevant laws or regulations).

## 21. **Termination of Deposit Agreement**

- 21.1 Either the Company or the GDR Depository but, in the case of the GDR Depository, only if the Company has failed to appoint a replacement GDR Depository within 90 days of the date on which the GDR Depository has given notice pursuant to Condition 20 that it wishes to resign, may terminate the Deposit Agreement by giving 90 days' prior notice to the other and to the Custodian. Within 30 days after the giving of such notice, notice of such termination shall be duly given by the GDR Depository to Holders of all GDRs then outstanding in accordance with Condition 23.
- 21.2 During the period beginning on the date of the giving of such notice by the GDR Depository to the Holders and ending on the date on which such termination takes effect, each Holder shall



be entitled to obtain delivery of the Deposited Property relative to each GDR held by it, subject to the provisions of Condition 1.1 and upon compliance with Condition 1, payment by the Holder of the charge specified in Condition 16.1(a) and Clause 10.1(a)(i) of the Deposit Agreement for such delivery and surrender, and payment by the Holder of any sums payable by the GDR Depositary and/or any other expenses incurred by the GDR Depositary (together with all amounts which the GDR Depositary is obliged to pay to the Custodian) in connection with such delivery and surrender, and otherwise in accordance with the Deposit Agreement.

- 21.3 If any GDRs remain outstanding after the date of termination, the GDR Depositary shall as soon as reasonably practicable sell the Deposited Property then held by it under the Deposit Agreement and shall not register transfers, shall not pass on dividends or distributions or take any other action, except that it will deliver the net proceeds of any such sale, together with any other cash then held by it under the Deposit Agreement, *pro rata* to Holders of GDRs which have not previously been so surrendered by reference to that proportion of the Deposited Property which is represented by the GDRs of which they are the Holders. After making such sale, the GDR Depositary shall be discharged from all obligations under the Deposit Agreement and these Conditions, except liabilities accrued prior to the date of termination and its obligation to account to Holders for such net proceeds of sale and other cash comprising the Deposited Property without interest.

## 22. Amendment of Deposit Agreement and Conditions

- 22.1 Subject to Condition 22.3, all and any of the provisions of the Deposit Agreement and these Conditions (other than this Condition 22) may at any time and from time to time be amended by written agreement between the Company and the GDR Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of these Conditions (except to correct a manifest error) shall be duly given to the Holders by the GDR Depositary, and any amendment (except as aforesaid) which shall increase or impose fees payable by Holders or which shall otherwise, in the good faith opinion of the GDR Depositary, be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders until the expiration of 30 calendar days after such notice shall have been given. During such period of 30 calendar days, each Holder shall be entitled to obtain, subject to and upon compliance with Condition 1, delivery of the Deposited Property relative to each GDR held by it upon surrender thereof, payment of the charge specified in Condition 16.1(a) for such delivery and surrender and otherwise in accordance with the Deposit Agreement and these Conditions. Each Holder at the time when such amendment so becomes effective shall be deemed, by continuing to hold a GDR, to approve such amendment and to be bound by the terms thereof in so far as they affect the rights of the Holders. In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Condition 1, the Deposited Property attributable to the relevant GDR.
- 22.2 For the purposes of this Condition 22, an amendment shall not be regarded as being materially prejudicial to the interests of Holders if its principal effect is to permit the creation of GDRs in respect of additional Shares to be held by the GDR Depositary which are or will become fully consolidated as a single series with the other Deposited Shares **PROVIDED THAT** temporary GDRs will represent such Shares until they are so consolidated.
- 22.3 The Company and the GDR Depositary may at any time by agreement in any form amend the number of Shares represented by each GDR, provided that each outstanding GDR represents the same number of Shares as each other outstanding GDR, and at least 30 calendar days notice of such amendment is given to the Holders, but in no circumstances shall any amendment pursuant to this Condition 22.3 be regarded as an amendment requiring 30 calendar days notice in accordance with Condition 22.1.

## 23. Notices

- 23.1 Any and all notices to be given to any Holder shall be duly given if personally delivered, or sent by mail (if domestic, first class, if overseas, first class airmail) or air courier, or by facsimile transmission confirmed by letter sent by mail or air courier, addressed to such Holder at the address of such Holder as it appears on the transfer books for GDRs of the GDR Depositary, or, if such Holder shall have filed with the GDR Depositary a written request that notices intended for such Holder be mailed to some other address, at the address specified in such request.

23.2 Delivery of a notice sent by mail or air courier shall be effective three days (in the case of domestic mail or air courier) or seven days (in the case of overseas mail) after despatch, and any notice sent by facsimile transmission, as provided in this Condition, shall be effective when the intended recipient has confirmed by telephone to the transmitter thereof that the recipient has received such facsimile in complete and legible form. The GDR Depositary or the Company may, however, act upon any facsimile transmission received by it from the other or from any Holder, notwithstanding that such facsimile transmission shall not subsequently be confirmed as aforesaid.

## 24. **Reports and Information on the Company**

24.1 The Company has undertaken in the Deposit Agreement (so long as any GDR is outstanding) to furnish the GDR Depositary with six copies in the English language (and to make available to the GDR Depositary, the Custodian and each Agent as many further copies as they may reasonably require to satisfy requests from Holders) of:

- (a) in respect of the financial year ending on 31 December 2012 and in respect of each financial year thereafter, the non-consolidated (and, if published for holders of Shares, consolidated) balance sheets as at the end of such financial year and the non-consolidated (and, if published for holders of Shares, consolidated) statements of income for such financial year in respect of the Company, prepared in conformity with International Financial Reporting Standards and reported upon by independent public accountants selected by the Company, as soon as practicable (and in any event within 180 days) after the end of such year;
- (b) if the Company publishes semi-annual financial statements for holders of Shares, such semi-annual financial statements of the Company, as soon as practicable, after the same are published and in any event no later than three months after the end of the period to which they relate; and
- (c) if the Company publishes quarterly financial statements for holders of Shares, such quarterly financial statements, as soon as practicable, after the same are published, and in any event no later than one month after the end of the period to which they relate.

24.2 The GDR Depositary shall upon receipt thereof give due notice to the Holders that such copies are available upon request at its specified office and the specified office of any Agent.

24.3 For so long as any of the GDRs remains outstanding and are “**restricted securities**” within the meaning of Rule 144(a)(3) under the Securities Act, if at any time the Company is neither subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed in the Deposit Agreement to supply to the GDR Depositary such information, in the English language and in such quantities as the GDR Depositary may from time to time reasonably request, as is required to be delivered to any Holder or beneficial owner of GDRs or to any holder of Shares or a prospective purchaser designated by such Holder, beneficial owner or holder pursuant to a Deed Poll executed by the Company in favour of such persons and the information delivery requirements of Rule 144A(d)(4) under the Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of GDRs or Shares or interests therein in reliance on Rule 144A under the Securities Act and otherwise to comply with the requirements of Rule 144A(d)(4) under the Securities Act. Subject to receipt, the GDR Depositary will deliver such information, during any period in which the Company informs the GDR Depositary it is subject to the information delivery requirements of Rule 144(A)(d)(4), to any such holder, beneficial owner or prospective purchaser but in no event shall the GDR Depositary have any liability for the contents of any such information.

## 25. **Copies of Company Notices**

The Company has undertaken in the Deposit Agreement to transmit to the Custodian and the GDR Depositary on or before the day when the Company first gives notice, by mail, publication or otherwise, to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon

or of any meeting or adjourned meeting of such holders or otherwise, such number of copies of such notice and any other material (which contains information having a material bearing on the interests of the Holders) furnished to such holders by the Company (or such number of English translations of the originals if the originals were prepared in a language other than English) in connection therewith as the GDR Depositary may reasonably request. If such notice is not furnished to the GDR Depositary in English, either by the Company or the Custodian, the GDR Depositary shall, at the Company's expense, arrange for an English translation thereof (which may be in such summarised form as the GDR Depositary may deem adequate to provide sufficient information) to be prepared. Except as provided below, the GDR Depositary shall, as soon as practicable after receiving notice of such transmission or (where appropriate) upon completion of translation thereof, give due notice to the Holders which notice may be given together with a notice pursuant to Condition 9.1, and shall make the same available to Holders in such manner as it may determine.

**26. Moneys held by the GDR Depositary**

The GDR Depositary shall be entitled to deal with moneys paid to it by the Company for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any Holder or any other person for any interest thereon, except as otherwise agreed and shall not be obliged to segregate such moneys from other moneys belonging to the GDR Depositary.

**27. Severability**

If any one or more of the provisions contained in the Deposit Agreement or in these Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

**28. Governing Law**

- 28.1 The Deposit Agreement, the GDRs, and all non-contractual obligations arising from or connected with the Deposit Agreement and the GDRs, are governed by, and shall be construed in accordance with, English law except that the certifications set forth in Schedules 3 and 4 to the Deposit Agreement and any provisions relating thereto shall be governed by and construed in accordance with the laws of the State of New York. The rights and obligations attaching to the Deposited Shares will be governed by Romanian law. The Company has submitted in respect of the Deposit Agreement and the Deed Poll to the jurisdiction of the English courts and the courts of the State of New York and any United States Federal Court sitting in the Borough of Manhattan, New York City. The Company has also agreed in the Deposit Agreement, and the Deed Poll to allow, respectively, the GDR Depositary and the Holders to elect that Disputes are resolved by arbitration.
- 28.2 The Company has irrevocably appointed Law Debenture Corporate Services Limited with offices at Fifth Floor, 100 Wood Street, London, EC2V 7EX, as its agent in England to receive service of process in any Proceedings in England based on the Deed Poll and appointed Corporate Service Company with offices at 1180 Avenue of the Americas, Suite 210, New York, NY 10036 as its agent in New York to receive service of process in any Proceedings in New York. If for any reason the Company does not have such an agent in England or New York as the case may be, it will promptly appoint a substitute process agent and notify the Holders and the GDR Depositary of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- 28.3 The courts of England are to have jurisdiction to settle any disputes (each a "**Dispute**") which may arise out of or in connection with the GDRs (including any dispute relating to the existence, validity or termination of the GDRs, or any non-contractual obligation arising out of or in connection with the GDRs, or the consequences of the nullity of the GDRs), and accordingly any legal action or proceedings arising out of or in connection with the GDRs ("**Proceedings**") may be brought in such courts. Without prejudice to the foregoing, the GDR Depositary further irrevocably agrees that any Proceedings may be brought in any New York State or United States Federal Court sitting in the Borough of Manhattan, New York City. The GDR Depositary

irrevocably submits to the non-exclusive jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

- 28.4 These submissions are made for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdictions (whether concurrently or not).
- 28.5 In the event that the GDR Depositary is made a party to, or is otherwise required to participate in, any litigation, arbitration, or Proceeding (whether judicial or administrative) which arises from or is related to or is based upon any act or failure to act by the Company, or which contains allegations to such effect, upon notice from the GDR Depositary, the Company has agreed to fully cooperate with the GDR Depositary in connection with such litigation, arbitration or Proceeding.
- 28.6 The GDR Depositary irrevocably appoints The Bank of New York Mellon, London Branch, (Attention: The Manager) of 48<sup>th</sup> Floor, One Canada Square, London E14 5AL as its agent in England to receive service of process in any Proceedings in England based on any of the GDRs. If for any reason the GDR Depositary does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Holders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- 28.7 To the extent that the Company may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Company or its assets or revenues, the Company has agreed not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

29. **Language**

Although the Deposit Agreement or these Conditions may be translated into the Romanian language, the Romanian version of the Deposit Agreement and these Conditions is for informational purposes only. In the event of any discrepancies between the English version and the Romanian version of the Deposit Agreement or these Conditions, or any dispute regarding the interpretation of any provision in the English version or Romanian version of the Deposit Agreement or these Conditions, the English version of the Deposit Agreement and these Conditions shall prevail and questions of interpretation shall be addressed solely in the English language.

## SUMMARY OF THE PROVISIONS RELATING TO THE GLOBAL DEPOSITARY RECEIPTS WHILST IN MASTER FORM

The GDRs will initially be evidenced by (i) a single Regulation S Master GDR in registered form and (ii) a single Rule 144A Master GDR in registered form. The Rule 144A Master GDR will be deposited with The Bank of New York Mellon in New York as custodian for DTC and registered in the name of Cede & Co as nominee for DTC on the date the GDRs are issued. The Regulation S Master GDR will be deposited with The Bank of New York Mellon, London Branch as common depository for Euroclear and Clearstream (and registered in the name of The Bank of New York Depository (Nominees) Limited as nominee for the common depository) on the date the GDRs are issued.

The Regulation S Master GDR and the Rule 144A Master GDR contain provisions which apply to the GDRs while they are in master form, some of which modify the effect of the GDR Terms and Conditions of the GDRs set out in this document. The following is a summary of certain of those provisions. Words and expressions given a defined meaning in the GDR Terms and Conditions shall have the same meanings in this section unless otherwise provided in this section.

For risks related to potential future limitations on the exercise of voting and/or dividends rights by a GDRs holder, see “Risk Factors—Risks Relating to the Securities”.

### Exchange

The Master GDRs will be exchanged for certificates in definitive registered form representing GDRs only in the circumstances described in (i), (ii), (iii), or (iv) below, in whole but not in part. The GDR Depository will irrevocably undertake in the Master GDRs to deliver certificates in definitive registered form in exchange for the relevant Master GDR, to GDR holders within 60 calendar days in the event that:

(i) DTC, in the case of the Rule 144A Master GDR, or Euroclear or Clearstream, in the case of the Regulation S Master GDR, notifies the Company that it is unwilling or unable to continue as a settlement system and a successor settlement system is not appointed within 90 calendar days; or

(ii) either DTC in the case of Rule 144A Master GDR, or Euroclear or Clearstream in the case of the Regulation S Master GDR, is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, and, in each case, no alternative settlement system satisfactory to the GDR Depository is available within 45 calendar days; or

(iii) in respect of the Rule 144A Master GDR, DTC or any successor ceases to be a “clearing agency” registered under the Exchange Act; or

(iv) the GDR Depository has determined that, on the occasion of the next payment in respect of the Master GDRs, the GDR Depository or its agent would be required to make any deduction or withholding from any payment in respect of the Master GDRs which would not be required were the GDRs represented by certificates in definitive registered form, provided that the GDR Depository shall have no obligation to so determine or to attempt to so determine.

Any such exchange shall be at the expense (including printing costs) of the Company.

A GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through: Euroclear; Clearstream, Luxembourg or DTC.

Upon any exchange of a Master GDR for certificates in definitive registered form, or any exchange of interests between the Rule 144A Master GDR and the Regulation S Master GDR pursuant to Clause 4 of the Deposit Agreement, or any distribution of GDRs pursuant to Conditions 5, 7 or 10 of the GDR Terms and Conditions or any reduction in the number of GDRs represented thereby following any withdrawal of Deposited Property pursuant to Condition 1 of the GDR Terms and Conditions, the relevant details shall be entered by the GDR Depository on the register maintained by the GDR Depository whereupon the number of GDRs represented by the Master GDR shall be reduced or increased (as the case may be) for all purposes by the number so exchanged and entered on the register. If the number of GDRs represented by a Master GDR is reduced to zero such Master GDR shall continue in existence until the obligations of the Company under the Deposit Agreement and the obligations of the GDR Depository pursuant to the Deposit Agreement and the Conditions have terminated.



## **Payments, Distributions and Voting Rights**

Payments of cash dividends and other amounts (including cash distributions) will, in the case of GDRs represented by the Regulation S Master GDR be made by the GDR Depository through Euroclear and Clearstream and, in the case of GDRs represented by the Rule 144A Master GDR, will be made by the GDR Depository through DTC, on behalf of persons entitled thereto upon receipt of funds therefor from the Company. A free distribution or rights issue of Shares to the GDR Depository on behalf of the Holders will result in the record maintained by the GDR Depository being marked up to reflect the enlarged number of GDRs represented by the relevant Master GDR.

Holders of GDRs will have voting rights as set out in the Conditions.

## **Surrender of GDRs**

Any requirement in the Conditions relating to the surrender of a GDR to the GDR Depository shall be satisfied by the production by Euroclear and Clearstream (in the case of GDRs represented by the Regulation S Master GDR), or DTC (in the case of GDRs represented by the Rule 144A Master GDR), on behalf of a person entitled to an interest therein of such evidence of entitlement of such person as the GDR Depository may reasonably require, which is expected to be a certificate or other documents issued by Euroclear or Clearstream, or DTC, as appropriate. The delivery or production of any such evidence shall be sufficient evidence, in favour of the GDR Depository, any Agent and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all money or other property payable or distributable in respect of the Deposited Property represented by such GDRs.

## **Notices**

For as long as the Regulation S Master GDR is registered in the name of a nominee for a common depository holding on behalf of Euroclear and Clearstream, and the Rule 144A Master GDR is registered in the name of DTC or its nominee, notices to Holders may be given by the GDR Depository by delivery of the relevant notice to Euroclear and Clearstream, or (as appropriate) DTC, for communication to persons entitled thereto in substitution for delivery of notices in accordance with the Conditions.

## **Information**

For so long as any of the Rule 144A GDRs or the Offer Shares remain outstanding and are “restricted securities” within the meaning of Rule 144(a) (3) under the Securities Act, if at any time the Company is neither subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the Exchange Act, nor exempt from such reporting requirements by complying with the information furnishing requirements of Rule 12g3-2(b) thereunder, the Company has agreed to supply to the GDR Depository such information in the English language and in such quantities as the GDR Depository may from time to time reasonably request, as is required to be delivered to any Holder or beneficial owner of Rule 144A GDRs or to any holder of Shares or prospective purchaser designated by such Holder, beneficial owner or holder pursuant to a Deed Poll executed by the Company in favour of such persons and the information delivery requirements of Rule 144A(d)(4) under the Securities Act, as amended, to permit compliance with Rule 144A in connection with resales of Rule 144A GDRs or Shares or interests therein in reliance on Rule 144A under the Securities Act and otherwise will comply with the requirements of Rule 144A(d)(4) under the Securities Act.

## **Governing Law**

The Master GDRs, and all non-contractual obligations arising from or connected with the Master GDRs, shall be governed by and construed in accordance with English law.

## DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

### The Depositary

The GDR Depositary is an entity established in the State of New York and is a state chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Banking Department.

### **Rights of GDR Holders**

*Relationship of GDR Holders with the GDR Depositary:* The rights of GDR Holders against the GDR Depositary are governed by the GDR Terms and Conditions and the Deposit Agreement, which is governed by English law. Holders of GDRs have contractual rights in relation to cash or other Deposited Property (including Deposited Shares, which are ordinary shares of the Company represented by GDRs) deposited with the GDR Depositary under the Deposit Agreement by virtue of the Deed Poll.

*Voting:* With respect to voting of Deposited Shares and other Deposited Property represented by GDRs, the GDR Terms and Conditions and the Deposit Agreement provide that the GDR Depositary shall send to any person who is a Holder on the record date established by the GDR Depositary for that purpose (which shall be the same as the corresponding record date set by the Company or as near as practicable thereto) such notice of meeting or solicitation of consent or proxy along with a brief statement of the manner in which such Holders may provide the GDR Depositary with voting instructions for matters to be considered. The Deposit Agreement provides that the GDR Depositary will endeavour to exercise or cause to be exercised the voting rights with respect to Deposited Shares in accordance with instructions from Holders. As of the date of this Prospectus, the Company confirms that there are no restrictions under applicable law, the constitutive documents of the Company or the provisions of the Deposited Shares that would prohibit or restrict the GDR Depositary from voting any of the Deposited Shares in accordance with instructions from Holders.

*Delivery of GDRs:* The Deposit Agreement provides that the Deposited Shares can only be delivered out of the Regulation S and Rule 144A GDR facilities to, or to the order of, a Holder of related GDRs upon receipt and cancellation of such GDRs.

### **Rights of the Company**

The Company has broad rights to remove the GDR Depositary under the terms of the Deposit Agreement, but no specific rights under the Deposit Agreement which are triggered in the event of the insolvency of the GDR Depositary.

### **Insolvency of the GDR Depositary**

*Applicable insolvency law:* If the GDR Depositary becomes insolvent, the insolvency proceedings will be governed by US law applicable to the insolvency of banks.

*Effect of applicable insolvency law in relation to cash:* The GDR Terms and Conditions state that any cash held by the GDR Depositary for Holders is held by the GDR Depositary as banker. Under current US law, it is expected that any cash held for Holders by the GDR Depositary as banker under the GDR Terms and Conditions would constitute an unsecured obligation of the GDR Depositary. Holders would therefore only have an unsecured claim in the event of the GDR Depositary's insolvency for such cash that would be also be available to general creditors of the GDR Depositary or the FDIC.

*Effect of applicable insolvency law in relation to non-cash assets:* The Deposit Agreement states that the Deposited Shares and other non-cash assets which are held by the GDR Depositary for Holders are held by the GDR Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current US and English law, it is expected that any Deposited Shares and other non-cash assets held for Holders by the GDR Depositary on trust under the GDR Terms and Conditions would not constitute assets of the GDR

Depository and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the GDR Depository's receiver or conservator to deliver such Depository Shares and other non-cash assets that would be unavailable to general creditors of the GDR Depository.

### ***Default of the GDR Depository***

If the GDR Depository fails to pay cash or deliver non-cash assets to Holders in the circumstances required by the GDR Terms and Conditions or otherwise engages in a default for which it would be liable under the terms of the GDR Terms and Conditions, the GDR Depository will be in breach of its contractual obligations under the GDR Terms and Conditions. In such case Holders will have a claim under English law against the GDR Depository for the GDR Depository's breach of its contractual obligations under the GDR Terms and Conditions.

### **The Custodian**

The Custodian is Raiffeisen Bank S.A., an entity established under Romanian law. The Custodian holds securities for the GDR Depository subject to a custody agreement between the Custodian and the Depository which is governed by New York law.

*Relationship of Holders of GDRs with the Custodian:* The Holders do not have any contractual relationship with, or rights enforceable against, the Custodian. All Company shares, including the Deposited Shares, will be held through the Romanian Clearing-Settlement, Custody, Depository and Registry System ("**RoClear**") managed by Depozitarul Central S.A. (the "**Romanian Central Depository**"). The accounts of RoClear will show a global account in the name of, and managed by the Custodian. A sub-account of the Custodian's global account in the name of the GDR Depository will also show in RoClear's records. The Deposited Shares will be held in this sub-account held in the name of the GDR Depository.

### ***Default of the Custodian***

*Failure to deliver cash:* Cash payments from the Company (which are expected to be denominated in RON) will initially be received by the GDR Depository in an account held with the Custodian in the GDR Depository's name. Subject to Romanian legislation (which currently permits amounts in RON to be removed from Romania and converted into US dollars by the GDR Depository without restriction), amounts received from the Company by the GDR Depository will then be exchanged for US dollars in accordance with the GDR Terms and Conditions and the US dollars will be received by the GDR Depository in New York. After deduction of any fees and expenses of the GDR Depository, the US dollars will then be credited to the appropriate accounts of the Holders. If the Custodian fails to deliver cash to the GDR Depository as required under the custody agreement or otherwise engages in a default for which it would be liable under the terms of the custody agreement, the Custodian will be in breach of its contractual obligations under the custody agreement. In such case, the GDR Depository would have a claim under New York law against the Custodian for the Custodian's breach of its contractual obligations under the custody agreement. The GDR Depository can also remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

*Failure to deliver non-cash assets:* If the Custodian fails to deliver Deposited Shares or other non-cash assets held for the GDR Depository as required by the GDR Depository or otherwise defaults under the terms of the custody agreement, the Custodian will be in breach of its obligations to the GDR Depository. In such case the GDR Depository will have a claim under New York law against the Custodian for the Custodian's breach of its obligations under the custody agreement. The GDR Depository can also remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

*The GDR Depository's liability:* The GDR Depository is only liable to GDR Holders for loss incurred by GDR Holders as a result of default by the Custodian if such loss arises from the wilful default, negligence or bad faith of the GDR Depository or that of its agents, officers, directors or employees.

*The GDR Depository's obligations:* The GDR Depository has no obligation to pursue a claim for breach of obligations against the Custodian on behalf of Holders. The GDR Depository is not responsible for and shall incur no liability in connection with or arising from default by the Custodian

due to any act or omission to act on the part of the Custodian, except to the extent that the Custodian has (i) committed fraud or wilful misconduct in the provision of custodial services to the GDR Depositary or (ii) failed to use reasonable care in the provision of custodial services to the GDR Depositary as determined in accordance with the standards prevailing in the jurisdiction in which the Custodian is located.

*Applicable law:* The custody agreement is New York law governed.

### ***Insolvency of the Custodian***

*Applicable law:* If the Custodian becomes insolvent, the insolvency proceedings will be governed by applicable Romanian law.

*Effect of applicable insolvency law in relation to cash:* Cash held by the GDR Depositary on deposit with the Custodian represents an unsecured claim of the GDR Depositary against the Custodian. Under current Romanian law, it is expected that any cash held for the GDR Depositary by the Custodian at the time of the Custodian's insolvency would form part of the Custodian's insolvent estate and would be available to satisfy the claims of the Custodian's creditors generally.

*Effect of applicable insolvency law in relation to non-cash assets:* The GDR Depositary will have ownership rights in the Deposited Shares or other non-cash assets held by the Custodian at the time of its insolvency and applicable Romanian legislation makes clear that the Deposited Shares would not be available to satisfy the claims of the Custodian's creditors generally. Rather, the Deposited Shares would be transferred into an account maintained by another custodian appointed by the GDR Depositary.

*The GDR Depositary's liability:* The GDR Depositary is only liable to GDR Holders for loss incurred by GDR Holders as a result of the Custodian's insolvency if such loss arises from the willful default, negligence or bad faith of the GDR Depositary or that of its agents, officers, directors or employees.

*The GDR Depositary's obligations:* The GDR Depositary has no obligation to pursue a claim in the Custodian's insolvency on behalf of the Holders. The GDR Depositary has no responsibility for, and will incur no liability in connection with or arising from, the insolvency of any custodian. In the event of the insolvency of the Custodian, the Holders have no direct recourse to the Custodian under the Deposit Agreement, though the GDR Depositary can remove the Custodian and appoint a substitute or additional custodians and may exercise such rights if it deems necessary.

**GDR HOLDERS ARE REMINDED THAT THE ABOVE DOES NOT CONSTITUTE LEGAL ADVICE AND IN THE EVENT OF ANY DOUBT REGARDING THE EFFECT OF THE DEFAULT OR INSOLVENCY OF THE GDR DEPOSITARY OR THE CUSTODIAN, GDR HOLDERS SHOULD CONSULT THEIR OWN ADVISORS IN MAKING A DETERMINATION.**

## TAXATION

*The following summary of certain US federal income, United Kingdom and Romanian tax consequences of ownership of the Securities is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Securities. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of the Securities. Each prospective investor is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of the Securities, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this Prospectus, and of any actual changes in applicable tax laws after such date.*

### Certain U.S. Federal Income Tax Considerations

**The discussion of U.S. tax matters set forth in this Prospectus was written in connection with the promotion or marketing of this offering and was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding tax-related penalties under U.S. federal, state or local tax law. Each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.**

The following summary is a description of certain U.S. federal income tax considerations relevant to a U.S. Holder (as defined below) acquiring, holding and disposing of the Securities. This summary is based upon existing U.S. federal income tax law, which is subject to change, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation which may be important to particular investors in light of their individual investment circumstance, including investors subject to special tax rules including financial institutions, insurance companies, broker-dealers, traders in securities who mark their positions to market, tax-exempt organisations, partnerships or other pass-through entities, holders who are not U.S. Holders, holders who own (directly, indirectly or constructively) 10% or more of the Company's voting stock, investors that will hold the Securities as part of a straddle, hedge, conversion, constructive sale, or other integrated transaction for U.S. federal income tax purposes, or investors that have a functional currency other than the US dollar. In addition, this summary does not discuss any other U.S. federal tax issues, such as the Medicare tax on net investment income or alternative minimum tax considerations, or state, local or non-U.S. tax considerations. This summary assumes that investors will hold their Securities as "capital assets" (generally, property held for investment) for U.S. federal income tax purposes. You are urged to consult your tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax considerations relevant to an investment in the Securities.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of the Securities that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organised under the law of, the United States, any State thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust.

If an entity classified as a partnership for U.S. federal income tax purposes holds the Securities, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the Securities, you should consult your tax advisors.

The Company expects, and this discussion assumes, that it will not be a passive foreign investment company (a "PFIC"). See below under "*—Passive Foreign Investment Company Rules*".



### ***Ownership of GDRs in General***

For U.S. federal income tax purposes, an owner of GDRs generally will be treated as the owner of the Shares represented by such GDRs. However, the U.S. Treasury has expressed concerns that parties to whom interests such as the GDRs are delivered in transactions similar to pre-release transactions may be taking actions that are inconsistent with the claiming of foreign tax credits for U.S. holders of GDRs. Accordingly, the analysis of the creditability of any applicable non-U.S. taxes or the eligibility for the lower rates on dividends received by certain holders could be affected by actions taken by parties to whom the GDRs are pre-released. No gain or loss will be recognised if you exchange GDRs for the Shares represented by those GDRs. Your tax basis in such Shares will be the same as your tax basis in such GDRs, and the holding period in such Shares will include the holding period in such GDRs. You should consult your own tax advisor about how to calculate your tax basis and holding period if you acquire GDRs at different times or with different purchase prices.

### ***Dividends***

The US dollar value of distributions paid by the Company (including the amount of any taxes withheld) out of its earnings and profits, as determined under U.S. federal income tax principles, will be subject to tax as foreign source ordinary dividend income and will be includible in your gross income upon receipt. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Company with respect to the Securities will constitute ordinary dividend income. Subject to applicable limitations, if the Company qualifies for benefits under the tax treaty between the United States and Romania, dividends paid to non-corporate U.S. Holders, including individuals, may be subject to U.S. federal income tax at reduced rates as compared to other types of ordinary income. If the Company is a PFIC in the taxable year a dividend is paid or the prior taxable year, such dividend will not be eligible for the reduced rates of taxation. Dividends received on the Securities will not be eligible for the dividends received deduction allowed to corporations. You should consult your own tax advisor about your eligibility for reduced rates of federal income taxation on dividends and how to account for payments that are not made in US dollars.

### ***Sale or Other Disposition of the Securities***

You will recognise U.S. source capital gain or loss upon the sale or other disposition of Shares or GDRs in an amount equal to the difference between the US dollar value of the amount realised upon the disposition and your adjusted tax basis in such Shares or GDRs (generally their cost in US dollars). Any capital gain or loss will be long-term if the Shares or GDRs have been held for more than one year. Certain non-corporate U.S. Holders, including individuals, are eligible for reduced rates of tax on long term capital gains. The deductibility of capital losses may be subject to limitations. You should consult your own advisor about how to account for sale or other disposition proceeds that are not paid in US dollars. Any gain or loss will generally be U.S. source.

### ***Passive Foreign Investment Company Rules***

The Company does not believe it was a PFIC for U.S. federal income tax purposes for its most recent taxable year and does not expect to be a PFIC for the current taxable year or in the foreseeable future. This is based on estimates of the Company's income and assets. Because the composition of the Company's income and assets will vary over time, there can be no assurance that it would not be a PFIC for any particular taxable year. In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least (i) 75% of its gross income is classified as "passive income" or (ii) 50% of the average quarterly value of its assets produce or are held for the production of passive income. For this purpose, passive income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents, royalties and gains from the disposition of passive assets. However, income from commodities transactions earned in the conduct of an "active business" is typically considered active income for these purposes.

If the Company is classified as a PFIC at any time that you hold its Securities, you may be subject to materially adverse U.S. federal income tax consequences compared to an investment in a company that is not considered a PFIC, including being subject to greater amounts of U.S. tax and being subject to additional U.S. tax form filing requirements. You should consult your own tax advisor about the application of the PFIC rules to you.

## **Information Reporting and Backup Withholding**

You may be subject to information reporting on amounts received by you from a distribution on, or disposition of, Securities, unless you establish that you are exempt from these rules. If you do not establish that you are exempt from these rules, you may be subject to backup withholding on the amounts received unless you provide your taxpayer identification number and otherwise comply with the requirements of the backup withholding rules. The amount of any backup withholding from a payment that you receive will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the IRS.

U.S. individuals who own “specified foreign financial assets” (generally including foreign stock or securities not held through a financial account) with an aggregate value in excess of U.S. \$50,000 at the end of the taxable year or U.S. \$75,000 at any time during the taxable year will generally be required to file an information report on IRS Form 8938 with respect to such assets with their tax returns.

You should consult your tax advisors about any additional reporting obligations that may apply as a result of the acquisition, holding or disposition of the Securities. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

## **Romanian Tax Considerations**

The following information is a summary of the most significant Romanian tax considerations relevant to the holders of Securities.

The summary is based on the Romanian and EU laws, regulations and administrative procedures in effect at the date of this Prospectus and is not intended to represent a legal opinion or be a comprehensive analysis of all possible tax considerations that may be relevant for Romanian and non-Romanian individuals and legal entities in relation to the Securities.

Prior to investing in Securities, potential investors should seek advice from their tax and financial advisors with respect to Romanian and/or EU tax regulations applicable in their specific case, including the applicability of double taxation treaties, pending or proposed changes in applicable tax laws as of the date of this Prospectus and any actual changes in applicable tax laws after such date.

Under Law No. 571/2003 on the fiscal code as subsequently amended (the “**Fiscal Code**”), certain types of income received by non-residents or by residents from Romania or from abroad are subject to taxation in Romania at the tax rates stipulated by the Fiscal Code. For the purposes of the Fiscal Code:

- a “**foreign legal entity**” means any legal entity which is not a Romanian legal entity and any legal entity established pursuant to European law which is not headquartered in Romania;
- a “**non-resident individual**” means any individual which is not a resident individual;
- a “**legal entity established pursuant to European law**” means any legal entity established in accordance with and by the mechanics contemplated by European regulations;
- a “**non-resident**” means any foreign legal entity, any non-resident individual, and any other foreign entities, including undertakings for collective investment in transferable securities without legal personality, which are not registered in Romania according to the law.
- a “**Romanian legal entity**” means any legal entity established in accordance with Romanian law;
- a “**resident individual**” means any individual that meets at least one of the following conditions: (a) is domiciled in Romania, (b) has the centre of his vital interests (Romanian language: “*centrul intereselor vitale*”) located in Romania, (c) is present in Romania for a period or several periods exceeding in aggregate 183 days during any 12 consecutive months, and that period(s) end(s) in the relevant calendar year, (d) is a Romanian citizen that works abroad as an officer or an employee of the Romanian state. By way of exception from the provisions (a) to (d) above, neither a foreign citizen enjoying diplomatic or consular regime within Romania, nor a foreign citizen who is an employee or officer of an international or

intergovernmental organisation registered in Romania, nor a foreign citizen who is an officer or an employee of a foreign state in Romania, nor their family members will be deemed to be resident individuals in Romania; and

- a “**resident**” means any Romanian legal entity, any foreign legal entity which has its place of effective management in Romania, any legal entity having its headquarters in Romania, incorporated according to European legislation and any resident individual.

### ***Taxation of dividends***

#### *Tax rate*

Dividends paid by Romanian legal entities to individuals or legal entities (either Romanian or non-Romanian tax residents) are subject to a tax of 16% withheld at source.

#### *Exemption from tax on dividends applicable for holders of Shares under certain conditions*

The holders of Shares which are Romanian legal entities may be eligible for exemption from 16% dividend withholding tax pursuant to the Council Directive 2011/96/EU on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States (the “**Parent Subsidiary Directive**”) (which was implemented in the Romanian national legislation), **provided that** they have held a minimum of 10% of the shares of the other Romanian legal entity for a period of two years elapsed until the date of payment thereof inclusively.

Under the Parent Subsidiary Directive, holders of Shares which are legal entities and tax residents in a member state of the EU or the European Free Trade Association (EFTA) may benefit from the same exemption from Romanian dividend withholding tax as the legal entities which are residents from a fiscal point of view in Romania, subject to compliance with conditions specified above as well as having been organised in the corporate form eligible under the Parent Subsidiary Directive and being profit tax payers (not entitled to exemption/excuse from profit tax) in their home country.

If the condition regarding the minimum holding period of two years is not met, the 16% dividend withholding tax will be applied by the Romanian company which pays the dividends but, subsequently, in the fiscal year in which the condition is met, the tax paid may be recovered.

To benefit from exemption from Romanian dividends tax pursuant to the EU Parent Subsidiary Directive, a holder of Shares which is a legal entity resident in an EU or EFTA member state is required to provide to the Romanian legal entity which pays the dividends a tax residence certificate confirming its tax residence at the time the dividends are paid, as well as, if the case may be, an affidavit confirming the fulfilment of the applicable conditions.

Also, the dividends distributed/paid by a Romanian legal entity to voluntary pension funds and to privately managed pension funds, respectively, as well as to the bodies of the public administration exercising, according to the law, the rights and obligations deriving from the capacity of shareholder of the Romanian State in those Romanian legal entities are also exempted from the payment of the dividend tax.

#### *Application of double taxation treaties for non-resident holders of Shares (individuals or legal entities)*

The 16% dividend withholding tax imposed by the Romanian tax legislation may be reduced or eliminated subject to the country of residence of non-resident holder of Shares (individual or legal entity) pursuant to double taxation treaties (if any) in force between Romania and the country of residence of the non-resident holder of Shares.

To take benefit of the provisions of the double taxation treaties, a non-resident holder of Shares is required to provide, in original or legalised copy, together with an authorised translation in Romanian language, the tax residence certificate issued by the tax authority from the relevant country or another document issued by an authority (other than the tax authority) which has responsibilities in residence certification, according to the internal legislation of the relevant country, which should be valid for the year in which the tax is owed. In the absence of a tax residence certificate at the time of payment of dividends, the Romanian dividend withholding tax would apply at its full tax rate. The non-resident

shareholder may provide the tax residence certificate within five years following the date of payment of dividends to be able to claim a refund in connection with overpaid amount of tax (if any).

#### *Payments of dividends (if any) on the Securities may be subject to Romanian withholding tax*

Considering that in accordance with Romanian law, the Romanian legal entity pays dividends to the Depository, pro rata to its holdings, under the same terms and conditions and in accordance with the same procedure as in the case of the other shareholders, the dividends paid to the Depository shall be subject to taxation at a tax rate of 16%, irrespective if the beneficial owner is a Romanian or foreign legal entity or individual. Under such circumstances, neither the provisions of the Parent Subsidiary Directive nor of the double taxation treaties will be applicable.

#### *Declaration and payment of tax on dividends*

The dividend tax is declared and paid to the State budget until the 25<sup>th</sup> day of the month, inclusively, following the month in which the dividend is distributed/paid. If the dividends distributed were not paid until the end of the year when the annual financial statements were approved, the related dividend tax is paid until 25 January of the following year. The Romanian company which pays the dividends is obliged to withhold, declare and pay the withheld dividend tax to the State budget.

#### **Taxation of capital gains**

##### *Tax rate*

According to Romanian tax legislation, capital gains realized by legal entities or individuals from sale of Shares are subject to tax at a rate of 16%.

##### *Application of double taxation treaties*

Capital gains tax imposed to non-residents by the Romanian tax legislation may be reduced to zero by virtue of a double taxation treaty entered into between Romania and the country of residence of the seller of the Shares.

To be protected by the provisions of a double taxation treaty, a non-resident seller of Shares must obtain a tax residence certificate issued by the tax authorities of its country of residence which should be valid for the year in which capital gains were realised. In the absence of tax residence certificate at the time of realizing capital gains from selling Shares, the Romanian capital gains tax of 16% would apply to total obtained gains. The non-resident seller of Shares may provide the tax residence certificate within the limitation period provided Romanian law in order to be able to claim refund in connection with overpaid amount of tax (if any).

Nevertheless, there are circumstances when certain double taxation treaties signed by Romania with certain countries do not provide for protection against the Romanian capital gains tax; as an example (and not only limited thereto) such a circumstance occurs when the income is obtained by a non-resident pursuant to the sale of shares held in a Romanian company whose assets consist entirely or mainly of real estate property located in Romania.

##### *Declaration and payment of capital gains tax by resident or non-resident individuals*

Resident individuals realizing capital gains from the sale of shares in Romanian listed companies (including the Shares) are required to file with the competent tax body an annual tax return with respect to the capital gains realized in the respective year by 25 May (inclusively) of the following year. Based on such return, the competent tax body establishes the annual tax amount due, by applying the tax rate to the taxable annual net income obtained as a result of the transfer of shares in listed companies.

The above rules are also applicable for non-resident individuals, holders of Shares, who may appoint a proxy in order to fulfill the obligations to pay and make tax declarations in connection with capital gains tax amounts due in Romania.

##### *Declaration and payment of capital gains tax by Romanian legal entities*

Capital gains realized by a Romanian company from the sale of shares in another Romanian company (including the Shares) shall be part of the company's overall taxable result (profit or loss) and

shall be subject to profit tax. As a rule, the declaration and payment of the profit tax is made on a quarterly basis, until 25<sup>th</sup> day inclusively, of the first month subsequent to the end of the I-III quarters; the completion and payment of the profit tax related to the relevant fiscal year is made until 25 March, inclusively, of the following year, which is the deadline for the submission of the annual profit tax return.

Starting with 1 January 2013, most taxpayers may choose to declare and pay the annual profit tax by quarterly prepayments. The deadline for the payment of the annual profit tax is the deadline for the submission of the profit tax return.

#### *Declaration and payment of capital gains tax by foreign legal entities*

The administrative procedure regarding the declaration and payment of capital gains tax due in Romania may differ, subject to identity of the purchaser of Shares.

If the purchaser of Shares is a foreign legal entity or an individual (resident or non-resident), the non-resident seller of Shares must obtain a tax registration number for declaration and payment of the capital gains tax to the Romanian tax authorities. The formalities regarding declaration and payment of the profit tax are similar to the formalities applicable to Romanian legal entities. Any non-resident seller of Shares may appoint a proxy in Romania in order to comply with these obligations.

If the purchaser of Shares is a Romanian company or a non-Romanian company which has a permanent establishment in Romania at the moment of the transaction, the obligation to calculate, withhold, declare and pay the capital gains tax due in Romania by the non-resident seller is borne by the purchaser, and not by the non-resident seller, and the non-resident seller has to declare and pay the annual profit tax until 25 March, inclusively, of the following year, taking into consideration as applicable the profit tax withheld by the purchaser according to the rule mentioned above.

If the non-resident seller relies on the provision of a double taxation treaty in respect of Romanian capital gains tax, it must provide the tax residence certificate (which entitles the non-resident seller to invoke the double taxation treaty protection) to the purchaser (where the purchaser is a Romanian company or a foreign company which has a permanent establishment in Romania at the moment of the transaction) or to the Romanian proxy appointed by the seller (where the purchaser is a foreign company or a resident or non-resident individual).

#### *Taxation of capital gains related to GDRs*

Income in the form of capital gains related to the transfer of GDRs issued by a non-resident and traded on a foreign capital market obtained by Romanian legal entities is subject to the profit tax of 16%. The declaration and payment of tax observes certain rules similar to those described under section "*Declaration and payment of the capital gains tax by Romanian legal entities*" above.

Income in the form of capital gains related to the transfer of GDRs issued by a non-resident and traded on a foreign capital market obtained by resident individuals is subject to the income tax of 16%. The declaration and payment of tax observes certain rules similar to those described under section "*Declaration and payment of the capital gains tax by resident and non-resident individuals*" above.

Capital gains obtained by foreign legal entities (except for foreign legal entities performing activities in Romania through a permanent establishment or through a joint venture with or without legal capacity) or by non-resident individuals (except for non-resident individuals which trade the relevant GDRs through a permanent establishment in Romania and non-resident individuals performing dependent activities in Romania) as a result of the transfer of GDRs issued by a non-resident and traded on a foreign capital market are not subject to taxation in Romania.

For all of the situations mentioned above, the provisions of the double taxation treaties entered into by Romania and the state of residence of the beneficiary of capital gain shall be considered.

### **United Kingdom taxation**

The following is a general summary of certain UK tax considerations relating to the ownership and disposal of the GDRs and does not address all possible tax consequences relating to an investment in the GDRs. The comments below are of a general nature and are based on current UK law as applied in England and Wales (except where otherwise indicated) and the published practice of



H.M. Revenue & Customs (“HMRC”) as at the date of this Prospectus, each of which is subject to change, possibly with retroactive effect. The summary only covers the principal UK tax consequences for the absolute beneficial owners of the GDRs (and any dividends paid in respect of them) in circumstances where the dividends paid are regarded for UK tax purposes as those persons’ own income (and not the income of some other person) and who: (i) are resident solely in the UK for tax purposes (except where otherwise indicated); and (ii) do not have a permanent establishment or a fixed base outside the UK with which the holding of the GDRs (and the payment of dividends in respect of the GDRs) is connected. Such absolute beneficial owners of the GDRs are referred to in this summary as “UK Holders”.

In addition, this summary only addresses the principal UK tax consequences for UK Holders who hold the GDRs as capital assets or investments. It does not address the UK tax consequences that may be relevant to certain categories of holders, for example, brokers, dealers or traders in shares, securities or currencies, banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organisations, persons holding the GDRs as part of hedging or conversion transactions or persons connected with the Company or who are or have been officers or employees of the Company, each of which may be subject to special rules.

Further, the summary assumes that: (i) a holder of the GDRs is for UK tax purposes, absolutely beneficially entitled to the underlying Shares and to the dividends on those Shares; (ii) the UK Holder does not control or hold, either alone or together with one or more connected persons, directly or indirectly, 10% or more of the shares and/or voting power or rights to income or capital of the company; (iii) there will be no register in the UK in respect of an interest in the GDRs or in the underlying Shares; (iv) the underlying Shares and the GDRs will not be held by, or issued, as applicable, by a depository incorporated in the UK; and (v) neither the GDRs nor the underlying Shares will be paired with shares issued by a company incorporated in the UK.

**THE FOLLOWING IS INTENDED ONLY AS A GENERAL GUIDE AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSIDERED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. YOU SHOULD SATISFY YOURSELF AS TO THE OVERALL TAX CONSEQUENCES INCLUDING THE CONSEQUENCES UNDER UK LAW AND HMRC’S PRACTICE AND, IF YOU ARE SUBJECT TO TAXATION IN A JURISDICTION OTHER THAN THE UK, THE CONSEQUENCES UNDER THE LAWS OF SUCH JURISDICTION OF ACQUISITION, OWNERSHIP AND DISPOSITION OF THE GDRS IN YOUR OWN PARTICULAR CIRCUMSTANCES, BY CONSULTING YOUR OWN TAX ADVISERS.**

## **Taxation of Dividends**

### ***Income Tax and Corporation Tax***

#### ***Withholding Tax***

Dividend payments in respect of the GDRs should not be subject to UK withholding tax.

UK Holders are referred to the statements regarding Romanian tax in “*Romanian Tax Considerations — Taxation of Dividends in the case of GDRs*”. The following paragraphs proceed on the basis that withholding tax will be levied in Romania on dividend payments in respect of the GDRs.

#### ***Credit for Romanian withholding tax***

If a UK Holder receives a dividend in respect of the GDRs and the dividend is paid subject to Romanian withholding tax, credit for such Romanian withholding tax may be available for set-off against a liability to UK corporation tax or UK income tax on the dividend. The amount of such credit will normally be equal to the lesser of the amount withheld and the liability to UK tax on the dividend. Such credit will not normally be available for set-off against a UK Holder’s liability to UK tax other than on the dividend and, to the extent that such credit is not set-off against UK tax on the dividend, the credit will be lost. Credit will not be available to the extent that the Romanian withholding tax can be minimized or repaid by taking reasonable steps under a double tax treaty or a provision of Romanian Tax law (see section “*Romanian Tax Considerations — Taxation of Dividends in the case of GDRs*” below).

### *Individual Holders of GDRs*

An individual UK Holder who receives a dividend in respect of the GDRs will generally be entitled to a tax credit which may be set off against his total income tax liability on the dividend. Such an individual UK Holder's liability to income tax is calculated on the aggregate of the dividend before deduction of any Romanian withholding tax (if any) and the tax credit (the "**gross dividend**") which will be regarded as the top slice of the individual's income. The tax credit will be equal to 10% of the gross dividend. Where the tax credit exceeds the individual UK Holder's tax liability in respect of the gross dividend, the individual UK Holder cannot claim payment from HMRC in respect of any part of the tax credit.

An individual UK Holder who is liable to income tax at a rate not exceeding the basic rate will be subject to income tax on the dividend at the rate of 10% of the gross dividend so that the tax credit will satisfy in full such individual UK Holder's liability to income tax on the dividend.

An individual UK Holder who is liable to income tax at the higher rate will be subject to income tax on the gross dividend at 32.5% to the extent that such sum, when treated as the top slice of such individual UK Holder's income, falls above the threshold for higher rate income tax. However, such individual UK Holder will be able to set the tax credit off against part of this liability. The effect of that set-off of the tax credit is that an individual UK Holder who is liable to income tax on the dividend wholly at the higher rate will have to account for additional tax equal to 22.5% of the gross dividend (which is also equal to 25% of a cash dividend received) subject to credit for Romanian withholding tax (if any) which, as discussed above, may be available for set-off against a liability to UK income tax on the dividend.

An individual UK Holder liable to income tax at the additional rate will be subject to income tax on the gross dividend at 37.5% to the extent that such sum, when treated as the top slice of such individual UK Holder's income, falls above the threshold for additional rate income tax. However, such individual UK Holder will be able to set the tax credit off against part of this liability. The effect of that set-off of the tax credit is that an individual who is liable to income tax on the dividend wholly at the additional rate would have to account for additional tax equal to 27.5% of the gross dividend (which is also equal to approximately 30.56% of a cash dividend received) subject to credit for Romanian withholding tax (if any) which, as discussed above, may be available for set-off against a liability to UK income tax on the dividend.

### *Corporate Holders of GDRs*

A UK Holder will not normally be subject to corporation tax on any dividend received in respect of the GDRs provided certain conditions for exemption are satisfied.

It is expected that the exemption will apply in most cases but UK Holders within the charge to corporation tax are strongly advised to consult their independent professional tax advisers as to whether the exemption is available, as the relevant legislation contains a number of complex conditions and anti-avoidance provisions. Such a corporate UK Holder will not be entitled to any payment from HMRC in respect of the tax credit attaching to any dividend paid in respect of the GDRs.

## **Taxation of Capital Gains**

The disposal or deemed disposal of all or part of the GDRs may give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax (where the holder is an individual) or UK corporation tax on chargeable gains (where the UK Holder is within the charge to corporation tax), depending on their circumstances and subject to any available exemption or relief.

As regards individual UK Holders, the principal factors that will determine the extent to which such gain will be subject to UK capital gains tax are the extent to which they realise any other capital gains in the tax year in which the disposal takes place, the extent to which they have incurred capital losses in that or any earlier tax year and the level of the annual allowance of tax-free gains in that tax year (the "**annual exemption**"). The annual exemption for individuals is £10,900 for the 2013/2014 tax year.

If, after all allowable deductions, an individual UK Holder's taxable income for the year exceeds the basic rate income tax limit, a taxable capital gain accruing on a disposal of GDRs will be taxed at 28%. In other cases, a taxable capital gain accruing on a disposal of GDRs may be taxed at 18% or 28% or at a combination of both rates.

An individual UK Holder who ceases to be resident in the United Kingdom or falls to be regarded as resident in a territory outside the UK for the purposes of double taxation relief arrangements (as appropriate) for a period of less than five years and who disposes of his or her GDRs during that period of temporary non-residence may be liable to UK capital gains tax on a chargeable gain accruing on such disposal on his or her return to the UK or upon ceasing to be regarded as resident outside the UK for the purposes of double taxation relief arrangements (as applicable) (subject to available exemptions or reliefs).

In the case of a corporate UK Holder, indexation allowance may be available to reduce or eliminate a chargeable gain, but not to generate or increase an allowable loss.

### **Stamp Duty and Stamp Duty Reserve Tax**

No UK stamp duty or stamp duty reserve tax ("**SDRT**") will arise in respect of (i) the issue of the GDRs, (ii) the delivery of the GDRs into DTC, Euroclear or Clearstream, Luxembourg, (iii) any dealings in the GDRs once they are delivered into such clearance service, where such dealings are effected in book-entry form in accordance with the procedures of such clearance service and not by written instrument of transfer or (iv) any agreement to transfer full legal and beneficial ownership of the GDRs.

The transfer on sale of GDRs (or an agreement to transfer an equitable interest only in GDRs) may give rise to a liability to UK stamp duty at the rate of 0.5% of the amount or value of the consideration given for the sale or agreement to transfer. However, assuming that no document effecting a transfer of, or containing an agreement to transfer an equitable interest only in, GDRs is either (i) executed in the UK or (ii) relates to any property situate, or to any matter or thing done or to be done, in the UK (the term "**matter or thing**" is very wide and may include the involvement of UK bank accounts in payment mechanics), then no UK stamp duty should be payable on such a document.

## SUBSCRIPTION AND SALE

### General information about the Offering

The Selling Shareholder will offer for sale up to 57,813,360 Shares (in the form of Shares and/or GDRs) representing 15% of the total number of Shares issued by the Company.

The Offer Securities will be offered at the Offer Price Range and will be sold at the Final Offer Price (see “*Offer Price—Offer Price Range*” below).

The Selling Shareholder, the Company and the Managers will enter into an underwriting agreement dated on or around the date of this Prospectus in relation to the sale and offer of the Offer Securities (see “*Underwriting Agreement*” below).

Allocation of the Offer Securities will take place, and the Final Offer Price and final number of sold Offer Securities will be publicly announced, on the business day following the last day of the Offer Period, expected to be on 1 November 2013 (the “**Allocation Date**”) (see “*Offer Price*” and “*Allocation of the Offer Securities*” below).

The transaction related to the Offer Shares is expected to take place on 6 November 2013 (the “**Transaction Date**”) and the transfer of the Offer Shares will be settled through the Romanian Central Depository’s system within three business days from the Transaction Date (see “*Settlement*” below). Payment for the GDRs is expected to be made in US dollars in same-day funds through the facilities of DTC, Euroclear and Clearstream, Luxembourg on the Closing Date. Trading of the Shares on the Bucharest Stock Exchange and unconditional dealings in the GDRs on the London Stock Exchange are expected to commence on or around the Closing Date.

### Offer Period

Subscriptions can be made from 22 October 2013 to 31 October 2013 inclusive, namely eight Romanian business days (the “**Offer Period**”). The Selling Shareholder may extend the Offer Period or change other dates related to the Offering, in compliance with Romanian legislation.

### Offer Tranches

Any Romanian or foreign investor, individual or entity (with or without legal personality) may participate in the Offering, except for those investors whose subscription in the Offering would constitute a violation of applicable legislation. Investors who intend to acquire Offer Securities must be familiar, and comply with the laws applicable to the Offering in their jurisdictions and the restrictions set out in “*Selling and Transfer Restrictions*” below.

The Offering is split into two Offer Tranches as follows:

- (1) 15% of the Offer Securities (8,672,004 Shares (in the form of Shares and/or GDRs)) will be initially offered to Retail Investors (defined below) (the “**Retail Tranche**”); and
- (2) the remaining Offer Securities (49,141,356 Shares (in the form of Shares and/or GDRs)) will be initially offered to Institutional Investors (defined below) (the “**Institutional Tranche**”).

If, at the end of the Offer Period, both Tranches are oversubscribed and the ratio between the subscription level of the Retail Tranche and the subscription level of the Institutional Tranche is higher than 2 (two), a package of Offer Shares representing 5% of the Offer Shares initially offered within the Institutional Tranche will be automatically reallocated to the Retail Tranche. Upon the recommendation of the Joint Bookrunners, the Selling Shareholder may also reallocate Offer Shares from one Offer Tranche to the other Offer Tranche on the basis of criteria other than the ratio of the subscription levels mentioned above.

The final size of each Offer Tranche will be decided by the Selling Shareholder upon the recommendation of the Joint Bookrunners, based on the level of subscriptions from investors, on the Allocation Date (see “*Allocation of the Offer Securities*” below).

The final number of Offer GDRs that will be issued and allocated to investors within the Offering will not exceed 2/3 (two thirds) of the Offer Securities.

For the purposes of this Prospectus:

- “**Institutional Investors**” means (i) credit institutions, (ii) investment firms, (iii) undertakings for collective investments (collective investment schemes, investment companies and/or investment management companies), (iv) insurance companies, (v) pension funds and management companies of such funds, (vi) traders, (vii) trust companies, (viii) international financial institutions (IFIs), and (ix) other financial institutions, including depositary banks; and
- “**Retail Investors**” means any individuals or legal entities who do not meet the above criteria to qualify as Institutional Investors.

The Shares offered within each of the Offer Tranches above are of the same class (ordinary shares), are subject to the same legal provisions and confer the same rights and obligations to their owners.

## Offer Price

### *Offer Price Range*

Offer Shares are offered at the Offer Price Range of RON 24 to 32 per Offer Share.

Offer GDRs are offered at the Offer Price Range of US\$7.38 to 9.84 per Offer GDR. Subscriptions for Offer GDRs will be expressed in USD.

Retail Investors must subscribe for Offer Securities at the fixed price of RON 32 per Offer Share or US\$9.84 per Offer GDR, as applicable (*i.e.* in each case, the top of the Offer Price Range).

Institutional Investors may validly subscribe for Offer Securities at any price within the Offer Price Range (including the bottom and the top of the price range). The price tick for the subscription of Offer Shares by Institutional Investors is RON 0.5 and the price tick for the subscription of Offer GDRs by Institutional Investors is USD 0.5.

Payment of the subscription price for Offer Securities by investors must be made as set out in “*Subscription of Offer Shares by Retail Investors—Payment Evidence for Subscriptions by Retail Investors*”, “*Subscription of Offer Shares by Institutional Investors—Subscription Documentation for Institutional Investors*” and “*Subscription of Offer GDRs*” below, as applicable.

### *Final Offer Price*

During the Offer Period, a bookbuilding process for the Offer Securities will be carried out. During the bookbuilding process, the Joint Bookrunners will gauge the level of interest in the Offering on the part of the Institutional Investors and the price sensitivity of such investors in relation to the Offer Securities. Institutional Investors will be required to specify the number of Offer Securities which they would be prepared to acquire and the related price for such Offer Securities. Such number of Offer Securities and the price at which such Institutional Investors express their interest will be recorded in a book managed by the Joint Bookrunners (the “**Book**”). Subscriptions from Retail Investors in relation to the Offer Securities will not be taken into consideration for the bookbuilding process.

The Final Offer Price at which the Offer Securities will be allocated to investors will be determined by the Selling Shareholder upon the recommendation of the Joint Bookrunners, on the Allocation Date, as follows:

- (A) if the aggregate number of Offer Securities subscribed for within the two Tranches represents less than 100% of the Offer Securities, the Final Offer Price shall be equal to the lowest subscription price registered within the Institutional Tranche;
- (B) if (1) the aggregate number of Offer Securities subscribed for within the two Tranches represents more than 100% of the Offer Securities and (2) the aggregate number of Offer Securities subscribed for within the Institutional Tranche represents maximum 100% of the Offer Securities initially offered within the Institutional Tranche, the Final Offer Price shall be equal to the lowest subscription price registered within the Institutional Tranche;



- (C) if (1) the aggregate number of Offer Securities subscribed for within the two Tranches represents more than 100% of the Offer Securities and (2) the aggregate number of Offer Securities subscribed for within the Institutional Tranche represents more than 100% of the Offer Securities initially offered within the Institutional Tranche, the Final Offer Price shall be determined by the Selling Shareholder (upon the recommendation of the Joint Bookrunners) taking into consideration the qualitative criteria set out in “*Allocation of Offer Securities within the Institutional Tranche*” below.

The Offer Shares in the Institutional Tranche are only to be sold at the Final Offer Price and only to those investors who subscribed Offer Shares at a price equal to, or higher than, the Final Offer Price; for the avoidance of doubt, the Final Offer Price (converted into US dollars on the basis of the RON/US\$ exchange rate communicated by the National Bank of Romania and valid on the Allocation Date) will also apply to the Offer Shares that will be allocated to the GDR Depository.

The offer price per Share applicable to the first 10,000 Offer Shares (or less) cumulatively subscribed by each Retail Investor shall be equal to (a) 95% of the Final Offer Price for those Retail Investors whose subscriptions have been registered in the trading system of the Bucharest Stock Exchange in the first five business days of the Offer Period or (b) 97% of the Final Offer Price for those Retail Investors whose subscriptions have been registered in the trading system of the Bucharest Stock Exchange starting with the sixth business day of the Offer Period. For the avoidance of doubt, the above discounts will apply:

(i) for Retail Investors who cumulatively subscribe 10,000 Offer Shares or less—to all of the Offer Shares subscribed by that Retail Investor; and

(ii) for Retail Investors who cumulatively subscribe more than 10,000 Offer Shares—only for those subscriptions which cumulatively represent the equivalent of maximum 10,000 Offer Shares. If the cumulated number of Shares (subscribed by a Retail Investor through multiple subscriptions and registered in the BSE trading system in the Retail Tranche), registered with the same Manager, member of the Distribution Group or Eligible Participant, exceeds 10,000 Shares, the discounts shall not be applied to the subscription by which the cumulated number of subscribed Offer Shares exceeds the threshold of 10,000 Offer Shares and neither to any subsequent subscriptions. Subscriptions for more than 10,000 Offer Shares are not entitled to discounts for any amount subscribed.

The application of one of the two discount levels for the Offer Shares subscribed within the Retail Tranche will depend on the moment of registration of the trading order in the trading system of the Bucharest Stock Exchange. As a result of the discounts, the offer price per Share for the first 10,000 Offer Shares subscribed for by Retail Investors can be lower than the inferior limit of the Offer Price Range.

The Offer GDRs will be sold to Retail and Institutional Investors at the Final Offer Price, which will be converted on the basis of the RON/US\$ exchange rate communicated by the National Bank of Romania and valid on the Allocation Date. For the avoidance of doubt, the discounts above will not apply to any Offer GDRs.

The Managers will notify investors, the Romanian FSA and the Bucharest Stock Exchange with respect to the Final Offer Price and the price discount applicable to the Offer Shares in the Retail Tranche on the Allocation Date. The relevant pricing notification will be published on the Company’s website [www.romgaz.ro](http://www.romgaz.ro), as a press release on the Bucharest Stock Exchange website [www.bvb.ro](http://www.bvb.ro) and through the Regulatory News Service of the London Stock Exchange (RNS).

If:

(1) the Final Offer Price (discounted or not, as applicable) is lower than the price paid by an investor for each Offer Security that it subscribed, an amount equal to the difference between (a) the total consideration paid in advance by that investor for the Offer Securities that it subscribed; and (b) the number of Offer Securities sold to the relevant investor multiplied by the Final Offer Price (discounted or not, as applicable), will be returned to the relevant investor; or

(2) the Offering is not successfully closed (i.e. if less than 70% of the Offer Securities are validly subscribed for) and, as a consequence, the Selling Shareholder rejects all the subscriptions, the total consideration paid in advance for the Offer Securities will be returned to each Investor,

in each case less any bank transfer commissions and any applicable commissions of the relevant market institutions, to the bank account indicated by each investor in the subscription form submitted in relation to the subscription of Offers Shares (the “**Subscription Form**”), in the investment services agreement or as otherwise agreed with the Managers, as applicable, within five business days of the expiry of the Offer Period or of the date when all subscriptions were rejected (as appropriate). No interest shall be payable to investors in respect of such amounts.

If an investor has indicated more than one account for the reimbursement of any such amounts, the Managers reserve the right to pay the whole amount to be reimbursed to only one of the accounts indicated by the investor. Payments to the investors’ bank accounts will be made firstly for valid subscriptions and subsequently for the invalid subscriptions.

### **Underwriting Agreement**

The Selling Shareholder, the Company and the Managers will enter into the underwriting agreement on or around the date of this Prospectus (the “**Underwriting Agreement**”) and each Manager will severally agree to use its best efforts to procure purchasers and subscribers, as the case may be, for the Offer Securities only and not, for the avoidance of doubt, in any circumstance to purchase or subscribe for any Offer Securities themselves.

Under the Underwriting Agreement, the Company and the Selling Shareholder will give certain customary representations and warranties (including, as appropriate, in relation to the Company’s business, financial statements and legal compliance in relation to the Securities and in relation to the contents of this Prospectus) and indemnities to the Managers in connection with the Offering. The obligations of the parties to the Underwriting Agreement will be subject to certain conditions that are typical for an agreement of this nature, including, amongst others, the accuracy of the representations and warranties under the Underwriting Agreement and the execution of a pricing agreement between the Selling Shareholder, the Company and the Managers in relation to the Final Offer Price on or around the Allocation Date (the “**Pricing Agreement**”).

In consideration for the services to be performed by the Managers, the Managers will receive from the Selling Shareholder a commission of 1.16% of the gross proceeds of the Offering.

Pursuant to the Underwriting Agreement, and in the case of Fondul Proprietatea, a lock-up deed, each of the Company the Selling Shareholder and Fondul Proprietatea will agree with the Managers, subject to certain exceptions and existing obligations, that during the period from the date of the Underwriting Agreement and the lock-up deed, respectively, to, and including, 180 days from the Closing Date (the “**Lock Up Period**”), it will not offer, issue, sell, contract to sell, pledge (or charge in respect of the Selling Shareholder and Fondul Proprietatea), grant options over or otherwise dispose (or publicly announce any such issuance, offer, sale or disposal) of the Securities or any of the Company’s securities that are substantially similar to the Securities, or enter into any transaction with the same economic effect as any of the foregoing, without the prior written consent of the Managers.

The Managers will be able to terminate the Underwriting Agreement at any time prior to the Closing Date in certain specified circumstances that are typical for an agreement of this nature. These will include, but are not limited to:

- (a) the occurrence of certain material changes in the Company’s business, financial condition, prospects or results of operations, and certain changes in financial, political or economic conditions;
- (b) failure by the Managers, the Company and the Selling Shareholder to execute the Pricing Agreement; and

(c) failure by the Managers and the Selling Shareholder to reach an agreement regarding the Final Offer Price and/or the allocation of the Offer Securities before the Allocation Date.

### **Subscription of Offer Shares by Institutional Investors**

**By subscribing for Offer Shares, each Institutional Investor confirms having read this Prospectus, having accepted the terms and conditions set out in this Prospectus and having made the subscription according to the terms included in this Prospectus.**

Valid subscriptions for Offer Shares by Institutional Investors will be collected in the Book. Neither the contents of the Book nor any information related to subscriptions for Offer Shares by Institutional Investors (including, but not limited to, the subscription level) will be made public.

No minimum subscription requirement applies to Institutional Investors. Institutional Investors may submit multiple subscriptions for Offer Shares.

#### *Time schedule and locations for Subscriptions within the Institutional Tranche*

Subscriptions of Offer Shares within the Institutional Tranche can be made only through the Managers.

Institutional Investors can subscribe for Offer Shares during the entire Offer Period, during the working hours of the Managers.

#### *Subscription documentation for Institutional Investors*

If an Institutional Investor has concluded an investment services agreement with a Manager or an affiliate of a Manager, such Institutional Investor may validly subscribe for Offer Shares on the basis of orders given as a regular investment services business and by any means of communication provided by such an agreement, without being required to submit any Subscription Form or identification documentation. Institutional Investors which have not concluded an investment services agreement with a Manager or an affiliate of a Manager may validly subscribe for Offer Shares only if they submit a Subscription Form and the applicable identification documentation listed at “*Subscription of Offer Shares by Retail Investors—Subscription Documents for Retail Investors*” below.

The value of the Offer Shares allocated to an Institutional Investor must be guaranteed through:

- Payment order evidencing that the price for the allocated Offer Shares has been transferred to the RON Collection Account or the brokerage account(s) opened by the Manager which the Institutional Investor subscribed through, provided that such amount credits the relevant RON Collection Account or the brokerage account(s) the order corresponding to the relevant subscription is registered in the relevant segment of the Bucharest Stock Exchange.

The collection accounts for the subscriptions of Offer Shares (the “**RON Collection Accounts**”) are the following:

- for subscriptions of Offer Shares through Banca Comerciala Romana S.A. – the RON bank account having the IBAN RO36RNCB0002B00108104762 opened with Banca Comerciala Romana S.A.;
- for subscriptions of Offer Shares through Raiffeisen Capital & Investment S.A. and through Raiffeisen Bank S.A. as part of the Distribution Group – the RON bank account having the IBAN RO93RZBR0000060004592833 opened by Raiffeisen Capital & Investment with Raiffeisen Bank S.A.;

The payment order must contain the unique registration code and name of the Institutional Investor. The account number to be filled in by an Institutional Investor in the Subscription Form (if applicable) must be the number of the account out of which the subscription amount is effectively transferred to the relevant RON Collection Account or the brokerage account(s). Investors must take into account possible transfer fees and, if applicable, account opening fees. No deposit in cash directly to the RON Collection Accounts or the brokerage account(s) is accepted. The amounts transferred by Institutional Investors, representing the value of the allocated Offer Shares, will not bear interest in favour of such Institutional Investors; interest accrued on the funds deposited in the RON Collection Accounts shall be paid to the Selling Shareholder.

Each payment order is equivalent to a single subscription and combining more than one payment order for one single valid subscription is not permitted.

In circumstances where, during the period starting on the Allocation Date and until 15:00 on the Transaction Date, there will be Institutional Investors which will not provide the Payment Evidence, the Manager will reallocate the relevant Securities to other Institutional Investor(s), with the latter's consent and provided that such Institutional Investors can provide a Payment Evidence for the additionally allocated Securities. Should this not be possible, the number of Securities sold by the Selling Shareholder shall be decreased accordingly.

No Manager will be liable if, for reasons outside its control, the RON Collection Accounts or the brokerage account(s) are not effectively credited with the amounts representing the value of the subscriptions at the latest at 15:00 Bucharest time on the Transaction Date.

- A settlement commitment statement issued by the custodian agent undertaking the responsibility for the settlement;
- A bank guarantee letter issued by a credit institution from the European Union for the purpose of covering the settlement risk undertaken by the relevant Manager; or
- A settlement commitment statement issued by the relevant Manager or an affiliate of that Manager undertaking the responsibility for the settlement in compliance with the Romanian FSA limitations.

The guarantee must include any applicable fees charged by market institutions.

### **Subscription of Offer Shares by Retail Investors**

**By subscribing for Offer Shares, each Retail Investor confirms having read this Prospectus, having accepted the terms and conditions set out in this Prospectus and having made the subscription according to the terms included in this Prospectus.**

The minimum subscription for Offer Shares by a Retail Investor must be for no less than 100 Offer Shares.

Retail Investors may submit multiple subscriptions only through the same Manager, member of the Distribution Group or Eligible Participant.

No brokerage fees will be payable in relation to subscriptions by Retail Investors.

#### *Time schedule and locations for subscriptions within the Retail Tranche*

Subscriptions for Offer Shares by Retail Investors can be made during the entire Offer Period, each business day between 9:00 and 17:00 (Romania time) and between 9:00 and 13:00 (Romania time) on the last day of the Offer Period.

Retail Investors can subscribe for Offer Shares through:

(1) The Domestic Lead Managers:

- Banca Comerciala Romana S.A.—at the units listed in “*Subscription of Offer Shares by Retail Investors—Distribution Network for Retail Investors*” below;
- Raiffeisen Capital & Investment S.A.—at its headquarters (246D Calea Floreasca, 2<sup>nd</sup> floor, District 1, Bucharest, Romania);

(2) The Distribution Group:

- Raiffeisen Bank S.A.—at the units listed in “*Subscription of Offer Shares by Retail Investors—Distribution Network for Retail Investors*” below;
- Intercapital Invest S.A.—at its headquarters (33 Aviatorilor Blvd., 1<sup>st</sup> floor, district 1, Bucharest, Romania) or as otherwise allowed by Intercapital Invest S.A.; and

(3) At the authorised venues of any Eligible Participant (as defined below).

“**Eligible Participants**” means any intermediaries (other than the Managers or Intercapital Invest S.A.), which are investment firms or credit institutions qualified as participants to the trading system of the Bucharest Stock Exchange, and which (i) have signed an irrevocable and unconditional undertaking (the “**Engagement Letter**”) to observe the provisions of this Prospectus and the applicable law, in the form made available by Banca Comerciala Romana S.A. and (ii) have submitted the Engagement Letter, in original, to Banca Comerciala Romana S.A..

The following Retail Investors cannot subscribe for Offer Shares through the banking offices of Raiffeisen Bank S.A. and of Banca Comerciala Romana S.A.:

- (i) Retail Investors which are resident/non-resident individuals or resident entities and use the services of a custodian agent or submit a bank guarantee letter or a settlement commitment letter from a Manager (as set out in “*Subscription of Offer Shares by Retail Investors—Payment Evidence for Subscriptions by Retail Investors*” below); and
- (ii) Retail Investors which are non-resident legal entities, irrespective of whether they are using the services of a custodian agent.

Eligible Participants may not accept, register, process and validate subscriptions prior to the execution and submission to Banca Comerciala Romana S.A. of the Engagement Letter, in original. Each Eligible Participant must comply, and must ensure that its internal systems allow it to comply, with the requirements set out in this Prospectus including, without being limited to, the requirements regarding the availability of funds and the settlement of the transactions carried out following the acceptance of subscriptions by the respective Eligible Participant.

Trading orders corresponding to each subscription for Offer Shares made by Retail Investors will be registered, during the Offer Period, in the Bucharest Stock Exchange system dedicated to public offerings (the “**POF Market**”), by the Manager, member of the Distribution Group or Eligible Participant which received and validated the respective subscription. Subscriptions for Offer Shares submitted to Raiffeisen Bank S.A. will be validated, and the corresponding trading orders will be registered in the POF Market, by Raiffeisen Capital & Investment S.A.

#### *Subscription Form for Retail Investors*

A subscription for Offer Shares by a Retail Investor is made by filling in a Subscription Form together with a Payment Evidence (as defined below) and the requested documents (see “*Subscription of Offer Shares by Retail Investors—Subscription Documents for Retail Investors*” below). The Subscription Form will be available at the locations set out in “*Subscription of Offer Shares by Retail Investors—Distribution Network for Retail Investors*” below or as otherwise communicated by the relevant Manager, member of the Distribution Group or Eligible Participant.

If a Retail Investor has concluded an investment services agreement with a Manager member of the Distribution Group or Eligible Participant, such Retail Investor may validly subscribe for Offer Shares on the basis of orders given as a regular investment services business and by any means of communication provided by such an agreement, without being required to submit any Subscription Form.

Subscription Forms related to Offer Shares for which:

- the amount transferred into the relevant RON Collection Account or the brokerage account(s) or indicated in the settlement commitment statement or the bank guarantee is not equal to the number of Offer Shares subscribed by that Retail Investor multiplied by the top of the Offer Price Range; or
- the subscription procedures were not complied with,

will not be validated. Subscriptions for Offer Shares that are not validated will not be considered in the allocation process. Investors whose Subscription Forms for Offer Shares were not validated will be notified accordingly and the amounts paid will be returned to them in the account referred to in the Subscription Form within five business days from the end of the Offer Period.

#### *Payment Evidence for subscriptions by Retail Investors*

Subscriptions for Offer Shares by Retail Investors will be validated only if, before the end of the Offer Period, Subscription Forms are accompanied by the documents listed at “*Subscription of Offer*



*Shares by Retail Investors—Subscription Documents for Retail Investors*’ below and by one of the following documents (each, a **“Payment Evidence”**):

(1) Evidence that the price for the Offer Shares subscribed by that Retail Investor has been paid, as follows:

- for subscriptions through a Manager or Raiffeisen Bank S.A.—proof (payment order) that the price for the subscribed Offer Shares has been transferred to the RON Collection Accounts opened by the Manager which it subscribed through or by Raiffeisen Bank S.A. or the brokerage account(s), as applicable, provided that such amount credits the relevant account before the close of the last banking day of the Offer Period; or
- for subscriptions through an Eligible Participant or Intercapital Invest S.A.—the subscription price for the Offer Shares may be paid, in cash or by bank transfer, depending on the internal procedures of the respective Eligible Participant or of Intercapital Invest S.A., as applicable, as communicated by each Eligible Participant and Intercapital Invest S.A. to the relevant Retail Investors.

The RON Collection Accounts for subscriptions of Offer Shares are the following:

- for subscriptions of Offer Shares through Banca Comerciala Romana S.A. – the RON bank account having the IBAN RO36RNCB0002B00108104762 opened with Banca Comerciala Romana S.A.;
- for subscriptions of Offer Shares through Raiffeisen Capital & Investment S.A. and through Raiffeisen Bank S.A. as part of the Distribution Group – the RON bank account having the IBAN RO93RZBR0000060004592833 opened by Raiffeisen Capital & Investment with Raiffeisen Bank S.A.;

The payment order must contain the personal number / passport number / unique registration code and name of the Retail Investor. The account number to be filled in by a Retail Investor in the Subscription Form must be the number of the account out of which the subscription amount is effectively transferred to the relevant RON Collection Account except where the relevant subscription amount is transferred directly in cash (in case of subscription through Banca Comerciala Romania S.A. or an Eligible Participant which has internal procedures allowing cash payments). Investors must take into account possible transfer fees and, if applicable, account opening fees. No deposit in cash directly to the RON Collection Accounts or the brokerage accounts is accepted, unless the subscription is made through Banca Comerciala Romana S.A. or through an Eligible Participant which has internal procedures allowing cash payments. The amounts transferred by Retail Investors, representing the value of the subscribed Offer Shares, will not bear interest in favour of such Retail Investors; interest accrued on the funds deposited in the RON Collection Accounts shall be paid to the Selling Shareholder.

Each payment order is equivalent to a subscription and combining several payment orders for one single valid subscription is not possible.

No Manager or member of the Distribution Group will be liable if, for reasons outside its control, the relevant accounts are not effectively credited with the amounts representing the value of the subscriptions before the close of the last banking day of the Offer Period.

(2) Settlement commitment statement issued by the custodian agent undertaking the responsibility for the settlement;

(3) Bank guarantee letter issued by a credit institution from the European Union for the purpose of covering the settlement risk undertaken by the relevant Manager, member of the Distribution Group or Eligible Participant; or

(4) Settlement commitment statement issued by the relevant Manager, member of the Distribution Group or Eligible Participant or an affiliate of that Manager, undertaking the responsibility for the settlement in compliance with the Romanian FSA limitations.

Retail Investors which have an investment services agreement with one of the Managers, members of the Distribution Group or Eligible Participants and which subscribe through that Manager, member of the Distribution Group or Eligible Participant may also subscribe using the amounts existing in the brokerage account(s) or using a settlement commitment statement. In this case, Retail Investors shall ensure that the existing amounts from their brokerage account(s) and/or the settlement

commitment statement fully cover the subscribed amount. A subscription cannot be covered by a mix of amounts available in the brokerage account(s) and a payment order for the remaining amount. The existing cash from the client account opened with the respective Manager, member of the Distribution Group or Eligible Participant which is designed for the payment of the subscribed Offer Shares cannot be used by the Retail Investor for other transactions.

If the amount transferred by a Retail Investor into the relevant RON Collection Account or the brokerage account(s) or indicated in the bank guarantee or settlement commitment statement is higher than the top of the Offer Price Range multiplied by the number of Offer Shares indicated by that Retail Investor in the Subscription Form, the subscription will only be validated for the number of Offer Shares mentioned in the Subscription Form. In circumstances where the amount transferred to the RON Collection Account or the brokerage account(s) or indicated in the settlement commitment statement is lower than the subscribed amount, the Subscription Form will be invalidated for the entire amount subscribed.

*Subscription Documents for Retail Investors*

In order to be accepted, Subscription Forms for Offer Shares subscribed for by Retail Investors must be accompanied by a Payment Evidence and by the documents set out below, depending on each type of Retail Investor and on whether the relevant investor subscribes through a member of the Distribution Group, a Manager or an Eligible Participant.

If a Retail Investor has concluded an investment services agreement with a Manager, a member of the Distribution Group or an Eligible Participant, such Retail Investor may validly subscribe for Offer Shares, without being required to submit the identification documentation listed below, unless any changes occurred in relation to his/her/its identification data since the latest update.

In case a Retail Investor subscribing through a Manager, a member of the Distribution Group or an Eligible Participant has not concluded a valid investment services contract with the respective Manager, an affiliate of that Manager, a member of the Distribution Group or an Eligible Participant, the Subscription Form duly filled in by the Retail Investor in two original copies shall be accompanied by a Payment Evidence and by the following documents:

<b>Resident individuals subscribing in their own name:</b>	✓ ID (original and copy).
<b>Resident individuals subscribing in the name of other individuals:</b>	<ul style="list-style-type: none"> <li>✓ ID (original and copy) of the representative and the ID (in copy) of the represented individual; and</li> <li>✓ Power of attorney in authenticated form (original and copy).</li> </ul>
<b>Resident individuals with no legal capacity (impaired judgment) or placed under guardianship:</b>	<ul style="list-style-type: none"> <li>✓ ID (original and copy) of the resident individual subscribing for the represented individual and the ID of the person with no legal capacity (copy);</li> <li>✓ Passport (original and copy) and/or residence permit (original and copy) of the individual subscribing for the person with no legal capacity—applicable only to foreign citizens; and</li> <li>✓ The guardianship document or, as appropriate, the trustee or the special trustee document.</li> </ul>
<b>Resident corporate entities subscribing in their own name:</b>	<ul style="list-style-type: none"> <li>✓ Registration certificate issued by the Trade Registry (copy);</li> <li>✓ Updated constitutive act (copy certified for its conformity with the original by the legal representative of the legal person);</li> <li>✓ Original certificate of current standing issued by the Trade Registry (issued no more than 30 business days prior to the date of subscription);</li> </ul>

	<ul style="list-style-type: none"> <li>✓ Power of attorney/Mandate in original for the person signing the Subscription Form, issued as stipulated by the constitutive act, or proof that the person concerned is legally representing the subscribing corporate entity, with individual representation right (if the company is collectively represented by two or more persons who all are present for the signing of the Subscription Form, such proof shall be presented for all such persons) (power of attorney in original and any other documents certified for their conformity with the original by the legal representative of the legal entity); and</li> <li>✓ ID (original and copy) of the person subscribing in the name of the legal person.</li> </ul>
<b>Non-resident individual subscribing in their own name:</b>	<ul style="list-style-type: none"> <li>✓ Passport or ID for citizens of the EU/EEA (original and copy).</li> </ul>
<b>Non-resident individual subscribing through resident authorised representatives:</b>	<ul style="list-style-type: none"> <li>✓ Passport or ID, for citizens of the EU/EEA (copy) for the represented individual;</li> <li>✓ ID for the authorised representative (original and copy); and</li> <li>✓ Authenticated power of attorney setting out that the representative is authorised to act in the name of the non-resident individual (original and copy).</li> </ul>
<b>Non-resident corporate entities subscribing in their own name:</b>	<ul style="list-style-type: none"> <li>✓ Certificate of incorporation of the non-resident corporate entity issued by the Trade Registry or by any equivalent institution, if existing (copy);</li> <li>✓ Updated constitutive act of the non-resident corporate entity (copy certified as true to the original by the legal representatives of the non-resident corporate entity);</li> <li>✓ Certificate of current standing, in original, for the non-resident corporate entity evidencing the legal representatives of the non-resident entity issued by the Registry of Commerce or by an equivalent institution (issued no more than 30 business days prior to the date of subscription). If no authority or institution is authorised to issue such certificate, any corporate document evidencing the legal representatives of the non-resident corporate entity shall be submitted (issued no more than 30 business days prior to the date of subscription); such corporate document of the non-resident corporate entity shall set out clearly whether the legal representatives are entitled to act individually or jointly;</li> <li>✓ In case subscriptions are made through a person other than the legal representative(s) of the non-resident corporate entity, the Power of attorney/Mandate signed by the legal representatives of the non-resident corporate entity empowering the respective person to subscribe on behalf of the non-resident corporate entity in the Offered Shares (in original and in copy); and</li> </ul>

	<ul style="list-style-type: none"> <li>✓ IDs for the person making the subscription as legal representative or attorney in fact of the non-resident corporate entity: passport, ID, for citizens of EU/EEA (copy).</li> </ul>
<p><b>Non-resident corporate entities subscribing through a resident corporate entity</b></p>	<ul style="list-style-type: none"> <li>✓ Certificate of incorporation of the non-resident corporate entity issued by the Trade Registry or by any equivalent institution, if existing (copy);</li> <li>✓ Updated constitutive act of the non-resident corporate entity (copy certified as true to the original by the legal representatives of the non-resident corporate entity);</li> <li>✓ Certificate of current standing, in original, for the non-resident corporate entity evidencing the legal representatives of the non-resident entity issued by the Registry of Commerce or by an equivalent institution (issued no more than 30 business days prior to the date of subscription). If no authority or institution is authorised to issue such certificate, any corporate document evidencing the legal representatives of the non-resident corporate entity shall be submitted (issued no more than 30 business days prior to the date of subscription); such corporate document shall set out clearly whether the legal representatives are entitled to act individually or jointly;</li> <li>✓ Incorporation certificate for the representing resident corporate entity issued by the Trade Registry(copy);</li> <li>✓ Updated constitutive act of the representing resident corporate entity (copy certified for its conformity with the original by the legal representative of the legal person);</li> <li>✓ Certificate of current standing, in original, for the representing resident corporate entity issued by the Trade Registry (not older than 30 business days prior to the date of subscription);</li> <li>✓ ID for the legal representative of the representing resident corporate entity subscribing on behalf of the non-resident corporate entity (original and copy); and</li> <li>✓ Power of attorney signed by the legal representative(s) of the non-resident corporate entity empowering the resident corporate entity to subscribe to the Offering.</li> </ul>
<p><b>IFIs</b></p>	<ul style="list-style-type: none"> <li>✓ Constitutive act of the IFI or a copy of the Romanian law whereby Romania accepts or adheres to the constitutive act of the relevant IFI;</li> <li>✓ Power of attorney/Certificate empowering the person who will sign the Subscription Form to subscribe on behalf of the IFI (in original or notarised copy); and</li> <li>✓ ID for the person who signs the Subscription Form on behalf of the IFI (copy).</li> </ul>

The entity through which an investor subscribes is entitled to request any additional documents for the purpose of carrying out its duty to comply with the “know your customer” rules, based on its internal norms and procedures of client identification.

Documents in a language other than Romanian or English submitted by an investor, legal person or entity with no legal personality shall be accompanied by a notarised translation thereof in Romanian or English.

In case of investors without legal personality, the identification documents of the management company must be submitted.

#### *Distribution network for Retail Investors*

#### **Banca Comerciala Romana S.A.**

<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Agency/Branch</b>	<b>Address</b>	<b>Phone</b>
1	Alba	AB	Alba Iulia	County Branch	Alba Iulia, Str. Tudor Vladimirescu nr.35	0731 144 340
2	Aiud	AB	Aiud	Branch	Aiud, Str.Transilvaniei Bl. A 13	0785 247 660
3	Campeni	AB	Campeni	Agency	Campeni, Piata Avram Iancu nr.8	
4	Sebes	AB	Sebes	Branch	Sebes, Str.Mihai Viteazu nr.2	0785 245 429
5	Blaj	AB	Blaj	Branch	Blaj, B-dul Republicii nr.6	0785 247 443
6	Cugir	AB	Cugir	Branch	Cugir, Str.Alexandru Sahia nr.23, Bl.S 6 bc	
7	Cetate	AB	Alba Iulia	Agency	Alba Iulia, B-dul Transilvaniei nr.25	0731 400 977
8	Apulum	AB	Alba Iulia	Agency	Alba Iulia, B-dul Victoriei. Bl. MV4,parter, Cartier Cetate	0731 123 489
9	Sureanu	AB	Sebes	Agency	Sebes, Str. Lucian Blaga (fost Mihai Viteazu), Bl. 94(L4), parter	0731 144 399
10	Ocna Mures	AB	Ocna Mures	Agency	Ocna Mures, Str.1 Mai nr.3	
11	Baia de Aries	AB	Baia de Aries	Agency	Baia de Aries, Str.Piata Baii, Bl. D8-D9	0722 210 670
12	Zlatna	AB	Zlatna	Agency	Zlatna, Str.Tudor Vladimirescu nr.13	0722 210 670
13	Abrud	AB	Abrud	Agency	Abrud, Str. Cuza Voda nr.10	
14	Teius	AB	Teius	Agency	Teius, Str.Clujului nr.89	40724 220 014
15	Arges	AG	Pitesti	County Branch	Pitesti, Str.Republicii nr.83	0731 730 973
16	Campulung Muscel	AG	Campulung	Branch	Campulung, Str.Istrate Rizeanu nr.4	0731 144 301
17	Mioveni	AG	Mioveni	Agency	Mioveni, B-dul. Dacia, nr.99, Bl. P3A, parter	
18	Curtea de Arges	AG	Curtea de Arges	Branch	Curtea de Arges, B-dul Basarabilor nr.97	40731144361
19	Prundu	AG	Pitesti	Branch	Pitesti, B-dul Petrochimistilor nr, Bl. B32, parter	
20	Topoloveni	AG	Topoloveni	Agency	Topoloveni, Str.Calea Bucuresti, Bloc CB5-CB6(fost CB4) parter	0725 555 629
21	Alexandru Davila	AG	Pitesti	Agency	Pitesti, Str.Victoriei nr.26, Bl. 2, parter	
22	Basarabilor	AG	Curtea de Arges	Agency	Curtea de Arges, Str.Albesti, Bl. Z 2, parter	
23	Pitesti	AG	Pitesti	Agency	Pitesti, Str.Mircea Eliade nr.10	0731 730 972
24	Trivale	AG	Pitesti	Agency	Pitesti, Str. Libertatii (fosta Trivale) Bl. D1, parter	
25	Campineanu	AG	Pitesti	Agency	Pitesti, Complexul Eremia Grigorescu, bl. P1, parter.	0731 680 307
26	Smardan	AG	Pitesti	Agency	Pitesti, Str.Smardan nr.40 C, parter	
27	Exercitiu	AG	Pitesti	Agency	Pitesti, Str. Exercitiu, bloc.D15	
28	Arad	AR	Arad	County Branch	Arad, Str.Nelu Aristide Dragomir nr.14-16	0731 400 969
29	Ineu	AR	Ineu	Agency	Ineu, Str.Republicii nr.40	0731 400 973
30	Fortuna	AR	Arad	Agency	Arad, Calea Aurel Vlaicu, nr.177, bl.21	0726 166 669
31	Pancota	AR	Pancota	Agency	Pancota, Str.Tudor Vladimirescu nr.55	
32	Curtici	AR	Curtici	Agency	Curtici, Str.Primariei nr.58	0734 443 381
33	Pecica	AR	Pecica	Agency	Pecica, Str.2, nr.143, parter	0727 789 769
34	Lipova	AR	Lipova	Agency	Lipova, Str. A Marinescu nr.1, bl. M-2, ap.10/A	



No	Agency name	County	City	Agency/Branch	Address	Phone
35	Avram Iancu	AR	Arad	Agency	Arad, B-dul Revolutiei nr.72	0726 713 613
36	Sebis	AR	Sebis	Agency	Sebis, Str. Parcul Libertatii nr.17	
37	Ioan Slavici	AR	Arad	Agency	Arad, Calea Aurel Vlaicu-P-ta UTA, Bl U4,Sc A+B, Ap 17/c, parter	
38	Micalaca	AR	Arad	Agency	Arad, Aleea Borsec nr.2, bl. 511	
39	Chisineu Cris	AR	Chisineu Cris	Agency	Chisineu Cris, Str.Primaverii nr.1, bl.D 5-1, parter	0734 994 607
40	Andrei Saguna	AR	Arad	Agency	Arad, Piata Spitalului, bl. 5, sc. C, parter	
41	Ziridava	AR	Arad	Agency	Arad, Bd. Revolutiei nr. 35, Sc A, ap.67, parter	
42	Bacau	BC	Bacau	County Branch	Bacau, Str.9 Mai nr.11	
43	Onesti	BC	Onesti	Branch	Onesti, Str.Belvedere nr.1	0732 450 552
44	Moinesti	BC	Moinesti	Branch	Moinesti, Str.Zorilor nr.23	
45	Buhusi	BC	Buhusi	Agency	Buhusi, Str.A.I.Cuza nr.2	0728 556 414
46	Darmanesti	BC	Darmanesti	Agency	Darmanesti, Str.Victoriei nr.5	0732 450 554
47	Comanesti	BC	Comanesti	Branch	Comanesti, Str. Republicii nr.18	0724 595 238
48	Bacovia	BC	Bacau	Branch	Bacau, Str.Mioritei nr.1	0724 356 376
49	Energiei	BC	Bacau	Agency	Bacau, Str. Energiei bl.25, parter	0724 357 940
50	Rosetti	BC	Onesti	Agency	Onesti, Str.Republicii nr.66	0723 256 410
51	Targu Ocna	BC	Targu Ocna	Branch	Tg.Ocna, Str.Victoriei Bl.F11	
52	Luceafarul	BC	Bacau	Agency	Bacau, Str. N. Balcescu nr.5, sc.A, parter	
53	Bucium	BC	Bacau	Agency	Bacau, Str. Aprodu Purice nr.13, sc. B, parter	
54	Orizont	BC	Bacau	Agency	Bacau, Str.Marasesti nr.177, parter	
55	Aviatori	BC	Bacau	Agency	Bacau, Str.Republicii nr.48	
56	Bihor	BH	Oradea	County Branch	Oradea, Str.D.Cantemir nr.2/c	
57	Beius	BH	Beius	Branch	Beius, Str.Samuil Vulcan nr.11	0785 246 967
58	Alesd	BH	Alesd	Branch	Alesd, Str.Bobalna nr.1	0726 143 982
59	Rogierius	BH	Oradea	Branch	Oradea, Str. Mihail Sadoveanu nr.10	0731 035 499
60	Stei	BH	Stei	Branch	Stei, Str.Cuza Voda nr.9	
61	Marghita	BH	Marghita	Branch	Marghita, str.Piata Independentei nr.3	0727 770 830
62	Salonta	BH	Salonta	Agency	Salonta, Str.Republicii nr.1	0730 170 480
63	Varadinum	BH	Oradea	Agency	Oradea, Str.Nufarului nr.11, Bl. D138, parter	
64	Republicii	BH	Oradea	Agency	Oradea, Str.Republicii nr.8	0731 400 990
65	Iosia	BH	Oradea	Agency	Oradea, Str. Cazaban nr.54 A, bloc AN 199	0784 241 174
66	Nufarul	BH	Oradea	Agency	Oradea, Str. Nufarul bloc AN 58, parter	
67	Decebal	BH	Oradea	Agency	Oradea, Bdul.Decebal nr.20, parter	
68	Velenta	BH	Oradea	Agency	Oradea, Str. Razboieni nr.60, Bl. D28, parter	0785 247 060
69	Oradea Vest	BH	Oradea	Agency	Oradea, B-dul Stefan cel Mare nr.79, Bl. C 29, parter	0731 498 166
70	Bistrita Nasaud	BN	Bistrita Nasaud	Branch.Jud.	Bistrita, Piata Petru Rares nr.1A	0731 400 947
71	Nasaud	BN	Nasaud	Branch	Nasaud, B-dul Granicerilor nr.27	0732 820 252
72	Beclean	BN	Beclean	Agency	Beclean, Str.Mihail Kogalniceanu nr.46	
73	Andrei Muresanu	BN	Bistrita	Agency	Bistrita, Calea Moldovei, nr.15/A	0732 820 250
74	Rodna	BN	Com. Rodna	Agency	Com. Rodna, Str. Principala nr.607	0732 450 693
75	Viisoara	BN	Bistrita	Agency	Bistrita, str.Imparatul Traian, nr.57, bloc E, parter	0732 820 251
76	Tihuta	BN	Com. Prundu-Bargaului	Agency	Com. Prundu Bargaului, Str.Principala nr.139	
77	Liviu Rebreanu	BN	Bistrita	Agency	Bistrita, Bdul. Decebal nr. 25. Bl. J	0732 820 253
78	Axente Sever	BN	Bistrita	Agency	Bistrita, Str. Axente Sever nr. 2, parter	0734 550 204
79	Braila	BR	Braila	County Branch	Braila, Calea Calarasilor nr. 17	0784 211 598
80	Concordia	BR	Braila	Agency	Braila, Calea Calarasilor nr.65, Bl.C, parter	
81	Danubiu	BR	Braila	Branch	Braila, Str. Danubiu nr.12	
82	Panait Istrati	BR	Braila	Agency	Braila, Sos.Buzaului, bloc B1, parter	0784 211 597
83	Ianca	BR	Ianca	Agency	Ianca, Str.Garii Bl.C3	0784 211 601
84	Radu Negru	BR	Braila	Agency	Braila, Str. Sebes nr.2, Bl.A+Abis, parter	

No	Agency name	County	City	Agency/Branch	Address	Phone
85	Viziru	BR	Com. Viziru	Agency	Comuna Viziru	
86	Calarasilor	BR	Braila	Agency	Braila, Bdul.Dorobantilor Bl. A1, parter	0784 211 595
87	Eremia Grigorescu	BR	Braila	Agency	Braila, Str. G-ral. Eremia Grigorescu nr.40, bl .5A, parter	0784 211 605
88	Darcee	BR	Braila	Agency	Braila, Ans.Calarasi nr.4, Bl.B2, parter din Calea Calarasilor nr.309	0784 211 607
89	1 Decembrie	BR	Braila	Agency	Braila, Str. Transilvaniei nr.1	
90	Botosani	BT	Botosani	County Branch	Botosani, Piata Revolutiei nr.9	0732 450 517
91	Darabani	BT	Darabani	Agency	Darabani, Str.Pietei nr.26	0730 044 283
92	Saveni	BT	Saveni	Agency	Saveni, Str. 1 Decembrie nr.49	
93	Dorohoi	BT	Dorohoi	Agency	Dorohoi, Str.Grigore Ghica nr.30	
94	Trusesti	BT	Com. Trusesti	Agency	Comuna Trusesti	
95	Primaverii	BT	Botosani	Agency	Botosani, Str. Primaverii nr.16	0727 789 763
96	George Enescu	BT	Botosani	Agency	Botosani, Calea Nationala nr.65, parter	0732 450 517
97	Flamanzi	BT	Flamanzi	Agency	Flamanzi, Str.Principala, Bl. A1-A2	
98	Nicolae Iorga	BT	Botosani	Agency	Botosani, Calea Nationala nr.107, Bl. 03, parter (Ansamblul de locuinte Miorita II)	0785 245 259
99	Bucecea	BT	Com. Bucecea	Branch	Comuna Bucecea, Bl. A4	
100	Stefan Luchian	BT	Botosani	Agency	Botosani, Str.Primaverii nr.27 (fost 30), sc.B, parter	
101	Octav Bancila	BT	Botosani	Agency	Botosani, Bdul. Mihai Eminescu nr.63	
102	Brasov	BV	Brasov	County Branch	Brasov, Str.15 Noiembrie nr.90A	0731 498 024
103	Fagaras	BV	Fagaras	Branch	Fagaras, Str.M.Eminescu nr.14	0732 450 690
104	Victoria	BV	Victoria	Branch	Victoria, Str.1 Decembrie 1918 nr.2	40732450521
105	Rasnov	BV	Rasnov	Branch	Rasnov, Piata Unirii nr.10	0722 270 656
106	Zarnesti	BV	Zarnesti	Branch	Zarnesti, Str.Mitropolit I.Metianu nr.8	0785 245 287
107	Onix	BV	Brasov	Agency	Brasov, Str.13 Decembrie nr.15 din Bdul Grivitei nr.77	0733 732 693
108	Titulescu	BV	Brasov	Branch	Brasov, B-dul Eroilor nr.19	0734 443 829
109	Sacele	BV	Sacele	Agency	Sacele, Piata Libertatii nr.34	0732 450 697
110	Piata Sfatului	BV	Brasov	Agency	Brasov, Str.Piata Sfatului nr.27	0731 123 515
111	Codlea	BV	Codlea	Agency	Codlea, Str.Lunga nr.125	0723 589 240
112	Craiter	BV	Brasov	Agency	Brasov, Bd. Garii nr. 38 Bl. 227 parter (Complex Comercial Harman)	0785 247 652
113	Tabacari	BV	Fagaras	Agency	Fagaras, Str. Tabacari, Bl.6, Tronson A, parter	
114	Bran	BV	Com. Bran	Agency	Com. Bran Str. Principala nr.403 B, Ap 2, parter	
115	Astra Orizont	BV	Brasov	Agency	Brasov, Str.Saturn nr.32	0785 246 470
116	Predeal	BV	Predeal	Agency	Predeal, Str.Mihai Saulescu	
117	Valea Cetatii	BV	Brasov	Agency	Brasov, B-dul Muncii	0784 211 658
118	Tampa	BV	Brasov	Agency	Brasov, Str. Aurel Vlaicu nr.109 si Str.13 Decembrie nr.61 - 63	
119	Bartolomeu	BV	Brasov	Agency	Brasov, Sos. Cristianului nr.10	
120	Calea Bucuresti	BV	Brasov	Agency	Brasov, Calea Bucuresti nr.90	
121	Blumena	BV	Brasov	Agency	Brasov, Str.Stadionului nr.2, parter	
122	Calea Feldioarei	BV	Brasov	Agency	Brasov, B-dul Grivitei, nr.42, Bl. 20, parter	
123	Buzau	BZ	Buzau	County Branch	Buzau, Str.Unirii nr.207	0732 450 531
124	Ramnicu Sarat	BZ	Ramnicu Sarat	Branch	Rm.Sarat, Str.T.Vladimirescu nr.10	0726 155 518
125	Vasile Voiculescu	BZ	Buzau	Agency	Buzau, Str.Unirii, Bloc 1D, parter	
126	Siriu	BZ	Buzau	Agency	Buzau, Str.Dorobanti Bl.H10, H11, parter	0784 211 543
127	Alexandru Vlahuta	BZ	Ramnicu Sarat	Agency	Rm. Sarat, Str.Toamnei Dig, Bl. 3E, parter	
128	Cluj	CJ	Cluj Napoca	County Branch	Cluj Napoca, Str.George Baritiu nr.10 - 12	0733 991 031
129	Dej	CJ	Dej	Branch	Dej, Str.Bobalna nr.5	0732 450 699
130	Turda	CJ	Turda	Branch	Turda, Piata 1 Decembrie 1918 nr.29	
131	Campia Turzii	CJ	CampiaTurzii	Branch	Campia Turzii, Str.George Cosbuc nr.13	
132	Gherla	CJ	Gherla	Agency	Str.Bobilna nr.3, parter	0724 299 215
133	Cipariu	CJ	Cluj Napoca	Agency	Cluj Napoca, Str.Nicolae Titulescu nr.4, Bl. IIB, Corp B3, parter	0733 442 711

No	Agency name	County	City	Agency/Branch	Address	Phone
134	Marasti	CJ	Cluj Napoca	Agency	Cluj Napoca, Str.Aurel Vlaicu nr.4, Bl.5B, parter	0732 450 566
135	Manastur	CJ	Cluj Napoca	Agency	Cluj Napoca, Str.Bucegi nr.13 - 15	0784 241 175
136	Unirii	CJ	Cluj Napoca	Agency	Cluj Napoca, Str.21 Decembrie nr.16	
137	Huedin	CJ	Huedin	Agency	Huedin, Str.Republicii nr.8, bloc A, S.C.2, parter	
138	Calea Floresti	CJ	Cluj Napoca	Agency	Cluj Napoca, Calea Floresti nr. 77, Ap.114 si partial Ap.113, parter	
139	Oprisani	CJ	Turda	Agency	Turda, Calea Victoriei nr.100, Bl. B120, parter	
140	Polus	CJ	Com.Floresti	Agency	Com. Floresti, DN1-E60 SUD-FN, parter	
141	Napoca	CJ	Cluj Napoca	Agency	Cluj Napoca, Str. Dorobantilor nr. 40 - 40/a, Ap. 1, parter	0733 442 707
142	Zorilor	CJ	Cluj Napoca	Agency	Cluj Napoca, Str.Pasteur nr. 56 - 60, parter	
143	Somes	CJ	Cluj Napoca	Agency	Cluj Napoca, Str.Fantanele nr. 7, Bl.A, parter	
144	Dealul Florilor	CJ	Dej	Agency	Dej, Str. Constantin Dobrogeanu Gherea nr.6, Bloc VO2, Ap. 17/II	
145	Piata Lucian Blaga	CJ	Cluj Napoca	Agency	Cluj Napoca, Piata Lucian Blaga nr.2	0732 450 570
146	Bulevardul Eroilor	CJ	Cluj Napoca	Agency	Cluj Napoca, B-dul Eroilor nr.35, ap.5, parter	0733 442 709
147	Piata Garii	CJ	Cluj Napoca	Agency	Cluj-Napoca, str.Horea nr.83 - 87, sc.II,ap.36, parter	0728 290 635
148	Calarasi	CL	Calarasi	County Branch	Calarasi, Str.Sloboziei nr.4	0734 668 591
149	Oltenita	CL	Oltenita	Branch	Oltenita, B-dul Republicii nr.56	
150	Lehliu Gara	CL	Lehliu Gara	Agency	Lehliu Gara, Str. Nicolae Titulescu nr.5D (fosta Calea Bucuresti nr.24), parter	0785 246 488
151	Mircea Voda	CL	Calarasi	Agency	Calarasi, Str.Belsugului nr.56, bl.E 23, Sc.3-4, parter	
152	Vulturul	CL	Calarasi	Agency	Calarasi, Str.Prelungirea Bucuresti nr.1, Bl.C17,Sc 1 parter,( Libraria M. Eminescu)	
153	Caras Severin	CS	Resita	County Branch	Resita, Str.I.L.Caragiale nr.10	0726 336 590
154	Caransebes	CS	Caransebes	Branch	Caransebes, Str.Mihai Viteazu nr.44	
155	Bocsa	CS	Bocsa	Agency	Bocsa, Str.1 Decembrie 1918 nr.25 (fost nr. 39 - 41)	0723 637 741
156	Moldova Noua	CS	Moldova Noua	Agency	Moldova Noua, Str.Nicolae Titulescu nr.56 B, parter	0785 247 032
157	Baile Herculane	CS	Baile Herculane	Agency	Baile Herculane, Str.Castanilor nr.13C	
158	Otelu Rosu	CS	Otelu Rosu	Agency	Otelu Rosu, Str.22 Decembrie 1989 nr.50	0785 247 545
159	Lunca Barzavei	CS	Resita	Agency	Resita, Bdul.Republicii, Bl.22, Sc.D, parter	0732 450 502
160	Semenic	CS	Resita	Agency	Resita, Bdul.Republicii, nr.13 - 15, Complex Victoria	0732 680 233
161	Constanta	CT	Constanta	County Branch	Constanta, Str.Traian nr.68	0731 144 338
162	Medgidia	CT	Medgidia	Branch	Medgidia, Str.Republicii nr.51	
163	Mangalia	CT	Mangalia	Branch	Mangalia, Sos.Constanta nr.25	0732 450 549
164	Cernavoda	CT	Cernavoda	Branch	Cernavoda, Str.Unirii, Bl. P3B, parter	0732 820 608
165	Navodari	CT	Navodari	Agency	Navodari, Str.Albinelor nr.9 Bl.B2 sc.A ,parter	
166	Palas	CT	Constanta	Branch	Constanta, Str.I.C.Bratianu nr.98, Bl.SR3	0733 732 692
167	Mamaia	CT	Constanta	Branch	Constanta, B-dul Mamaia nr.231	0726 723 079
168	Ovidiu	CT	Constanta	Branch	Constanta, B-dul Tomis nr. 58	
169	Capitol	CT	Constanta	Agency	Constanta, B-dul Mamaia nr.90, Bl. B16, parter	0727 277 188
170	Marea Neagra	CT	Constanta	Agency	Constanta, Sos. Mangaliei nr. 185, Bl. 4, parter	0730 177 366
171	Histria	CT	Constanta	Agency	Constanta, Str. Prelungirea Liliacului nr. 21, parter	0785 245 288
172	Euxin	CT	Constanta	Agency	Constanta, Str. Stefan cel Mare nr. 86, parter	0730 074 261

No	Agency name	County	City	Agency/Branch	Address	Phone
173	Albatros	CT	Constanta	Agency	Constanta, B-dul Al. Lapusneanu nr. 76, Bl. LE 20 B, parter	
174	Litoral	CT	Constanta	Agency	Constanta, Bdul. Aurel Vlaicu nr.99, Bl.AV2, parter	0785 247 575
175	Pontica	CT	Constanta	Agency	Constanta, Str. Soveja nr. 77, Bl. 35A, parter	0785 247 115
176	Delfinul	CT	Constanta	Agency	Constanta, Sos.Mangaliei nr.93, Bl. S, parter	0785 247 055
177	Tomis Nord	CT	Constanta	Agency	Constanta, Str.Brancheava, nr.2C, parter	
178	Balada	CT	Constanta	Agency	Constanta, Bd. 1 Decembrie 1918, nr. 35, Bl. L20, parter	
179	Callatis	CT	Mangalia	Agency	Mangalia, Bdul 1 Decembrie 1918 nr.35, Bl.X6, parter	
180	Covasna	CV	Sf. Gheorghe	County Branch	Sf. Gheorghe, Str.Jozef Bem nr. 7	0732 450 587
181	Intorsura Buzaului	CV	Intorsura Buzaului	Agency	Intorsura Buzaului, Str.Mihai Viteazu nr.177	
182	Targu Secuiesc	CV	Targu Secuiesc	Branch	Tg.Secuiesc, str.Piata Gabor Aron nr.17	0730 013 704
183	Baraolt	CV	Baraolt	Agency	Baraolt, Str.Libertatii 2/A	
184	Covasna	CV	Covasna	Agency	Covasna, Str. Libertatii nr.18, Bl.7, sc.A-B	
185	Miko Imre	CV	Sf. Gheorghe	Agency	Sf.Gheorghe, Str. 1 Decembrie 1918, nr.74, parter	
186	Dambovita	DB	Targoviste	County Branch	Targoviste, B-dul Mircea cel Batran nr.1	0730 170 484
187	Gaesti	DB	Gaesti	Branch	Gaesti, Str.13 Decembrie nr.62	0722 377 768
188	Pucioasa	DB	Pucioasa	Branch	Pucioasa, Str.Republicii nr.105	0724 550 736
189	Moreni	DB	Moreni	Branch	Moreni, Str.Cpt.Pantea Ion nr.62	0734 800 954
190	Fieni	DB	Fieni	Branch	Fieni, Str.Ing.Aurel Rainu nr.29	0730 170 484
191	Titu	DB	Titu	Agency	Titu, Str.I.C.Visarion nr.8	
192	Coresi	DB	Targoviste	Agency	Targoviste, Str.Constantin Brancoveanu nr.58	0726 155 559
193	Caraiman	DB	Targoviste	Agency	Targoviste, Str.9 Mai (Armoniei)	0785 245 291
194	Chindia	DB	Targoviste	Agency	Targoviste, Bdul. Unirii Bl. 51, Micro VI, Sc. E, parter	0732 820 607
195	Dolj	DJ	Craiova	County Branch	Craiova, Str.Oltej nr.4	
196	Filiasi	DJ	Filiasi	Agency	Filiasi, B-dul Racoteanu nr.162, Bl. I 2, parter si Str.Stadionului, Bl. I 1, parter	0732 450 620
197	Bailesti	DJ	Bailesti	Agency	Bailesti, Str.Victoriei nr. 167 - 169	0732 450 617
198	Calafat	DJ	Calafat	Agency	Calafat, Str.Tudor Vladimirescu nr.26	0732 450 619
199	Lapus	DJ	Craiova	Branch	Craiova, Calea Bucuresti ,Bl. N 14 si N 15, parter	0730 404 302
200	Patria	DJ	Craiova	Branch	Craiova, B-dul Carol I, Bl.M5-M6	0728 133 810
201	Jiul	DJ	Craiova	Branch	Craiova, Calea Bucuresti nr.34, Bloc A 8, Sc. 6-7	0730 013 702
202	Craiovita	DJ	Craiova	Agency	Craiova, Bdul.Oltenia nr.54, Bl.2A	0733 732 691
203	Henri Coanda	DJ	Craiova	Agency	Craiova, Str. Henri Coanda nr. 61, Bl. K1-2, K3, parter	0733 732 690
204	Mihai Viteazu	DJ	Craiova	Agency	Craiova, Str. Brazda lui Novac nr.68, Bl. C7, parter	0731 730 984
205	Romanescu	DJ	Craiova	Agency	Craiova, B-dul. Ion Antonescu, Bl. A5b, parter	0724 234 593
206	Carol	DJ	Craiova	Agency	Craiova, Str.Brazda lui Novac, Bl. K22, parter	0730 012 999
207	Fratii Buzesti	DJ	Craiova	Agency	Craiova, Str.Tufanele, nr.2, Bl. 317 A, parter	
208	Gorj	GJ	Targu Jiu	County Branch	Tg. Jiu, Str.Geneva nr.2	0724 322 737
209	Motru	GJ	Motru	Agency	Motru, B-dul Trandafirilor nr.5	
210	Rovinari	GJ	Rovinari	Agency	Rovinari, str.Minerilor nr.9, Bl.L1, parter	0722 243 754
211	Constantin Brancusi	GJ	Targu Jiu	Agency	Tg.Jiu, Str.Victoriei Bl.41(A), parter	0735 503 479
212	Victoria	GJ	Targu Jiu	Agency	Tg. Jiu, Str.Victoriei, Bl. 194, parter	0726 186 881
213	Panduri	GJ	Targu Jiu	Agency	Targu Jiu, Bdul.Libertatii, Bl. 4	0728 130 670
214	Parang	GJ	Targu Jiu	Agency	Targu Jiu, Str. Ecaterina Teodoroiu, Bl.105, parter	0728 130 671
215	Galati	GL	Galati	County Branch	Galati, Str.Brailei nr.35	0724 291 555

No	Agency name	County	City	Agency/Branch	Address	Phone
216	Tecuci	GL	Tecuci	Branch	Tecuci, Str.1 Decembrie 1918 nr.55	0784 211 467
217	Traian	GL	Galati	Branch	Galati, Str.Traian Bl.A9 parter	
218	Siderurgistilor	GL	Galati	Agency	Galati, Str. Siderurgistilor nr.9, Bl. PS2, Tronson 5, Spatiul 7, parter	0734 800 964
219	Faleza	GL	Galati	Agency	Galati, B-dul Marii Uniri, Bl.P6, Sc.1	
220	Port	GL	Galati	Agency	Galati, Str.Portului nr.25, Bl. Siret 4, Sc.9, parter	
221	Targu Bujor	GL	Targu Bujor	Agency	Tg.Bujor, Str.G-ral Eremia Grigorescu nr.109, Bl.C1	0785 247 543
222	Dunarea	GL	Galati	Agency	Galati, Str.Brailei nr.192 bis, Bl. A9, parter	0730 170 422
223	Micro 21	GL	Galati	Agency	Galati, Str.Otelarilor nr.21, Bl. D10, parter	
224	Piata Centrala	GL	Galati	Agency	Galati, Str. Tecuci nr.8, Bl. V4, parter	
225	Micro 40	GL	Galati	Agency	Galati, Str.Henri Coanda nr.15, Bl. J12, parter (cartier Micro 40)	
226	Nord	GL	Galati	Agency	Galati, Str.Siderurgistilor nr.40, Micro 14, Bl. M1B, parter	
227	Alecu Russo	GL	Tecuci	Agency	Tecuci, Str. Alecu Ruso nr.1, parter	
228	Brates	GL	Galati	Agency	Galati, Str. Domneasca nr.15	
229	Micro 18	GL	Galati	Agency	Galati, str.Brailei nr.234, Bl.E5, parter, Cartier Micro 18	0731 599 312
230	Covurlui	GL	Galati	Agency	Galati, Micro 14, Str. 1 Decembrie 1918, nr. 17, Bl. A, Sc. 1, parter	
231	Giurgiu	GR	Giurgiu	County Branch	Giurgiu, Str.Vlad Ţepeş nr.14 Bl. MUV 3	0734 668 592
232	Mihailesti	GR	Com. Mihailesti	Agency	Mihailesti, Sos. Bucuresti-Alexandria, Complex Comercial	0784 210 698
233	Bolintin Vale	GR	Con. Bolintin Vale	Agency	Bolintin Vale, Str.Republicii, Bl.B5, Sc.A, parter	0785 245 502
234	Vlasca	GR	Giurgiu	Agency	Giurgiu, Str. Tineretului, Bl.64, sc. A-B	
235	Tineretului	GR	Giurgiu	Agency	Giurgiu, Str.Bucuresti, bloc 45/4D, parter	
236	Hunedoara	HD	Deva	County Branch	Deva, Piata I.C.Bratianu nr.3	0731 400 932
237	Brad	HD	Brad	Branch	Brad, Str.Republicii nr.3	0731 400 941
238	Hunedoara	HD	Hunedoara	Branch	Hunedoara, Str.G.Enescu nr.22	0731 400 944
239	Corvin	HD	Hunedoara	Agency	Hunedoara, B-dul Dacia nr.33, parter	
240	Iancu de Hunedoara	HD	Hunedoara	Agency	Hunedoara, B-dul Dacia, Bl. 5, parter	0785 246 605
241	Petrosani	HD	Petrosani	Branch	Petrosani, Str. Mihai Viteazu nr.4	0731 400 943
242	Simeria	HD	Simeria	Agency	Simeria, Str. Piata Unirii, Bl.18, parter	
243	Lupeni	HD	Lupeni	Agency	Lupeni, Aleea Narciselor nr.8	0724 569 785
244	Orastie	HD	Orastie	Branch	Orastie, B-dul Eroilor, Bl. B1	
245	Vulcan	HD	Vulcan	Agency	Vulcan, Str. Mihai Viteazu nr.82	0730 503 934
246	Hateg	HD	Hateg	Agency	Hateg, Str.Unirii, Bl.48, parter	
247	Dava	HD	Deva	Agency	Deva, B-dul Decebal, Bl.R, Ap.5, parter	
248	Calan	HD	Calan	Agency	Calan, Str.Independentei nr.11	0785 247 045
249	Bejan	HD	Deva	Agency	Deva, Str. Mihai Eminescu, Bl. 31, parter	0731 400 951
250	Uricani	HD	Uricani	Agency	Uricani, B-dul Muncii Bl 13, parter	0729 618 603
251	Petrila	HD	Petrila	Agency	Petrila, Str. Republicii nr. 26, parter	0731 599 397
252	Ovid Densusianu	HD	Deva	Agency	Deva, B-dul Decebal nr.26, Bl.D, Sc. 1+2, parter	
253	Muresul	HD	Deva	Agency	Deva, B-dul Iuliu Maniu, Bl.4, parter, spatiul Comercial nr.2	0730 712 925
254	Harghita	HR	Miercurea Ciuc	County Branch	Miercurea Ciuc, Str.Kossuth Lajos nr.2	0785 245 625
255	Gheorghieni	HR	Gheorghieni	Branch	Gheorghieni, B-dul Fratiei nr.7	0724 595 254
256	Odorheiu Secuiesc	HR	Odorheiu Secuiesc	Branch	Od. Secuiesc, Str. Piata Libertatii nr.15	0732 450 581
257	Toplita	HR	Toplita	Agency	Toplita, Str. N.Balcescu Bl.C, parter	0724 595 257
258	Budvar	HR	Odorheiu Secuiesc	Agency	Od. Secuiesc, Str. 1 Decembrie 1918 nr.7, parter	
259	Cristuru Secuiesc	HR	Cristuru Secuiesc	Agency	Cristuru Secuiesc, Str.Libertatii nr.44	0724 595 299
260	Vlahita	HR	Vlahita	Agency	Vlahita, Str. Mihai Eminescu nr.2	0724 515 549
261	Borsec	HR	Borsec	Agency	Borsec, Str. Carpati nr.48	0724 595 302
262	Miercurea Ciuc	HR	Miercurea Ciuc	Agency	Miercurea Ciuc, Str. Kossuth Lajos nr.17	0785 248 065
263	Ialomita	IL	Slobozia	County Branch	Slobozia, B-dul Chimiei nr. 21	0731 730 961



No	Agency name	County	City	Agency/Branch	Address	Phone
264	Urziceni	IL	Urziceni	Branch	Urziceni, Calea Bucuresti nr. 42	0723 161 052
265	Fetesti	IL	Fetesti	Branch	Fetesti, Str. Calarasi nr. 550	
266	Tandarei	IL	Tandarei	Branch	Tandarei, Str.Bucuresti, Bl. 57F, parter	
267	Matei Basarab	IL	Slobozia	Agency	Slobozia, Str. Matei Basarab nr. 53	
268	Iasi	IS	Iasi	County Branch	Iasi, Str. Palat nr. 11	
269	Pascani	IS	Pascani	Branch	Pascani, Str. St.cel Mare nr. 5	0734 200 412
270	Podu Iloaiei	IS	Com. Podu Iloaiei	Agency	Podu Iloaiei, Str. Nationala, Bl.14, parter	0731 144 351
271	Silvestru	IS	Iasi	Agency	Iasi, Str. Garii nr. 17 - 19, Bl. L, 8,9, Sc. Tronson I, II, parter	
272	A. I. Cuza	IS	Iasi	Branch	Iasi, Bld Stefan cel Mare si Sfant nr.8, Bl.A	0730 222 926
273	Colina	IS	Iasi	Agency	Iasi, Str. Bucium nr.17, Bl. B1, parter	
274	Cantemir	IS	Iasi	Agency	Iasi, B-dul Nicolae Iorga nr.37, Bl. N2	0724 550 745
275	Podul de Fier	IS	Iasi	Agency	Iasi, Str. Eternitate nr. 1 - 3, Bl. 305, Tronson A, parter	
276	Pacurari	IS	Iasi	Agency	Iasi, Sos. Pacurari nr.137, Bl.600, Tronson III, parter	
277	Alexandru cel Bun	IS	Iasi	Agency	Iasi, B-dul Alexandru cel Bun nr.19, Tronson I, Bl. B3, parter	
278	Copou	IS	Iasi	Agency	Iasi, B-dul Copou nr. 16 (Complex Super Copou), parter	
279	Targu Frumos	IS	Targu Frumos	Agency	Tg. Frumos, Str. Petru Rares, Bl. 18, parter	0727 788 022
280	Palat	IS	Iasi	Agency	Iasi, Str. Palat nr.1 (Complex Comercial Moldova Mall)	0785 246 941
281	Tatarasi	IS	Iasi	Agency	Iasi, Han Tatar nr. 6, Bl. 361 B, parter	
282	Galata	IS	Iasi	Agency	Iasi, Str. Galatii nr. 11, Bl. E4A, parter	0732 820 258
283	Nicolina	IS	Iasi	Agency	Iasi, Soseaua Nicolina nr.10, parter	
284	Independentei	IS	Iasi	Agency	Iasi, B-dul Independentei nr.4, Bl. R3, parter	0732 820 265
285	Zimbrul	IS	Iasi	Agency	Iasi, Dacia nr. 20, Bl. SC1, parter	0785 246 607
286	Esplanada	IS	Pascani	Agency	Pascani, Str.Cuza Voda Bl. D 10, Sc. B, parter	0724 234 613
287	Mehedinti	MH	Drobeta Turnu Severin	County Branch	Drobeta Turnu Severin, Str. Aurelian nr. 44	0785 246 987
288	Orsova	MH	Orsova	Branch	Orsova, Str. Portile de Fier nr. 3A	
289	Baia de Arama	MH	Baia de Arama	Agency	Baia de Arama, Str. Republicii nr. 25	0723 614 156
290	Crihala	MH	Drobeta Turnu Severin	Agency	Drobeta Turnu Severin, Str. Cicero, Bl. S12 A, parter	
291	Severin	MH	Drobeta Turnu Severin	Agency	Drobeta Turnu Severin, B-dul Revolutiei nr.16-22 Decembrie 1989 nr.8, Bl.B3	
292	Portile de Fier	MH	Drobeta Turnu Severin	Agency	Drobeta Turnu Severin, Str.Smardan nr.38	0785 246 471
293	Theodor Costescu	MH	Drobeta Turnu Severin	Agency	Drobeta Turnu Severin, Str. Iuliu Maniu nr. 3, Bl. 5, parter	0732 450 500
294	Maramures	MM	Baia Mare	County Branch	Baia Mare, B-dul Unirii nr.15	0724 286 365
295	Sighetu Marmatiei	MM	Sighetu Marmatiei	Branch	Sighetu Marmatiei, Str. Iuliu Maniu nr. 32	0727 227 382
296	Viseu de Sus	MM	Viseu de Sus	Branch	Viseu de Sus, Str. Libertatii nr. 10	
297	Borsa	MM	Borsa	Branch	Borsa, Str. Decebal nr. 4, Bl. A1	
298	Baia Sprie	MM	Baia Sprie	Agency	Baia Sprie, Str. Sasar nr. 2	0732 740 559
299	Rivulus	MM	Baia Mare	Agency	Baia Mare, Str.Culturii nr. 6, parter	0732 450 694
300	Bogdan Voda	MM	Sighetu Marmatiei	Agency	Sighetu Marmatiei, Piata Libertatii nr. 8, parter, Hotel Tisa	0785 247 712
301	Mara	MM	Baia Mare	Agency	Baia Mare, B-dul Unirii nr. 1/17	0730 903 171
302	Iza	MM	Baia Mare	Agency	Baia Mare, B-dul Republicii nr. 15	0785 247 459
303	Firiza	MM	Baia Mare	Agency	Baia Mare, B-dul Decebal nr. 4	0728 290 155
304	Somcuta Mare	MM	Somcuta Mare	Agency	Somcuta Mare, Str. Somes nr. 1	
305	Tisa	MM	Baia Mare	Agency	Baia Mare, Str. George Cosbuc nr. 34, parter	
306	Mures	MS	Targu Mures	County Branch	Tg. Mures, Str. Gh.Doja nr. 1 - 3	0731 680 321
307	Sovata	MS	Sovata	Agency	Sovata, Str.Principala nr.168/B	0724 244 539
308	Reghin	MS	Reghin	Branch	Reghin, Str. Petru Major nr. 39	0724 234 587
309	Sighisoara	MS	Sighisoara	Branch	Sighisoara, Str. 1 Mai nr. 12	0730 073 880
310	Tarnaveni	MS	Tarnaveni	Branch	Tarnaveni, Piata Trandafirilor nr. 16	0731 808 513
311	Central	MS	Targu Mures	Branch	Tg. Mures, Piata Trandafirilor nr.26	
312	Ludus	MS	Ludus	Agency	Ludus, B-dul 1 Decembrie nr. 43/B, parter	0724 234 596
313	Tudor	MS	Targu Mures	Agency	Tg. Mures, B-dul 1 Decembrie 1918, nr. 180	

No	Agency name	County	City	Agency/Branch	Address	Phone
314	Dambu Pietros	MS	Targu Mures	Agency	Tg. Mures, B-dul 1848 nr. 36	0726 158 050
315	Mureseni	MS	Targu Mures	Agency	Tg. Mures, Str. Gh. Doja nr. 193	
316	Dacia	MS	Reghin	Agency	Reghin, Str. Iernuteni nr. 12, parter	0785 247 064
317	Iernut	MS	Iernut	Agency	Iernut, Str. Dacia Traiana nr. 4	0724 234 595
318	Neamt	NT	Piatra Neamt	County Branch	Piatra Neamt, B-dul Traian nr. 19	
319	Roman	NT	Roman	Branch	Roman, Str. N.Titulescu nr. 12	0724 211 012
320	Targu Neamt	NT	Targu Neamt	Branch	Tg. Neamt, Str. Mihail Kogalniceanu nr. 4	
321	Bicaz	NT	Bicaz	Branch	Bicaz, Str. Barajului nr. 2A	
322	Roznov	NT	Roznov	Agency	Roznov, Str Roznovanu, bloc G2, parter	0753 076 750
323	Precista	NT	Piatra Neamt	Agency	Piatra Neamt, B-dul Decebal nr. 35, Bl.14, parter	
324	Cozla	NT	Piatra Neamt	Agency	Piatra Neamt, Str. Obor O1, parter	
325	Smirodava	NT	Roman	Agency	Roman, B-dul Republicii, Bl. 46, parter	
326	Calistrat Hogas	NT	Piatra Neamt	Agency	Piatra Neamt, Str. Aleea Ulmilor, Bl. A2	
327	Pietricica	NT	Piatra Neamt	Agency	Piatra Neamt, Piata Stefan cel Mare nr. 10, Bl. C5, parter	0785 247 669
328	Roman Voda	NT	Roman	Agency	Roman, Str. Nicolae Titulescu, Bl.16, parter	
329	Olt	OT	Slatina	County Branch	Slatina, Str. Basarabilor nr. 1	0729 035 234
330	Caracal	OT	Caracal	Branch	Caracal, Str. N.Titulescu nr. 13	0727 224 180
331	Bals	OT	Bals	Branch	Bals, Str. N.Balcescu nr. 186 A	0729 035 236
332	Scornicesti	OT	Scornicesti	Branch	Scornicesti, Str. Aleea Teiului nr. 10	0730 170 461
333	Corabia	OT	Corabia	Agency	Corabia, Str. Tudor Vladimirescu nr. 33	0724 282 157
334	George Poboran	OT	Slatina	Agency	Slatina, Str. A.I.Cuza, Bl. S14, parter	0730 404 390
335	Romanati	OT	Caracal	Agency	Caracal, Calea Bucuresti, Bl. B 33, parter	
336	Steaua	OT	Slatina	Agency	Slatina, Str. Vailor, Bl.20, Sc. D, parter	
337	Beica	OT	Slatina	Agency	Slatina, Str. Crisan II nr. 4	
338	Prahova	PH	Ploiesti	County Branch	Ploiesti, Str. Valeni nr. 42	0724 234 573
339	Campina	PH	Campina	Branch	Campina, B-dul Carol I nr. 31	0730 504 267
340	Take Ionescu	PH	Ploiesti	Agency	Ploiesti, Str.Take Ionescu nr. 1	0723 556 824
341	Ciocianu	PH	Ploiesti	Agency	Ploiesti, Str. Marasesti nr. 185, parter	0731 035 448
342	Mizil	PH	Mizil	Agency	Mizil, Str. Blajului nr. 4, Bl.18 B	0724 299 203
343	Sinaia	PH	Sinaia	Branch	Sinaia, B-dul Carol I nr. 49	0731 123 494
344	Valenii de Munte	PH	Valenii de Munte	Branch	Valenii de Munte, Str. Berevoiesti nr. 6	0733 103 232
345	Baicoi	PH	Baicoi	Agency	Baicoi, Str. Unirii nr. 1	0726 346 760
346	Breaza	PH	Breaza	Agency	Breaza, Str. Republicii nr.122 A	0785 245 255
347	Partizani	PH	Ploiesti	Agency	Ploiesti, Piata Mihai Viteazu nr. 3, Bl. 10 G2, parter	
348	Malu Rosu	PH	Ploiesti	Agency	Ploiesti, Str. Malu Rosu, nr. 83 A, Bl.101 B1, parter	
349	Slanic	PH	Slanic Prahova	Agency	Slanic Prahova, Str. 23 August nr. 10	
350	Ploiesti Sud	PH	Ploiesti	Agency	Ploiesti, Str. Mihai Eminescu nr. 28 A	0724 234 580
351	Cantacuzino	PH	Ploiesti	Agency	Ploiesti, Str. Ghe. Gr. Cantacuzino nr. 193	0785 247 041
352	Urlati	PH	Urlati	Agency	Urlati, Str. 1 Mai nr.145	0733 991 026
353	Nichita Stanescu	PH	Ploiesti	Agency	Ploiesti, Str. Cameliei nr. 27 A, parter, Complex Comercial Ideal	
354	Aurora	PH	Ploiesti	Agency	Ploiesti, Str. Baraolt nr. 3 A, Bl.F, ap. 11, parter	
355	Petrolistilor	PH	Ploiesti	Agency	Ploiesti, B-dul Bucuresti, nr. 24 A, Bl. 1C, parter	
356	Stefan Greceanu	PH	Ploiesti	Agency	Ploiesti, Str.Erou Calin Catalin nr.12, Bl.K6, parter	0731 730 579
357	Filipestii de Padure	PH	Filipestii de Padure	Agency	Filipestii de Padure, Str.Principala nr.343 A	
358	Sibiu	SB	Sibiu	County Branch	Sibiu, Str. Emil Cioran nr. 1	0727 220 882
359	Agnita	SB	Agnita	Branch	Agnita, Str. 1 Decembrie nr. 1	
360	Medias	SB	Medias	Branch	Medias, Str. Mihai Eminescu nr .2 A	0724 202 618
361	Dumbraveni	SB	Dumbraveni	Agency	Dumbraveni, Str. Timotei Cipariu nr. 2	
362	Cisnadie	SB	Cisnadie	Agency	Cisnadie, Str. Tesatorilor nr. 1	0723 130 195
363	Nicolae Balcescu	SB	Sibiu	Branch	Sibiu, Str. N. Balcescu nr. 1 - 3	0727 229 972
364	Aurel Vlaicu	SB	Sibiu	Agency	Sibiu, B-dul Mihai Viteazu nr. 1, Bl. V 3	0732 820 289
365	Vasile Aron	SB	Sibiu	Agency	Sibiu, Str. Semaforului nr. 14, parter	0732 820 288
366	Progres	SB	Sibiu	Agency	Sibiu, Str. Bihorului, Bl.15, parter	
367	Balea	SB	Sibiu	Agency	Sibiu, Str. Parcul Tineretului nr. 5	
368	Valea Aurie	SB	Sibiu	Agency	Sibiu, Str. Ludos, Bl. 33	0731 730 582

No	Agency name	County	City	Agency/Branch	Address	Phone
369	Terezian	SB	Sibiu	Agency	Sibiu, Str. Lunga, Bl. 85, parter comercial	0732 450 664
370	Hipodrom	SB	Sibiu	Agency	Sibiu, Calea Cisnadiiei, Bl.19, parter	0730 044 111
371	Ambient	SB	Sibiu	Agency	Sibiu, Sos. Alba Iulia nr. 81 BL.25,parter	
372	Avrig	SB	Avrig	Agency	Avrig, Str. Gheorghe Lazar nr.22	0784 211 442
373	Sector 1	Sector 1	Bucuresti	District Branch	Bucuresti, Calea Victoriei nr.155 bl.D1, sector 1	0785 247 074
374	Otopeni	Sector 1	Otopeni	Branch	Otopeni, Calea Bucuresti nr.82 bl.B2-2, parter, jud. Ilfov	0785 247 446
375	Dorobanti	Sector 1	Bucuresti	Branch	Bucuresti, Calea Dorobanti nr.111 -117, sector 1	0729 996 972
376	Floreasca	Sector 1	Bucuresti	Branch	Bucuresti, Calea Floreasca nr.91 -111, sector 1	0730 579 272
377	Bucurestii Noi	Sector 1	Bucuresti	Branch	Bucuresti, B-dul Bucurestii Noi nr.170, sector 1	0731 400 916
378	Dr. Felix	Sector 1	Bucuresti	Branch	Bucuresti, Str.Dr.Felix nr.99 - 101 bl.19 sector 1	0731 144 316
379	WTC	Sector 1	Bucuresti	Agency	Bucuresti, P-ta Montreal nr.10, sector 1	
380	Grivita	Sector 1	Bucuresti	Branch	Bucuresti, Calea Grivitei nr.160 bl.42 sector 1	0760 689 327
381	Plevnei	Sector 1	Bucuresti	Branch	Bucuresti, Calea Plevnei nr.90-92, bloc 10F-10E, sector 1, Municipiul Bucuresti	731495032
382	Baneasa	Sector 1	Bucuresti	Agency	Bucuresti, Sos. Bucuresti-Ploiesti nr. 42 - 44, sector 1	
383	Aviatiei	Sector 1	Bucuresti	Agency	Bucuresti, Bdul. Aerogarii nr.2 - 8, bl.II/1, parter, sector 1,	40785247614
384	Ion Mihalache	Sector 1	Bucuresti	Agency	Bucuresti, Bdul. Ion Mihalache nr.106, bl.84, sector 1	0732 450 601
385	Nicolae Caramfil	Sector 1	Bucuresti	Agency	Bucuresti, Str.Daniel Danielopolu nr.2, sector 1	
386	Piata Chibrit	Sector 1	Bucuresti	Agency	Bucuresti, Calea Grivitei nr.397, sector 1	078 5247 075
387	Piata Victoriei	Sector 1	Bucuresti	Agency	Bucuresti, Sos. Nicolae Titulescu nr. 4 - 8, sector 1	
388	Snagov	Sector 1	Com.Snagov	Agency	Com. Snagov, Sat Ghermanesti, bl.D5, jud. Ilfov	
389	Buftea	Sector 1	Buftea	Agency	Buftea, Bdul. Mihai Eminescu nr. 18 -22, bl. R6, parter, jud. Ilfov	
390	Private Banking Bucuresti	Sector 1	Bucuresti	Agency	Bucuresti, B-dul Aviatorilor nr.92, sector 1	0726 144 356
391	Pajura	Sector 1	Bucuresti	Agency	Bucuresti, str.Jiului nr.144, parter, sector 1	0785 245 052
392	Sector 2	Sector 2	Bucuresti	District Branch	Bucuresti, Str.Popa Lazar nr.8 sector 2	
393	Stefan cel Mare	Sector 2	Bucuresti	Branch	Bucuresti, Sos.St.cel Mare nr.60 bl.41 parter sector 2	0785 246 490
394	Pantelimon	Sector 2	Bucuresti	Branch	Bucuresti, Sos. Pantelimon nr.291, bl 9, parter, sector 2	0727 788 027
395	Voluntari	Sector 2	Voluntari	Branch	Voluntari, Sos. Bucuresti Afumati nr.52, Ilfov	
396	Mosilor	Sector 2	Bucuresti	Branch	Bucuresti, Calea Mosilor nr.290 bl.36 sector 2	0785 246 491
397	Pipera	Sector 2	Bucuresti	Branch	Bucuresti, Str.Dimitrie Pompei nr.6 C, sector 2	
398	Colentina	Sector 2	Bucuresti	Branch	Bucuresti, Sos.Colentina nr.26, sector 2	0726 154 769
399	Unic	Sector 2	Bucuresti	Branch	Bucuresti, B-dul Nicolae Balcescu nr.27 - 33, sector 1	
400	Ferdinand	Sector 2	Bucuresti	Agency	Bucuresti, Bdul Ferdinand nr.99, parter, sector 2,	40784241043
401	Nord Pipera	Sector 2	Voluntari	Agency	Voluntari, Sos. Pipera Tunari nr.2/III, parter, jud. Ilfov	
402	Iancului	Sector 2	Bucuresti	Agency	Bucuresti, Sos.Pantelimon nr.148, bl.100, parter, sector 2	
403	Obor	Sector 2	Bucuresti	Agency	Bucuresti, Sos. Mihai Bravu nr.4 (Calea Mosilor nr. 314, bl. 60 C), parter, sector 2	
404	Tunari	Sector 2	Bucuresti	Branch	Bucuresti, Sos. Stefan cel Mare nr.14, bl.19, sector 2	

<u>No</u>	<u>Agency name</u>	<u>County</u>	<u>City</u>	<u>Agency/Branch</u>	<u>Address</u>	<u>Phone</u>
405	Mihai Eminescu	Sector 2	Bucuresti	Agency	Bucuresti, Calea Mosilor nr.201, bl.9, parter, sector 2	
406	Lacul Tei	Sector 2	Bucuresti	Agency	Bucuresti, Bdul. Lacul Tei nr.119, bl.5A1, parter, sector 2	
407	Pantelimon II	Sector 2	Bucuresti	Agency	Bucuresti, Sos. Pantelimon nr.357, bl B1, parter, sector 2	
408	Piata Iancului	Sector 2	Bucuresti	Agency	Bucuresti, Sos. Mihai Bravu nr. 112, bl. D3, parter, sector 2	0733 442 715
409	Barbu Vacarescu	Sector 2	Bucuresti	Agency	Bucuresti, str.Glinka nr.7, parter, sector 2	
410	Teiul Doamnei	Sector 2	Bucuresti	Agency	Bucuresti, sos.Colentina nr.25, bl.2 IRTA, parter, sector 2	
411	Sector 3	Sector 3	Bucuresti	District Branch	Bucuresti, Sos.Mihai Bravu nr.196, bl.200, sector 2	
412	Lipscani	Sector 3	Bucuresti	Branch	Bucuresti, Str.Lipscani nr.18 - 20, sector 3	0730 503 890
413	Titan	Sector 3	Bucuresti	Agency	Bucuresti, B-dul Basarabiei nr.256, sector 3	
414	Th. Pallady	Sector 3	Bucuresti	Agency	Bucuresti, B-dul Th. Pallady nr.67 - 69, bl.R5, sector 3	0728 851 336
415	Balta Alba	Sector 3	Bucuresti	Branch	Bucuresti, Str.Nicolae Grigorescu nr.31A, bloc N21, sect.3	0785 247 052
416	Mihai Bravu	Sector 3	Bucuresti	Branch	Bucuresti, Sos.Mihai Bravu nr.172 bl.230 sector 2	0724 234 607
417	Victor Babes	Sector 3	Bucuresti	Agency	Bucuresti, Sos. Mihai Bravu nr.296, bl. 7, parter, sector 3,	0730 240 882
418	Piata Rosetti	Sector 3	Bucuresti	Agency	Bucuresti, Str. Piata Rosetti nr. 3 colt cu Str. Dianeii nr. 1parter, sector 2,	
419	Basarabiei	Sector 3	Bucuresti	Agency	Bucuresti, Bdul.Basarabia nr.57, bl.M27,sector 2	0729 600 735
420	Vergului (Cora)	Sector 3	Bucuresti	Agency	Bucuresti, Sos. Vergului nr.18, sector 2	0784 211 663
421	Dristor	Sector 3	Bucuresti	Agency	Bucuresti,Sos. Mihai Bravu nr.305, bl.14A(14a -14b) ,sector 3	
422	Alba Iulia	Sector 3	Bucuresti	Agency	Bucuresti, Piata Alba Iulia nr.8, bloc 17, sector 3	
423	Baba Novac	Sector 3	Bucuresti	Agency	Bucuresti,Str. Baba Novac nr. 15 A, sector 3	
424	Piata Revolutiei	Sector 3	Bucuresti	Agency	Bucuresti, Str. Ion Campineanu nr. 20, sector 1	
425	Mircea Voda	Sector 3	Bucuresti	Agency	Bucuresti, Calea Calarasi nr.135, parter, sect.3	
426	Unirea Center	Sector 3	Bucuresti	Agency	Bucuresti, Pta. Unirii nr.1, Sector 3 (Complex Comercial Unirea Shopping Center)	0731 730 703
427	Campia Libertatii	Sector 3	Bucuresti	Agency	Bucuresti, Str.Campia Libertatii nr.46, Bl.52, parter	0733 660 196
428	Camil Ressu	Sector 3	Bucuresti	Agency	Bucuresti, B-dul Camil Ressu nr.68, Bl.1 B, parter, Sect 3	0785 247 444
429	Calea Victoriei	Sector 3	Bucuresti	Agency	Bucuresti, Calea Victoriei, Nr.15, Sector 3	
430	Sector 4	Sector 4	Bucuresti	District Branch	Bucuresti, B-dul Unirii nr.63 bl.F4 sector 3	0731 123 496
431	Unirea	Sector 4	Bucuresti	Branch	Bucuresti, B-dul Unirii nr.43 - 45 bl.E2-E3 sector 3	0722 673 600
432	Berceni	Sector 4	Bucuresti	Branch	Bucuresti, Str.Ion Iriceanu nr.20 - 22 bl.131-132 sector 4	0730 903 156
433	Dr. Obregia	Sector 4	Bucuresti	Branch	Bucuresti, Str.Dr.Al.Obregia nr.2B, bl.2B, parter, sector 4	0785 246 489
434	Serban Voda	Sector 4	Bucuresti	Branch	Bucuresti, Calea Serban Voda nr.209, sector 4	0731 012 607
435	Dimitrie Cantemir	Sector 4	Bucuresti	Agency	Bucuresti, b-dul Dimitrie Cantemir nr.2B, bl.P1, sector 4	0732 450 523
436	Bagdasar	Sector 4	Bucuresti	Agency	Bucuresti, Sos. Berceni nr.25, bl.38, parter, sector 4	0728 600 209
437	Gheorghe Sincai	Sector 4	Bucuresti	Agency	Bucuresti, Bdul. Gh. Sincai nr.6, bl. 2, parter, sector 4	0730 060 311
438	Olimpia	Sector 4	Bucuresti	Agency	din data de 25.03 functioneaza in sediul ag. Vitan	
439	Oltenitei	Sector 4	Bucuresti	Agency	Bucuresti, Sos.Oltenitei nr.240, bl.48, sector 4	

<u>No</u>	<u>Agency name</u>	<u>County</u>	<u>City</u>	<u>Agency/Branch</u>	<u>Address</u>	<u>Phone</u>
440	Constantin Brancoveanu	Sector 4	Bucuresti	Agency	Bucuresti, Str. Alunisului nr.3, bl. 12 C, parter, sector 4	0724 362 834
441	Secuilor	Sector 4	Bucuresti	Agency	Bucuresti, B-dul Brancoveanu nr.12, Bl.B4, parter, Sect.4	
442	Popesti Leordeni	Sector 4	Popesti Leordeni	Agency	Popesti Leordeni, Sos.Oltenitei nr.66, parter	
443	Nerva Traian	Sector 4	Bucuresti	Agency	Bucuresti, Str. Nerva Traian nr. 13, bl. M69, sect 3	
444	Timpuri Noi	Sector 4	Bucuresti	Agency	Bucuresti, Calea Vacaresti nr.201, bl,87	
445	Vitan	Sector 4	Bucuresti	Agency	Bucuresti,Mihai Bravu nr.325, Bl.55, parter, Sect.3	
446	Sector 5	Sector 5	Bucuresti	District Branch	Bucuresti, B-dul Tudor Vladimirescu nr.57, bl. T4, sector 5	
447	Izvor	Sector 5	Bucuresti	Branch	Bucuresti, B-dul Libertatii nr.22, bl.102, sector 5	0785 246 956
448	Ghencea	Sector 5	Bucuresti	Branch	Bucuresti, B-dul Ghencea nr.158 sector 6	0785 245 663
449	Libertatii	Sector 5	Bucuresti	Branch	Bucuresti, B-dul Libertatii nr.1, bl.A1-A2 sector 4	0784 210 697
450	Rahova	Sector 5	Bucuresti	Branch	Bucuresti, Sos. Alexandriei nr.11, bl.C11, parter, sector 5	0728 137 031
451	Universitate	Sector 5	Bucuresti	Branch	Bucuresti, B-dul Regina Elisabeta nr.5 sector 3	40728182356
452	Sala Palatului	Sector 5	Bucuresti	Agency	Bucuresti, Str.Ion Campineanu nr.33, parter, sector 1	
453	Bragadiru	Sector 5	Bragadiru	Agency	Bragadiru, Bl.D3 - 2, (tronson 2, axele1,2,3,4,5,6,7), parter, jud. Ilfov	
454	Sebastian	Sector 5	Bucuresti	Agency	Bucuresti, Calea Rahovei nr.322, bl. 67, sc.1, parter, sector 5	0728 600 208
455	Piata Rahova	Sector 5	Bucuresti	Agency	Bucuresti, Calea Rahovei nr.327, Bl 11, parter, Sect. 5	
456	13 Septembrie	Sector 5	Bucuresti	Agency	Bucuresti, Str.13 Septembrie nr.206, Bl V38, parter, Lot C, S5	
457	Toporasi	Sector 5	Bucuresti	Agency	Bucuresti, Soseaua Giurgiului nr. 90, sector 4	
458	Giurgiului	Sector 5	Bucuresti	Agency	Bucuresti, Sos. Giurgiului nr.131, bl.1, parter, sector 4	
459	City Mall	Sector 5	Bucuresti	Agency	Bucuresti, Sos. Oltenitei nr.4 A, parter Sect.4	0731 144 359
460	Prelungirea Ghencea	Sector 5	Bucuresti	Agency	Bucuresti, Str. Prelungirea Ghencea nr.65B, bl. C1, parter, sc. 4, sector 6	
461	Stadion	Sector 5	Bucuresti	Agency	Bucuresti , Bdul. Ghencea nr. 24, bl. C89, Sc. B, parter, sector 6	
462	Sector 6	Sector 6	Bucuresti	District Branch	Bucuresti, B-dul Timisoara nr.6C sector 6	0764 601 390
463	Crangasi	Sector 6	Bucuresti	Branch	Bucuresti, Calea Crangasi nr.10 bl.19A parter, sector 6	0731 680 323
464	Lujerului	Sector 6	Bucuresti	Branch	Bucuresti, B-dul Iuliu Maniu nr.18 - 20, bl.15 A+B, sector 6	0731 680 450
465	Iuliu Maniu	Sector 6	Bucuresti	Branch	Bucuresti, B-dul Iuliu Maniu nr.190 -192, bloc C1, parter, sector 6	0785 245 434
466	Drumul Taberei	Sector 6	Bucuresti	Branch	Bucuresti, Str. Drumul Taberei nr. 82, sector 6	0724 299 234
467	Mall Plaza	Sector 6	Bucuresti	Agency	Bucuresti,Bdul Timisoara nr.26, sector 6	0785 247 066
468	Romancierilor	Sector 6	Bucuresti	Agency	Bucuresti, B-dul Timisoara nr.73, Bl.C12, parter, Sect 6	
469	Tudor Vladimirescu	Sector 6	Bucuresti	Agency	Bucuresti, B-dul Iuliu Maniu nr.7, sector 6	
470	Politehnica	Sector 6	Bucuresti	Agency	Bucuresti Splaiul Independentei nr.313, sector 6	
471	Drumul Taberei 34	Sector 6	Bucuresti	Agency	Bucuresti, Str. Drumul Taberei nr. 32, parter, sector 6	0728 137 030
472	Compozitorilor	Sector 6	Bucuresti	Agency	Bucuresti, Bdul. 1Mai (fosta Compozitorilor) nr.15, bl.C3, parter sector 6	
473	Giulesti	Sector 6	Bucuresti	Agency	Bucuresti, Calea Giulesti nr.123, parter, sector 6	
474	Apusului	Sector 6	Bucuresti	Agency	Bucuresti, str.Apusului nr.32, bl.N27, parter	0728 881 544



No	Agency name	County	City	Agency/Branch	Address	Phone
475	Banu Manta	Sector 6	Bucuresti	Agency	Bucuresti, str.General Vladoianu nr.4, parter, sector 1	
476	Romana	Sector 6	Bucuresti	Agency	Bucuresti, Bdul. Gh. Magheru nr.43. Str. Mendeleev nr.46 - 48, sector 1	40785247846
477	Amzei	Sector 6	Bucuresti	Agency	Bucuresti, Str. Piata Amzei nr. 10 - 22, Bl. CORP B, parter, sector 1	40730074152
478	Dinicu Golescu	Sector 6	Bucuresti	Agency	Bucuresti, Bdul Dinicu Golescu nr.23 - 25, parter, sector 1	
479	Piata Gorjului	Sector 6	Bucuresti	Agency	Bucuresti, Bdul Iuliu Maniu nr.67, Bl.6, parter, sector 6	
480	Salaj	SJ	Zalau	County Branch	Zalau, Piata Iuliu Maniu nr. 2	0784 211 474
481	Jibou	SJ	Jibou	Agency	Jibou, Str. 1 Mai nr. 21/A	0732 450 508
482	Cehu Silvaniei	SJ	Cehul Silvaniei	Agency	Cehu Silvaniei, Str.Trandafirilor nr. 19	
483	Sarmasag	SJ	Com. Sarmasag	Agency	Com. Sarmasag, Str. Garii nr. 1/A	
484	Simleul Silvaniei	SJ	Simleu Silvaniei	Agency	Simleu Silvaniei, Str. 1 Decembrie nr. 1918, Bl. D 1, parter	0724 299 206
485	Silvania	SJ	Zalau	Agency	Zalau, B-dul Mihai Viteazul nr. 39, Bl. D 4, Sc. E, parter	
486	Dumbrava	SJ	Zalau	Agency	Zalau, Str. Dumbrava nr. 64, Bl.D 25, Ap.17/a, parter	0785 247 677
487	Crasna	SJ	Com. Crasna	Agency	Com. Crasna nr. 15	0784 211 473
488	Porolissum	SJ	Zalau	Agency	Zalau, B-dul Mihai Viteazul, Bl. Lira Cristal, Sc. D, ap. 33/1, parter	
489	Satu Mare	SM	Satu Mare	County Branch	Satu Mare, Piata 25 Octombrie, Bl.T4-T6	0724 299 231
490	Negresti Oas	SM	Negresti Oas	Branch	Negresti Oas, Str. Victoriei nr. 134	
491	Carei	SM	Carei	Branch	Carei, Str .Dr.Stefan Vonhaz nr. 2	0724 299 259
492	Horea	SM	Satu Mare	Agency	Satu Mare, Str. Horea nr. 8 - 10	0732 450 511
493	Crisan	SM	Satu Mare	Agency	Satu Mare, Str. Drum Carei nr.22, Bl. CM1, parter	
494	Tasnad	SM	Tasnad	Agency	Tasnad, Str. Lacramioarelor nr. 4	0724 299 263
495	Unio	SM	Satu Mare	Agency	Satu Mare, B-dul Lucian Blaga, Bl. UU 28- 30, parter	0731 680 328
496	Brancheava	SV	Brancheava	County Branch	Brancheava, Str. Stefan cel Mare nr. 31	0726 123 499
497	Campulung Moldovenesc	SV	Campulung Moldovenesc	Branch	Campulung Moldovenesc, Calea Transilvaniei nr. 6	0724 234 603
498	Falticeni	SV	Falticeni	Branch	Falticeni, Str. Branchevei	
499	Radauti	SV	Radauti	Branch	Radauti, Str. Unirii nr. 65	0723 639 920
500	Vatra Dornei	SV	Vatra Dornei	Branch	Vatra Dornei, Str. M.Eminescu nr. 35	0732 450 558
501	Siret	SV	Siret	Agency	Siret, Str. Branchevei nr. 2, parter	
502	Gura Humorului	SV	Gura Humorului	Branch	Gura Humorului, Str. Republicii nr. 19, Bl. T 850, parter	0724 550 029
503	Curtea Domneasca	SV	Brancheava	Agency	Brancheava, Str. Dimitrie Onciu nr. 2	0724 589 206
504	Obcini	SV	Brancheava	Agency	Brancheava, Calea Obcinilor nr. 13, Bl.T 47, parter	
505	Burdujeni	SV	Brancheava	Agency	Brancheava, Calea Unirii nr. 39, Bl. 92, Sc.G, parter	0785 246 353
506	Frasin	SV	Com. Frasin	Agency	Com. Frasin, Str. Principala nr. 313	
507	Putna	SV	Radauti	Agency	Radauti, Str. Putnei nr. 21, parter	0734 200 411
508	Tulcea	TL	Tulcea	County Branch	Tulcea, Str. Toamnei nr. 2	0784 211 621
509	Macin	TL	Macin	Agency	Macin, Str. 1 Decembrie nr. 10, Bl. 17	
510	Sulina	TL	Sulina	Agency	Sulina, Str.a II a nr. 274	0784 211 618
511	Babadag	TL	Babadag	Agency	Babadag, Str.Republicii nr.88, parter	0785 245 517
512	Panait Cerna	TL	Tulcea	Agency	Tulcea, Str. Isacpei nr. 1, Bl. M1, parter	
513	Grigore Moisil	TL	Tulcea	Agency	Tulcea, Str. Frasinului nr. 2, Bl. 2, parter	
514	Timis	TM	Timisoara	County Branch	Timisoara, Calea Aradului nr. 11	0730 044 289
515	Lugoj	TM	Lugoj	Branch	Lugoj, Str. Cuza Voda nr. 4	0731 808 509
516	Faget	TM	Faget	Agency	Faget, Calea Lugojului nr. 15	0785 245 289
517	Jimbolia	TM	Jimbolia	Agency	Jimbolia, Str. Republicii nr. 12 - 14	0724 255 966
518	Sannicolau Mare	TM	Sannicolau Mare	Agency	Sannicolau Mare, Str. Republicii nr. 4	0734 200 413
519	Piata 700 Timisoara (fosta Bastion)	TM	Timisoara	Branch	Timisoara, Str.Coriolan Brediceanu nr.10/B, City Business Centre CBC Piata 700, cladirea 2(B), parter, incaperea B.1.2., jud. Timis	0732 450 612

No	Agency name	County	City	Agency/Branch	Address	Phone
520	Calea Sagului	TM	Timisoara	Agency	Timisoara, Calea Sagului nr. 70, Sc. A, parter	0734 668 601
521	Piata Maria	TM	Timisoara	Agency	Timisoara, Str.16 Decembrie 1989, nr.8, parter	
522	Piata Operei	TM	Timisoara	Agency	Timisoara, Str.Babes Vincentiu nr.1, (Str. Piatra Craiului nr.1), parter	0732 450 515
523	Cetatea Veche	TM	Lugoj	Agency	Lugoj, Str. 20 Decembrie 1989 nr. 36, parter	0724 255 965
524	Budai Deleanu	TM	Timisoara	Agency	Timisoara, Str. Iuliu Maniu nr. 2, parter	
525	Calea Buziasului	TM	Timisoara	Agency	Timisoara, Str.Calea Buziasului Bl. A 1 b, parter	0731 066 812
526	Giroc	TM	Timisoara	Agency	Timisoara, Calea Martirilor nr. 60, parter	
527	Calea Lugojului	TM	Timisoara	Agency	Timisoara, Str. Simion Barnutiui Bl. 54, Sc. B, parter	
528	Demetriade	TM	Timisoara	Agency	Timisoara, Str. Demetriade nr. 1 (Iulius Mall)	0732 450 487
529	Calea Bogdanestilor	TM	Timisoara	Agency	Timisoara, Calea Bogdanestilor nr. 39, parter	
530	Piata Noua	TM	Timisoara	Agency	Timisoara Str. Sf. Apostoli Petru si Pavel, Bl. A 42, parter	
531	Lidia	TM	Timisoara	Agency	Timisoara, Str. Lidia nr. 53, parter (Spatiul Comercial 2)	
532	Piata Verde	TM	Timisoara	Agency	Timisoara, Calea Aradului, nr.40, Sc.A+B, parter	0731 066 829
533	Gheorghe Lazar	TM	Timisoara	Agency	Timisoara, Str.Gheorghe Lazar nr.42, parter (spatiu comercial nr1-confectii tricotate)	0760 689 331
534	Teleorman	TR	Alexandria	County Branch	Alexandria, Str. Dunarii nr. 137	0724 234 605
535	Turnu Magurele	TR	Turnu Magurele	Branch	Turnu Magurele, Str.Gen. David Praporgescu Bl. G6, parter	0724 234 600
536	Rosiorii de Vede	TR	Rosiorii de Vede	Branch	Rosiori de Vede, Str. Rahovei nr. 106	
537	Videle	TR	Videle	Agency	Videle, Sos. Giurgiului nr. 24	0724 234 605
538	Zimnicea	TR	Zimnicea	Agency	Zimnicea, B-dul Mihai Viteazu nr. XVIII B, Sc. B si C, parter	0724 234 606
539	Dr. Stanca	TR	Alexandria	Agency	Alexandria, Str. Dunarii, Bl. M 3, Sc. B, parter	0727 277 214
540	Vedea	TR	Alexandria	Agency	Alexandria, Str. Constantin Brancoveanu nr. 50, Bl. UJCC	0723 399 684
541	Valcea	VL	Rm. Valcea	County Branch	Rm.Valcea, Str. Gen. Magheru nr. 20	0724 220 261
542	Dragasani	VL	Dragasani	Branch	Dragasani, Str. Decebal nr. 2, Bl. G	0725 139 182
543	Horezu	VL	Horezu	Agency	Horezu, Str. Tudor Vladimirescu nr. 83, Bl. R2, parter	0733 106 062
544	Ostrovieni	VL	Rm. Valcea	Agency	Rm.Valcea, Str. Luceafarului nr. 10, Bl. A 16, parter	
545	Valcea Nord	VL	Rm. Vilcea	Agency	Rm. Valcea, Str. Calea lui Traian nr. 156-158	0723 113 137
546	Alutus	VL	Rm. Vilcea	Agency	Rm. Valcea, Str. Mihai Eminescu nr. 39	
547	Calimanesti Caciulata	VL	Calimanesti-Caciulata	Agency	Calimanesti-Caciulata, Calea lui Traian nr. 790-792	0734 800 958
548	Valcea Centru (fosta River Plaza)	VL	Rm. Vilcea	Agency	Rm. Valcea, Splaiul Independentei nr.1, Bloc 1, parter	
549	Vrancea	VN	Focsani	County Branch	Focsani, Str. Fundatura Cuza Voda nr. 1	0723 639 826
550	Adjud	VN	Adjud	Agency	Adjud, Str. Vasile Alecsandri nr. 9	0728 133 725
551	Odobesti	VN	Odobesti	Agency	Odobesti, Str. Stefan cel Mare nr. 33	0727 789 764
552	Piata Moldovei	VN	Focsani	Agency	Focsani, Piata Independentei nr. 1, Bl. 9, parter	0731 599 301
553	Milcov	VN	Focsani	Agency	Focsani, B-dul. Bucuresti nr. 27, Bl. L1 - L2, parter	0722 333 209
554	Carpati	VN	Focsani	Agency	Focsani, Str. Brailei nr. 42, parter	0785 247 452
555	Big Centru	VN	Focsani	Agency	Focsani, Str. Brailei nr. 2	0726 167 450
556	Vaslui	VS	Vaslui	County Branch	Vaslui, Str. Stefan cel Mare nr. 53	0730 199 156
557	Barlad	VS	Barlad	Branch	Barlad, Str. Republicii nr. 252	
558	Negresti	VS	Negresti	Agency	Negresti, Str. Unirii nr. 1 B	0749 166 948
559	Husi	VS	Husi	Branch	Husi, Str. Al.I.Cuza nr. 3	
560	13 Decembrie	VS	Vaslui	Agency	Vaslui, Str. Stefan cel Mare nr. 1, Bl. 434, Sc. A, parter	
561	Dragos Voda	VS	Barlad	Agency	Barlad, Str. Republicii nr. 85, Bl. B/5, Sc. A, parter	
562	Podul Inalt	VS	Vaslui	Agency	Vaslui, Str. Traian Bl. 234, Sc. A, parter	

**Raiffeisen Capital & Investment S.A.**

City	Address	Phone
Bucharest	246D Calea Floreasca, 2 <sup>nd</sup> floor, 1 <sup>st</sup> District, Bucharest, Romania	0213061231

**Raiffeisen Bank S.A.**

No	Agency name	County	City	Address	Phone
1	Ag. Timisoara (Suc. Timis)	Timis	Timisoara	Str. Coriolan Brediceanu, nr. 10, corp B	0256.703.500 - 0256.703.507 0256.703.537
2	Ag. Deta	Timis	Deta	Str. Victoriei nr.3	0256.703.600 - 0256.703.604
3	Centrul Operational de Afaceri Timisoara	Timis	Timisoara	Str. Grigore T. Popa, nr. 81, parter, ap. SAD 2, jud. Timis	0256.703.621 - 0256.703.625
4	Ag. Sannicolau Mare	Timis	Sanicolau Mare	Bdul. Republicii nr.12	0256.703.680 - 0256.703.684
5	Ag. Jimbolia	Timis	Jimbolia	Str .Republicii nr 44, ap 1, parter	0256.703.700 - 0256.703.703
6	Ag. Aries (Timisoara 1)	Timis	Timisoara	Str. Aries nr.20	0256.703.720 - 0256.703.724
7	Ag. Timisoara 2 ( Selgros)	Timis	Timisoara	Calea Aradului nr 64	0256.703.740 - 0256.703.745
8	Ag. Fabric	Timis	Timisoara	Str. Stefan cel Mare nr. 53, corp B, parter, spatiul comercial nr.2, jud. Timis	0256.703.760 - 0256.703.763
9	Ag. Timisoara Nord	Timis	Timisoara	Str Gen Ioan Dragalina nr 47	0256.703.780 - 0256.703.784
10	Ag. Stiintei	Timis	Timisoara	Str. Stiintei nr 5	0256.703.800 - 0256.703.804
11	Ag. Simion Barnutiu	Timis	Timisoara	Str. Simion Barnutiu nr .56	0256.703.821 - 0256.703.823
12	Ag. Bega	Timis	Timisoara	Str.Paris nr 2A, parter, zona B	0256.703.841; 0256.703.842; 0256.703.845
13	Ag. Tisa	Timis	Timisoara	Str. N. Balcescu, nr.5	0256.703.883; 0256.703.882; 0256.703.881
14	Ag. Banat	Timis	Timisoara	Calea Sever Bocu nr 43, bl 35	0256.703.900 - 0256.703.902
15	Ag. Calea Aradului	Timis	Timisoara	Str. Calea Aradului nr.42, parter, scara B	0256.703.920 - 0256.703.922
16	Ag. Iulius Mall Timisoara	Timis	Timisoara	str. Aristide Demetriade, nr. 1, parter, Timisoara, jud. Timis	0256.703.962 0256.703.963
17	Ag. Gheorghe Lazar	Timis	Timisoara	str. Gheorghe Lazar, nr. 30- 32, bloc 85, parter, ap. SAD 6 si SAD 7, Timisoara	0256.703.941 0256.703.943
18	Ag. Lugoj	Timis	Lugoj	Str. 20 Decembrie 1989, nr 36	0256.703.640 - 0256.703.646
19	Ag. Faget	Timis	Faget	Str. 1 Decembrie 1918, Nr. 1	0256.703.660 - 0256.703.663
20	Ag. Resita (Suc. Caras Severin)	Caras Severin	Resita	Pta. 1 Decembrie 1918 nr. 4	0255.703.500 - 0255.703.523
21	Ag. Caransebes	Caras Severin	Caransebes	Str. Traian Doda, casa nr.1	0255.703.600 - 0255.703.603
22	Ag. Bocsa	Caras Severin	Bocsa	Str Funicularului nr 93, sc I	0255.703.620 - 0255.703.623
23	Ag. Moldova Noua	Caras Severin	Moldova Noua	Str. N. Titulescu, bloc 56, parter, Moldova Noua, jud. Caras Severin	0255.703.640 - 0255.703.643
24	Ag. Barzavei (Resita)	Caras Severin	Resita	B-dul Republicii , bl 8,sc III, ap 42	0255.703.660 - 0255.703.663
25	Ag. Oravita	Caras Severin	Oravita	Str. 1 Decembrie 1918 nr. 1	0255.703.680 - 0255.703.683
26	Ag. Semenic	Caras Severin	Resita	Str. Republicii, Bl.25, scara I	0255.703.700 - 0255.703.703
27	Ag. Arad (Suc. Arad)	Arad	Arad	Str. Andrei Saguna nr.1-3	0257.703.510 - 0257.703.533
28	Ag. Lipova	Arad	Lipova	Str. Nicolae Balcescu nr.29	0257.703.621 - 0257.703.625
29	Ag. Pecica	Arad	Pecica	Str. 3, nr. 1, ap. 1d, jud. Arad	0257.703.641 - 0257.703.642
30	Ag. Sebis	Arad	Sebis	Bd-ul Republicii nr. 45A	0257.703.660 - 0257.703.664

<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
31	Ag. Teatru (Arad 1)	<b>Arad</b>	Arad	Str. Unirii nr.1, ap 30	0257.703.681 - 0257.703.688
32	Ag. Radnei (Selgros)	<b>Arad</b>	Arad	Calea Radnei nr. 294	0257.703.701 - 0257.703.705
33	Ag. Ioan Slavici	<b>Arad</b>	Arad	Aleea Borsec nr 2, bl 511, sc C, ap 17, parter	0257.703.721 - 0257.703.724
34	Ag. Aurel Vlaicu	<b>Arad</b>	Arad	Str. Aurel Vlaicu nr. 114, bl Z 20-a, ap 25, parter	0257.703.741 - 0257.703.744
35	Ag. Aradul Nou	<b>Arad</b>	Arad	localitatea Arad, Aradul Nou, Bloc 5, scara A, ap. 17/b, parter, jud. Arad	0257.703.760 - 0257.703.763
36	Ag. Ineu	<b>Arad</b>	Ineu	Str. Republicii, Nr. 24	0257.703.800 - 0257.703.803
37	Ag. Curtici	<b>Arad</b>	Curtici	Strada Primariei nr. 58 colt cu strada Revolutiei nr. 54, Apartament nr. 2, corp A, Parter	0257.703.821 - 0257.703.823
38	Ag. Podgoria	<b>Arad</b>	Arad	B-dul Revolutiei nr 8, bloc 8, ap 27, parter	0257.703.841 - 0257.703.843
39	Ag. Galeria Arad(mall)	<b>Arad</b>	Arad	Calea Aurel Vlaicu, nr. 225-235, Arad. Jud. Arad	0257.703.861 - 0257.703.863
40	Ag. Chisineu Cris	<b>Arad</b>	Chisineu Cris	Str. Garii nr.1/B	0257.703.601 - 0257.703.603
41	Ag. Bihor (Suc. Bihor)	<b>Bihor</b>	Oradea	Str. Nufarului nr. 30	0259.703.513 - 0259.703.536
42	Ag. Marghita	<b>Bihor</b>	Marghita	Str. Republicii nr. 13	0259.703.601 - 0259.703.603
43	Ag. Crisul Repede	<b>Bihor</b>	Oradea	Str. Erofte Grigore nr. 22	0259.703.621 - 0259.703.623 0764.602.652
44	Ag. Vulturul Negru(Oradea 2)	<b>Bihor</b>	Oradea	Piata Unirii nr. 2-4	0259.703.641 - 0259.703.647
45	Ag. Dacia(Oradea 3)	<b>Bihor</b>	Oradea	B-dul Dacia nr 35, bIAN 55,	0259.703.661 - 0259.703.667
46	Ag. Oradea 4(Selgros)	<b>Bihor</b>	Oradea	Str. Ogorului nr 65 B	0259.703.681 - 0259.703.686
47	Ag. Rogerius	<b>Bihor</b>	Oradea	Str Transilvaniei nr 2	0259.703.701 - 0259.703.703
48	Ag. Bulevard	<b>Bihor</b>	Oradea	Str. Decebal, Nr. 66/A, parter, jud. Bihor	0259.703.721 - 0259.703.722
49	Ag. Varadinum	<b>Bihor</b>	Oradea	B-dul. Decebal, Nr. 18-20, jud. Bihor	0259.703.741 - 0259.703.743
50	Ag. Alesd	<b>Bihor</b>	Alesd	P-ta. Unirii nr. 2	0259.703.760 - 0259.703.763
51	Ag. Salonta	<b>Bihor</b>	Salonta	Str. Libertatii nr 1-3, bl A	0259.703.780 - 0259.703.784
52	Ag. Corso	<b>Bihor</b>	Oradea	Str. Republicii nr.16	0259.703.801 - 0259.703.803
53	Ag. Deva (Suc. Hunedoara)	<b>Hunedoara</b>	Deva	Str. Iuliu Maniu nr.18	0254.703.501 - 0254.703.520
54	Ag. Hateg	<b>Hunedoara</b>	Hateg	Str. Tudor Vladimirescu bl S1	0254.703.602 - 0254.703.604
55	Ag. Orastie	<b>Hunedoara</b>	Orastie	Str. Eroilor BI C2, sc B si C	254.703.621
56	Ag. Brad	<b>Hunedoara</b>	Brad	Brad, str. Republicii, bloc I, parter, jud. Hunedoara	0254.703.642 - 0254.703.643
57	Ag. Calan	<b>Hunedoara</b>	Calan	Str. Independentei nr.13	0254.703.661 - 0254.703.663
58	Ag. Petrosani	<b>Hunedoara</b>	Petrosani	B-dul 1 Decembrie 1918 nr. 92, bl B1	0254.703.681 - 0254.703.686
59	Ag. Germisara (Deva)	<b>Hunedoara</b>	Deva	B-dul Iuliu Maniu bl 1A+1B, parter	0254.703.701 - 0254.703.703
60	Ag. Ulpia	<b>Hunedoara</b>	Deva	Str. Mihai Eminescu, bloc 13A, parter, judetul Hunedoara	0254.703.721 - 0254.703.723
61	Ag. Corvinul	<b>Hunedoara</b>	Hunedoara	B-dul Dacia, bl A2/2, parter	0254.703.761 - 0254.703.764
62	Ag. Alba (Suc. Alba)	<b>Alba</b>	Alba Iulia	Pta. I.C. Bratianu nr. 20	0258.703.501 - 0258.703.503
63	Ag. Apulum	<b>Alba</b>	Alba Iulia	B-dul. Revolutiei 1989,Nr. 77, Bloc A19, ap.2, parter	0258.703.602 - 0258.703.603

<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
64	Ag. Sebes	<b>Alba</b>	Sebes	Str. Lucian Blaga nr. 47	0258.703.661 - 0258.703.664
65	Ag. Cugir	<b>Alba</b>	Cugir	Str. Al. Sahia, Nr. 19, Bloc 19, Scara E si F, parter, jud. Alba	0258.703.701 - 0258.703.703
66	Ag. Campeni	<b>Alba</b>	Campeni	Str. Calea Turzii nr. 1, subapartamentul III.1, parter	0258.703.721 - 0258.703.723
67	Ag. Cetate (Alba Iulia 1)	<b>Alba</b>	Alba Iulia	B-dul Victoriei nr. 25, bl 3CD	0258.703.741 - 0258.703.743
68	Ag. Santuhalm	<b>Hunedoara</b>	Deva	Str. Santuhalm nr. 35 A. jud. Hunedoara	0254.703.781
69	Ag. Satu Mare (Suc. Satu Mare)	<b>Satu Mare</b>	Satu Mare	Piata 25 Octombrie, BI 05	0261.703.501 - 0261.703.516
70	Ag. Soarelui (Satu Mare)	<b>Satu Mare</b>	Satu Mare	Str. Lucian Blaga, bloc UU18, spatiu comercial, parter	0261.703.601 - 0261.703.604
71	Ag. Carei	<b>Satu Mare</b>	Carei	Str. 1 Decembrie 1918 nr. 19	0261.703.621 - 0261.703.624
72	Ag. Negresti - Oas	<b>Satu Mare</b>	Negresti Oas	strada Victorie, Bloc 9, parter	0261.703.641 - 0261.703.643
73	Ag. Nufarul	<b>Satu Mare</b>	Satu Mare	Str. Careiului, blC25, parter	0261.703.661 - 0261.703.663
74	Ag. Somesul	<b>Satu Mare</b>	Satu Mare	B-dul I.C. Bratianu, nr. 14, judetul Satu Mare	0261.703.681 - 0261.703.682
75	Ag. Zalau (Suc. Salaj)	<b>Salaj</b>	Zalau	Str Unirii nr. 19	0260.703.501 - 0260.703.522
76	Ag. Meses	<b>Salaj</b>	Zalau	Str. Tudor Vladimirescu nr. 54	0260.703.601 - 0260.703.603
77	Ag. Porolissum	<b>Salaj</b>	Zalau	Str. Mihai Viteazul, Bloc B120/B, Ap. 33/I	0260.703.621 - 0260.703.623
78	Ag. Jibou	<b>Salaj</b>	Jibou	Str. 1 Mai, Bloc M30, ap. 13/1	0260.703.641 - 0260.703.643
79	Ag. Simleu Silvaniei	<b>Salaj</b>	Simleu Silvaniei	Str. 1 Decembrie nr. 5, Bloc D5	0260.703.661 - 0260.703.665
80	Ag. Huedin	<b>Cluj</b>	Huedin	P-ta. Republicii nr.39 bl.A1ap 65/2	0264.703.681 - 0264.703.685
81	Ag. Bistrita (Suc. Bistrita)	<b>Bistrita Nasaud</b>	Bistrita	Str. Liviu Rebreanu nr. 51	0263.703.500 - 0263.703.519
82	Ag. Viisoara	<b>Bistrita Nasaud</b>	Bistrita	Bistrita, Str. Independentei, Bloc D1, Scara D, parter, jud. Bistrita Nasaud	0263.703.601 - 0263.703.603
83	Ag. Nasaud	<b>Bistrita Nasaud</b>	Nasaud	Str. Granicerilor nr. 20	0263.703.620 - 0263.703.625
84	Ag. Gloria	<b>Bistrita Nasaud</b>	Bistrita	B-dul Decebal nr. 27	0263.703.640 - 0263.703.643
85	Ag. Calea Moldovei	<b>Bistrita Nasaud</b>	Bistrita	Calea Moldovei nr. 1, scara C	0263.703.660 - 0263.703.663
86	Ag. Maramures (Suc. Maramures)	<b>Maramures</b>	Baia Mare	Str. Bdul Unirii nr. 18	0262.703.500 - 0262.703.924
87	Ag. Sighetu Marmatiei	<b>Maramures</b>	Sighetu Marmatiei	Str. Traian nr 7. magazin 28	0262.703.600 - 0262.703.605
88	Ag. Targu Lapus	<b>Maramures</b>	Targu Lapus	Str Piata Eroilor, nr 21, parter,	0262.703.620 - 0262.703.623
89	Ag. Borsa	<b>Maramures</b>	Borsa	Str. 22 Decembrie, nr. 2	0262.703.640 - 0262.703.643
90	Ag. George Cosbuc	<b>Maramures</b>	Baia Mare	Str. George Cosbuc, nr. 14, parter	0262.703.660 - 0262.703.664
91	Ag. Sasar	<b>Maramures</b>	Baia Mare	Str. Victoriei Nr. 96, parter	0262.703.680 - 0262.703.683
92	Ag. Izvoare	<b>Maramures</b>	Baia Mare	Str. Andrei Muresan, Nr. 29, jud. Maramures	0262.703.700 - 0262.703.703
93	Ag. Iza	<b>Maramures</b>	Baia Mare	B-dul. Bucuresti Nr. 40, parter	0262.703.720 - 0262.703.723
94	Ag. Mara	<b>Maramures</b>	Baia Mare	B-dul Republicii nr 17, tronson IV	0262.703.740 - 0262.703.743
95	Ag. Dej	<b>Cluj</b>	Dej	Str. 1 Mai nr. 1	0264.703.640 - 0264.703.644
96	Ag. Gherla	<b>Cluj</b>	Gherla	Pta Libertatii nr. 2	0264.703.660 - 0264.703.665
97	Ag. Dealul Florilor	<b>Cluj</b>	Dej	Str. Ecaterina Teodoroiu nr. 54, bl. R5, ap.34, parter	0264.703.940 - 0264.703.943



<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
98	Ag. Cluj (Suc. Cluj )	<b>Cluj</b>	Cluj-Napoca	Str. Aviator Badescu nr. 1	0264.703.500 - 0264.703.547
99	Ag. Horea (Cluj Napoca)	<b>Cluj</b>	Cluj-Napoca	Str. Cuza Voda nr. 1	0264.703.600 - 0264.703.603
100	Ag. Vladeasa	<b>Cluj</b>	Cluj-Napoca	Calea Floresti nr.81, ap. Nr. 293, parter, judetul Cluj	0264.703.620 - 0264.703.623
101	Ag. Turda	<b>Cluj</b>	Turda	Str. Libertatii nr.4, Bl A1	0264.703.700 - 0264.703.707
102	Ag. Turda Noua	<b>Cluj</b>	Turda	Str. Calea Victoriei, Nr. 100, Bloc B120, ap. nr. 1, parter, jud. Cluj	0264.703.720 - 0264.703.723
103	Ag. Campia Turzii	<b>Cluj</b>	Campia Turzii	Piata Mihai Viteazu, Nr. 2, parter/III, jud. Cluj	0264.703.740 - 0264.703.743
104	Ag. Floresti	<b>Cluj</b>	Floresti	Str. Avram Iancu, nr.278, jud. Cluj	0264.703.760 - 0264.703.763
105	Ag. Manastur	<b>Cluj</b>	Cluj-Napoca	Str. Bucegi nr.11, ap 1A	0264.703.780 - 0264.703.785
106	Ag. Marasti	<b>Cluj</b>	Cluj-Napoca	Str. Aurel Vlaicu nr.2, ap nr. 91C	0264.703.800 - 0264.703.803
107	Ag. Somezeni (Selgros)	<b>Cluj</b>	Cluj-Napoca	Calea Somezeni nr. 8	0264.703.820 - 0264.703.825
108	Ag. Zorilor	<b>Cluj</b>	Cluj-Napoca	Str. Pasteur nr 73, ap 49	0264.703.840 - 0264.703.844
109	Ag. Grigorescu (Cora)	<b>Cluj</b>	Cluj-Napoca	B-dul 1 Decembrie 1918 nr. 142	0264.703.860 - 0264.703.863
110	Ag. Napoca	<b>Cluj</b>	Cluj-Napoca	Str. Aurel Vlaicu, nr. 80, Ap. 1, jud. Cluj	0264.703.880 - 0264.703.883
111	Ag. Garii	<b>Cluj</b>	Cluj-Napoca	Str. Horea, Nr. 96-106, parter, jud. Cluj	0264.703.900 - 0264.703.903
112	Ag. Brancusi	<b>Cluj</b>	Cluj-Napoca	B-dul C. Brancusi nr. 149, parter	0264.703.920 - 0264.703.924
113	Ag. Piata Unirii	<b>Cluj</b>	Cluj Napoca	Str. Piata Unirii nr. 16	0264.703.960 - 0264.703.963
114	Ag. Aiud	<b>Alba</b>	Aiud	Str. Iuliu Maniu nr. 2	0258.703.620 - 0258.703.625
115	Ag. Tg. Mures (Suc. Mures)	<b>Mures</b>	Targu Mures	Str. Gheorghe Doja nr 64-68	0265.703.500 - 0265.703.925
116	Ag. Ludus	<b>Mures</b>	Ludus	Str. Crinului nr. 1	0265.703.600 - 0265.703.607
117	Ag. Reghin	<b>Mures</b>	Reghin	Str. Mihai Viteazu nr. 20	0265.703.620 - 0265.703.626
118	Ag. Silva	<b>Mures</b>	Reghin	Str. Iernuteni, nr.12, parter, jud. Mures	0265.703.640 - 0265.703.643
119	Ag. Sighisoara	<b>Mures</b>	Sighisoara	Str. Morii nr 14-18	0265.703.660 - 0265.703.668
120	Ag. Tarnaveni	<b>Mures</b>	Tarnaveni	Str. Republicii, nr.74, ap.19, parter	0265.703.700 - 0265.703.708
121	Ag. Mures 1(Selgros)	<b>Mures</b>	Ernei	Comuna Ernei nr. 591	0265.703.720 - 0265.703.726
122	Ag. Miercurea Nirajului	<b>Mures</b>	Miercurea Nirajului	Str. Teilor, Nr. 39	0265.703.740 - 0265.703.743
123	Ag. Bartok Bela	<b>Mures</b>	Targu Mures	Str. Bartok Bela nr 1-3	0265.703.760 - 0265.703.768
124	Ag. Fortuna	<b>Mures</b>	Targu Mures	Str. Infratirii nr 4	0265.703.780 - 0265.703.784
125	Ag. Maris(Altex)	<b>Mures</b>	Targu Mures	Str. Gheorghe Doja, nr. 243	0265.703.800 - 0265.703.802
126	Ag. Teleki	<b>Mures</b>	Targu Mures	Str. 22 Decembrie 1989, nr 15	0265.703.821 - 0265.703.822
127	Ag. Dambu Pietros	<b>Mures</b>	Targu Mures	Targu Mures, strada B-dul 1848 nr.15, judetul Mures	0265.703.840 - 0265.703.843
128	Ag. Sovata	<b>Mures</b>	Sovata	Str. Principala nr.180/A	0265.703.680 - 0265.703.688
129	Ag. Ocna Mures	<b>Alba</b>	Ocna Mures	Str. 9 Mai, Nr. 3, jud. Alba	0258.703.680 - 0258.703.683
130	Ag. Fagaras	<b>Brasov</b>	Fagaras	Str. Republicii nr.27	0268.703.700 - 0268.703.705
131	Ag. Sibiu (Suc. Sibiu)	<b>Sibiu</b>	Sibiu	Piata Aurel Vlaicu, parter, etl si II	0269.703.500 - 0269.703.533

<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
132	Ag. Agnita	<b>Sibiu</b>	Agnita	Str. Avram Iancu nr. 1	0269.703.600 - 0269.703.603
133	Ag. Avrig	<b>Sibiu</b>	Avrig	Str. Samuel Brukenthal nr. 4	0269.703.620 - 0269.703.625
134	Ag. Medias	<b>Sibiu</b>	Medias	Str. I.C. Bratianu nr. 3	0269.703.640 - 0269.703.646
135	Ag. Brukenthal (Sibiu)	<b>Sibiu</b>	Sibiu	Str. Nicolae Balcescu nr. 29	0269.703.660 - 0269.703.663
136	Ag. Saliste	<b>Sibiu</b>	Saliste	Piata Junilor 1313	0269.703.680 - 0269.703.684
137	Ag. Hermannstadt	<b>Sibiu</b>	Sibiu	Str. 9 Mai nr. 2	0269.703.700 - 0269.703.707
138	Ag. Vasile Aaron	<b>Sibiu</b>	Sibiu	Str. Semaforului, bl. 14, Vasile Aaron	0269.703.720 - 0269.703.725
139	Ag. Emil Cioran	<b>Sibiu</b>	Sibiu	Str. Gorjului nr 4,bl 15, ap 9, parter	0269.703.740 - 0269.703.743
140	Ag. Tineretului	<b>Sibiu</b>	Sibiu	Str. Uzinei, Nr. 2A jud. Sibiu	0269.703.760 - 0269.703.763
141	Ag. Vitrometan	<b>Sibiu</b>	Medias	Str Calafat nr 2, bl 8, parter	0269.703.780 - 0269.703.783
142	Ag. Selimbar( Altex)	<b>Sibiu</b>	Sibiu	Com. Selimbar, DN1-km 306,	0269.703.800 - 0269.703.805
143	Ag. Cisnadie	<b>Sibiu</b>	Cisnadie	Str. Apararii nr. 1, ap 2	0269.703.820 - 0269.703.823
144	Ag. Blaj	<b>Alba</b>	Blaj	Str. Timotei Cipariu, bloc T6	0258.703.640 - 0258.703.644
145	Ag. Miercurea Ciuc (Suc. Harghita)	<b>Harghita</b>	Miercurea Ciuc	str.Kossuth Lajos nr.20, bl 27	0266.703.500 - 0266.703.516
146	Ag. Gheorgheni	<b>Harghita</b>	Gheorghieni	Pta Libertatii nr. 7	0266.703.600 - 0266.703.603
147	Ag. Odorheiul Secuiesc	<b>Harghita</b>	Odorheiul Secuiesc	Str. Rakoczi nr. 13	0266.703.620 - 0266.703.626
148	Ag. Toplita	<b>Harghita</b>	Toplita	Str. Nicolae Balcescu nr. 7	0266.703.640 - 0266.703.643
149	Ag. Remetea	<b>Harghita</b>	Remetea	Comuna Remetea, Piata Cseres Tibor Nr. 7, corp C2, parter, jud. Harghita	0266.703.660 - 0266.703.663
150	Ag. Petofi	<b>Harghita</b>	Miercurea Ciuc	B-dul Fratiei nr 5, sc B	0266.703.680 - 0266.703.683
151	Ag. Rupea	<b>Brasov</b>	Rupea	Str. Republicii nr.153	0268.703.720 - 0268.703.726
152	Ag. Sfantu Gheorghe (Suc. Covasna)	<b>Covasna</b>	Sfantu Gheorghe	Str. 1 Decembrie 1918 nr.33-37	0267.703.500 - 0267.703.517
153	Ag. Mikes	<b>Covasna</b>	Sfantu Gheorghe	Str. 1 Decembrie 1918 nr. 137, judetul Covasna	0267.703.600 - 0267.703.603
154	Ag. Covasna	<b>Covasna</b>	Covasna	Str. Libertatii nr.24, Bl 24, sc A	0267.703.620 - 0267.703.625
155	Ag. Intorsura Buzaului	<b>Covasna</b>	Intorsura Buzaului	Str. Mihai Viteazu, Nr. 143, Bloc 6, Scara C, parter, intrarea A	0267.703.640 - 0267.703.643
156	Ag. Tirgu Secuiesc	<b>Covasna</b>	Targu Secuiesc	Str.Curtea 20, nr 1	0267.703.660 - 0267.703.666
157	Ag. Brasov (Suc. Brasov)	<b>Brasov</b>	Brasov	Str. Mihail Kogalniceanu nr. 3	0268.703.500 - 0268.703.554
158	Ag. Calea Bucuresti	<b>Brasov</b>	Brasov	Calea Bucuresti nr. 54	0268.703.600 - 0268.703.607
159	Ag. Piata Sfatului (Brasov)	<b>Brasov</b>	Brasov	Str. Pta Sfatului nr.18	0268.703.620 - 0268.703.626
160	Ag. Star	<b>Brasov</b>	Brasov	Brasov, in cadrul Complexului Duplex 1, B-dul Nicolae Balcescu, nr. 49, jud. Brasov	0268.703.640 - 0268.703.643
161	Ag. Codlea	<b>Brasov</b>	Codlea	Str. Lunga nr. 117	0268.703.660 - 0268.703.664
162	Ag. Ghimbav	<b>Brasov</b>	Ghimbav	Str. Pietii, Nr. 104A	0268.703.680 - 0268.703.683
163	Ag. Sacele	<b>Brasov</b>	Sacele	Pta. Libertatii nr. 20	0268.703.740 - 0268.703.744
164	Ag. Rasnov	<b>Brasov</b>	Rasnov	Str. Republicii, Nr. 24, jud. Brasov	0268.703.760 - 0268.703.763

<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
165	Ag. Brasov 1 (Selgros)	<b>Brasov</b>	Brasov	Calea Bucuresti nr.231	0268.703.780 - 0268.703.784
166	Ag. Racadau	<b>Brasov</b>	Brasov	B-dul Muncii nr 4, sc D, parter	0268.703.800 - 0268.703.804
167	Ag. Astra	<b>Brasov</b>	Brasov	Libraria 19, complex Astra I, str Saturn	0268.703.823 - 0268.703.824
168	Ag. Tractorul	<b>Brasov</b>	Brasov	Str. 1 Decembrie 1918, nr 8, bl 305,306,307, 308 si Str Oltet nr.29,31,33	0268.703.840 - 0268.703.843
169	Ag. Barsei	<b>Brasov</b>	Brasov	Str.Mihai Viteazul nr.42,bl 62, parter	0268.703.860 - 0268.703.863
170	Ag. Zarnesti	<b>Brasov</b>	Zarnesti	Str. Mitropolit Ioan Metianu, nr.4, zona A	0268.703.880 - 0268.703.883
171	Ag. Predeal	<b>Brasov</b>	Predeal	Str. Mihail Saulescu nr.62	0268.703.900 - 0268.703.903
172	Ag. Bartolomeu( Altex)	<b>Brasov</b>	Brasov	Str. Caramidariei nr.1, parter,(in incinta galeriei Altex)	0268.703.920 - 0268.703.923
173	Ag. Buzau (Suc. Buzau)	<b>Buzau</b>	Buzau	Str. Nicolae Balcescu nr.2	0238.703.500 - 0238.703.525
174	Ag. Nehoiu	<b>Buzau</b>	Nehoiu	Str. Mihai Viteazul nr.16	0238.703.600 - 0238.703.603
175	Ag. Ramnicu Sarat	<b>Buzau</b>	Ramnicu Sarat	Str.Victoriei nr 2	0238.703.620 - 0238.703.623
176	Ag. Unirii Sud	<b>Buzau</b>	Buzau	Str. Unirii , bl O2	0238.703.640 - 0238.703.644
177	Ag. Marghiloman (Buzau)	<b>Buzau</b>	Buzau	Str. Dorobanti, bl 7C, Buzau	0238.703.660 - 0238.703.664
178	Ag. Orizont	<b>Buzau</b>	Buzau	Str Unirii , bl H3, parter	0238.703.680 - 0238.703.684
179	Ag. Pogoanele	<b>Buzau</b>	Pogoanele	Str. Unirii nr.1, parter	0238.703.700 - 0238.703.703
180	Ag. Vrancea (Suc. Vrancea)	<b>Vrancea</b>	Focsani	Str. Maior Gheorghe Pastia nr.1	0237.703.500 - 0237.703.516
181	Ag. Adjud	<b>Vrancea</b>	Adjud	Str. Republicii nr.43,bl 92, parter	0237.703.600 - 0237.703.604
182	Ag. Odobesti	<b>Vrancea</b>	Odobesti	Str. Stefan cel Mare, Nr. 40, Bl. G1, parter	0237.703.620 - 0237.703.623
183	Ag. Panciu	<b>Vrancea</b>	Panciu	Str. Nicolae Titulescu nr.75	0237.703.640 - 0237.703.644
184	Ag. Cuza Voda	<b>Vrancea</b>	Focsani	Str. Cuza Voda, Nr. 18, Bloc 18, parter, jud. Vrancea	0237.703.660 - 0237.703.664
185	Ag. Republicii	<b>Vrancea</b>	Focsani	Str.Republicii nr 18, parter	0237.703.680 - 0237.703.685
186	Ag. Bacau (Suc. Bacau)	<b>Bacau</b>	Bacau	Str. Dumbrava Rosie nr.2	0234.703.500 - 0234.703.526
187	Ag. Cora Bacau	<b>Bacau</b>	Bacau	Str. Milcov nr.2A si 2-4, spatiul G31,parter	0234.703.762 - 0234.703.763
188	Ag. Comanesti	<b>Bacau</b>	Comanesti	Str. Republicii nr.22	0234.703.600 - 0234.703.605
189	Ag. Targu Ocna	<b>Bacau</b>	Targu Ocna	Str. C.Negri, Bloc A10, Scara B, parter, zona A, jud. Bacau	0234.703.620 - 0234.703.623
190	Ag. Onesti	<b>Bacau</b>	Onesti	B-dul Oituz nr 19	0234.703.640 - 0234.703.646
191	Ag. Stejarul	<b>Bacau</b>	Onesti	Str. Republicii nr 41	0234.703.660 - 0234.703.661
192	Ag. Vasile Alecsandri (Bacau)	<b>Bacau</b>	Bacau	Str. Ionita Sandu Sturza nr.2	0234.703.680 - 0234.703.688
193	Ag. George Bacovia	<b>Bacau</b>	Bacau	Str Unirii nr 15, sc C parter	0234.703.700 - 0234.703.703
194	Ag. Bradului (Selgros)	<b>Bacau</b>	Bacau	Prelungirea Bradului, nr 135 B, Bacau( in cadrul Selgros Cash &Carry)	0234.703.720 - 0234.703.723
195	Ag. Vasile Lupu	<b>Bacau</b>	Bacau	Str.9 Mai , nr 56, sc B, poz 1, vitrina	0234.703.740 - 0234.703.743
196	Ag. Castanilor	<b>Bacau</b>	Bacau	Str. Marasesti Nr. 165, tronson 2	0234.703.780 - 0234.703.783
197	Ag. Miorita	<b>Bacau</b>	Bacau	Str. Mioritei nr. 74/Unitatea nr. 66	0234.703.800 - 0234.703.803

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198	Ag. Moinesti	<b>Bacau</b>	Moinesti	Str.Tudor Vladimirescu nr.177	0234.703.840 - 0234.703.843
199	Ag. Vaslui (Suc. Vaslui)	<b>Vaslui</b>	Vaslui	Str. Stefan cel Mare bl 94, sc C, D, nr 2-4	0235.703.500 - 0235.703.516
200	Ag. Husi	<b>Vaslui</b>	Husi	Str.Gral Telman nr.1	0235.703.660 - 0235.703.665
201	Ag. Podul Inalt	<b>Vaslui</b>	Vaslui	Str. Traian , bl C2, sc A, parter	0235.703.680 - 0235.703.683
202	Ag. Iasi (Suc. Iasi)	<b>Iasi</b>	Iasi	Str. Anastasie Panu, nr. 31	0232.703.500 - 0232.703.501
203	Ag. Targu Frumos	<b>Iasi</b>	Targu Frumos	Str. Cuza Voda, Bloc 41, Scara A si scara B, parter	0232.703.640 - 0232.703.646
204	Ag. Harlau	<b>Iasi</b>	Harlau	Str. Vasile Gheorghiu, Bloc 8, Scara 1, parter, jud. Iasi	0232.703.660 - 0232.703.666
205	Ag. Podul Ros (Iasi 1)	<b>Iasi</b>	Iasi	Str. Sfantul Lazar nr.47, bloc A 5-6, parter	0232.703.680 - 0232.703.691
206	Ag. Pacurari	<b>Iasi</b>	Iasi	Soseaua Pacurari nr. 15-17, Bloc 538, parter, tronson III	0232.703.700 - 0232.703.709
207	Ag. Stefan cel Mare	<b>Iasi</b>	Iasi	Str. Stefan cel Mare si Sfnt nr 2	0232.703.720 - 0232.703.730
208	Ag. Alexandru cel Bun	<b>Iasi</b>	Iasi	B-dul. Alexandru cel Bun nr. 19, bl. B3, sc b	0232.703.740 - 0232.703.746
209	Ag. Independentei	<b>Iasi</b>	Iasi	Str. Piata Unirii, Nr. 2, Scara B, parter	0232.703.760 - 0232.703.766
210	Ag. Tatarasi	<b>Iasi</b>	Iasi	Str. Ion Creanga nr17, bl U2, parter	0232.703.780 - 0232.703.786
211	Ag. Nicolina (Selgros)	<b>Iasi</b>	Iasi	Str. Nicolina, nr 57A,	0232.703.800 - 0232.703.805
212	Ag. Mircea cel Batran	<b>Iasi</b>	Iasi	Str. Mircea cel Batran nr 1, bl A1, parter	0232.703.820 - 0232.703.821
213	Ag. Bucium	<b>Iasi</b>	Iasi	Str. Bucium, Nr. 19, Bloc B2-1, scara A, parter, jud. Iasi	0232.703.860 - 0232.703.865
214	Ag. Copou	<b>Iasi</b>	Iasi	Str. Oastei, in cadrul Complexului Comercial Copou, cvartal 42, jud. Iasi	0232.703.880 - 0232.703.885
215	Ag. Esplanada	<b>Iasi</b>	Iasi	Str. Petre Tutea (fosta Impacarii), Nr. 15, Bloc 913, Scara Tronson 3, parter, jud. Iasi	0232.703.900 - 0232.703.904
216	Ag. Palas	<b>Iasi</b>	Iasi	Ansamblul Palas, Corp E2, Str. Palat nr. 3E, parter si etaj 1	0232.703.960 - 0232.703.969
217	Ag. Palas Mall	<b>Iasi</b>	Iasi	Palas Shopping Mall (Ansamblu Palas), cladire (Bloc) C3, strada Palas, nr 7A, Iasi	0232.703.840 - 0232.703.843
218	Ag. Buhusi	<b>Bacau</b>	Buhusi	Str. Republicii Nr. 1	0234.703.860 - 0234.703.863
219	Ag. Pascani	<b>Iasi</b>	Pascani	Str. Eugen Stamate bl.D2, parter	0232.703.600 - 0232.703.604
220	Ag. Falticeni	<b>Suceava</b>	Falticeni	B-dul 2 Graniceri, bl 51	0230.703.600 - 0230.703.606
221	Ag. Neamt (Suc. Neamt)	<b>Neamt</b>	Piatra Neamt	Pta. Stefan cel Mare nr.3	0233.703.500 - 0233.703.516
222	Ag. Poiana Teiului	<b>Neamt</b>	Poiana Teiului	Loc. Poiana Teiului	0233.703.600 - 0233.703.604
223	Ag. Roman	<b>Neamt</b>	Roman	Str. Nicolae Titulescu nr.42	0233.703.620 - 0233.703.627
224	Ag. Targu Neamt	<b>Neamt</b>	Targu Neamt	Aleea Salcamilor, nr.1, Complex comercial, zona R,	0233.703.660 - 0233.703.665
225	Ag. Mira	<b>Neamt</b>	Piatra Neamt	B-dul Traian nr 15, bl A3, parter	0233.703.680 - 0233.703.683
226	Ag. Piatra Neamt	<b>Neamt</b>	Piatra Neamt	Bdul Decebal nr.35, Bl I4 , Tronson 3, parter	0233.703.700 - 0233.703.704
227	Ag. Pietricica	<b>Neamt</b>	Piatra Neamt	B-dul Republicii, Nr. 27, Bloc A12, parter, jud. Neamt	0233.703.720 - 0233.703.723
228	Ag. Cozla	<b>Neamt</b>	Piatra Neamt	Str. Mihai Viteazul nr.6A	0233.703.740 - 0233.703.743
229	Ag. Suceava (Suc. Suceava)	<b>Suceava</b>	Suceava	Bdul George Enescu nr 16	0230.703.500 - 0230.703.515

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230	Ag. Gura Humorului	<b>Suceava</b>	Gura Humorului	Pta.Republicii nr.16	0230.703.620 - 0230.703.624
231	Ag. Radauti	<b>Suceava</b>	Radauti	Pta. Unirii nr.33	0230.703.640 - 0230.703.646
232	Ag. Vatra Dornei	<b>Suceava</b>	Vatra Dornei	Str. Mihai Eminescu nr.28	0230.703.661 - 0230.703.664
233	Ag. Bucovina (Suceava 1)	<b>Suceava</b>	Suceava	Str. Nicolae Balcescu nr.2	0230.703.680 - 0230.703.686
234	Ag. Itcani( Selgros)	<b>Suceava</b>	Suceava	Str. Cernauti nr118	0230.703.700 - 0230.703.703
235	Ag. Burdujeni	<b>Suceava</b>	Suceava	Calea Unirii nr.39, bl 92, sc F, parter	0230.703.720 - 0230.703.724
236	Ag. Petru Musat	<b>Suceava</b>	Siret	Str. Latcu Voda, Bloc 14B, parter	0230.703.740 - 0230.703.743
237	Ag. Campulung Moldovenesc	<b>Suceava</b>	Campulung Moldovenesc	Calea Transilvaniei, nr 13-15, parter	0230.703.760 - 0230.703.763
238	Ag. Botosani (Suc. Botosani)	<b>Botosani</b>	Botosani	Calea Nationala nr. 68	0231.703.500 - 0231.703.512
239	Ag. Nicolae Iorga	<b>Botosani</b>	Botosani	B-dul George Enescu nr 2	0231.703.600 - 0231.703.603
240	Ag. Primaverii	<b>Botosani</b>	Botosani	Str. Primaverii, Nr. 11, zona A	0231.703.640 - 0231.703.643
241	Ag. Dorohoi	<b>Botosani</b>	Dorohoi	B-dul Victoriei nr.3-5, Bloc A1 si A3, zona B	0231.703.660 - 0231.703.666
242	Ag. Barlad	<b>Vaslui</b>	Barlad	Str. V Lupu si Str. 1 Decembrie, bl. M4, sc. B si D, parter	0235.703.620 - 0235.703.626
243	Ag. Fagului	<b>Vaslui</b>	Barlad	Str. Fagului, Nr. 3, Bloc D1-8, Scara 6, Apartament 1, parter, jud. Vaslui	0235.703.640 - 0235.703.644
244	Ag. Galati (Suc. Galati)	<b>Galati</b>	Galati	Str. Brailei nr. 31	0236.703.500 - 0236.703.535
245	Ag. Tecuci	<b>Galati</b>	Tecuci	Str. 1 Decembrie 1918, nr.42	0236.703.600 - 0236.703.605
246	Ag. Calistrat Hogas	<b>Galati</b>	Tecuci	Str. 1 Decembrie 1918, Bloc A turn	0236.703.620 - 0236.703.623
247	Ag. Anghel Saligny (Galati)	<b>Galati</b>	Galati	Str. Anghel Saligny bl G4 sc.3	0236.703.640 - 0236.703.643
248	Ag. Dunarea de Jos (Galati 1)	<b>Galati</b>	Galati	Str. Brailei nr.232, bl E4, parter	0236.703.660 - 0236.703.664
249	Ag. Henri Coanda	<b>Galati</b>	Galati	Str Graurului nr 1, bl j5, sc 1, ap 1, parter, Micro 39	0236.703.680 - 0236.703.684
250	Ag. Costache Negri	<b>Galati</b>	Galati	Str. Brailei, aferent bloc I 1 , cartier Tiglina I	0236.703.700 - 0236.703.704
251	Ag. Domneasca	<b>Galati</b>	Galati	Str Domneasca nr 20, bl A, parter	0236.703.720 - 0236.703.724
252	Ag. Traian	<b>Galati</b>	Galati	Str. Traian, nr. 67, zona A, jud.Galati	0236.703.740 - 0236.703.743
253	Ag. Brates	<b>Galati</b>	Galati	Galati, Micro 14, Str. 1 Decembrie 1918, Nr. 12, Bloc S9E, Scara 2, parter, judetul Galati	0236.703.760 - 0236.703.763
254	Ag. Liesti	<b>Galati</b>	Liesti	Comuna Liesti	0236.703.780 - 0236.703.783
255	Ag. Siret (Selgros)	<b>Galati</b>	Galati	B-dul Galati, nr.1 C	0236.703.800 - 0236.703.803
256	Ag. Malina	<b>Galati</b>	Galati	Str. Brailei nr.208, bloc C3A(denumit cofetaria C3-C4), parter	0236.703.820 - 0236.703.823
257	Ag. Tulcea (Suc. Tulcea)	<b>Tulcea</b>	Tulcea	Str. Grivitei nr 19	0240.703.500 - 0240.703.914
258	Ag. Babadag	<b>Tulcea</b>	Babadag	Str. Republicii nr.98, parter, zona A, Babadag	0240.703.600 - 0240.703.603
259	Ag. Dunarea	<b>Tulcea</b>	Tulcea	Str. Isacpei nr.4 bl G 0	0240.703.620 - 0240.703.623
260	Ag. Egreta	<b>Tulcea</b>	Tulcea	Str. Isacpei, Bloc U2, parter, judetul Tulcea	0240.703.640 - 0240.703.643
261	Ag. Delta	<b>Tulcea</b>	Tulcea	Str. Frasinului, nr 4, bl 4, sc B, parter	0240.703.660 - 0240.703.663
262	Ag. Braila (Suc. Braila)	<b>Braila</b>	Braila	Str. Calea Calarasilor nr.34	0239.703.500 - 0239.703.522



<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
263	Ag. 1 Decembrie (Braila 1)	<b>Braila</b>	Braila	Str.1 Decembrie 1918 nr.2	0239.703.600 - 0239.703.606
264	Ag. Panait Istrati	<b>Braila</b>	Braila	Piata Dorobanti, nr.1, bl. 20B	0239.703.620 - 0239.703.623
265	Ag. Belvedere	<b>Braila</b>	Braila	Str.Dorobanti nr.31, bl A 30, parter	0239.703.640 - 0239.703.643
266	Ag. Vidin	<b>Braila</b>	Braila	Str. Galati nr 325, bl 2( magazin nr.34)	0239.703.660 - 0239.703.663
267	Ag. Darclee	<b>Braila</b>	Braila	Sos. Buzaului, Bloc A23, parter, zona A	0239.703.680 - 0239.703.683
268	Ag. Piscului	<b>Braila</b>	Braila	Str. Dorobantilor, Bloc 1, parter, judetul Braila	0239.703.700 - 0239.703.703
269	Ag. Ianca	<b>Braila</b>	Ianca	Str. Calea Brailei, Bloc B3, parter, zona A, jud. Braila	0239.703.720 - 0239.703.723
270	Ag. Viziru	<b>Braila</b>	Braila	Calea Calarasilor nr 319, bl B1, ans Viziru III	0239.703.740 - 0239.703.743
271	Ag. Braila Vest (Selgros)	<b>Braila</b>	Braila	Str. Ramnicu Sarat nr. 92, Braila	0239.703.760 - 0239.703.762
272	Ag. Apollo	<b>Braila</b>	Braila	Str. General Eremia Grigorescu, nr.19, bloc 3A, parter	0239.703.780 - 0239.703.783
273	Ag. Calarasi (Suc. Calarasi)	<b>Calarasi</b>	Calarasi	Str. Bucuresti nr. 111, Parter si Et. 1	0242.703.500 - 0242.703.511
274	Ag. Belsugului (Calarasi)	<b>Calarasi</b>	Calarasi	Str. Belsugului bl D2,sc.1	0242.703.600 - 0242.703.604
275	Ag. Flacara	<b>Calarasi</b>	Calarasi	Str Flacara nr 5, bl C16, sc 4	0242.703.620 - 0242.703.623
276	Ag. Lehliu	<b>Calarasi</b>	Lehliu Gara	Str. Nicolae Titulescu nr.56	0242.703.640 - 0242.703.645
277	Ag. Ialomita (Suc. Ialomita)	<b>Ialomita</b>	Slobozia	Bdul. Chimiei nr.13	0243.703.500 - 0243.703.522
278	Ag. Slobozia	<b>Ialomita</b>	Slobozia	Str. Matei Basarab, Bara Comerciala	0243.703.600 - 0243.703.604
279	Ag. Matei Basarab	<b>Ialomita</b>	Slobozia	Str. Matei Basarab, Bloc 27, Scara A, parter, judetul Ialomita	0243.703.620 - 0243.703.623
280	Ag. Fetesti	<b>Ialomita</b>	Fetesti	Str. Ceahlraul nr.1-3	0243.703.640 - 0243.703.644
281	Ag. Tandarei	<b>Ialomita</b>	Tandarei	Str. Bucuresti bl 52 H, scB	0243.703.660 - 0243.703.665
282	Ag. Urziceni	<b>Ialomita</b>	Urziceni	Str. Eroilor, nr. 16, bl. 101, parter	0243.703.680 - 0243.703.685
283	Ag. Danubius	<b>Ialomita</b>	Fetesti	Str. Calarasi, bl B13, sc C parter	0243.703.700 - 0243.703.703
284	Ag. Dimitrie Ghica	<b>Calarasi</b>	Oltenita	Str. Argesului nr. 33-35, Bloc 107, scara A	0242.703.660 - 0242.703.662
285	Ag. Oltenita	<b>Calarasi</b>	Oltenita	B-dul Tineretului nr 121, bl Sahia 1, sc C	0242.703.680 - 0242.703.686
286	Ag. Giurgiu (Suc. Giurgiu)	<b>Giurgiu</b>	Giurgiu	Str. Vlad Tepes, nr. 20	0246.703.500 - 0246.703.507
287	Ag. Turn (Giurgiu)	<b>Giurgiu</b>	Giurgiu	Sos. Bucuresti, bl. 28/853, parter	0246.703.600 - 0246.703.603
288	Ag. Teleorman (Suc. Teleorman)	<b>Teleorman</b>	Alexandria	Str. Av. Al.Colfescu nr.63	0247.703.500 - 0247.703.521
289	Ag. Alexandria	<b>Teleorman</b>	Alexandria	Str. Libertatii, Nr. 202, jud. Teleorman	0247.703.600 - 0247.703.603
290	Ag. Rosiori de Vede	<b>Teleorman</b>	Rosiorii de Vede	Str. Dunarii Bl D8	0247.703.620 - 0247.703.625
291	Ag. Turnu Magurele	<b>Teleorman</b>	Turnu Magurele	Str. Republicii bl G4	0247.703.640/ 641/642/644
292	Ag. Videle	<b>Teleorman</b>	Videle	Sos Giurgiului nr.21, Complex Stejarul	0247.703.660 - 0247.703.663
293	Ag. Zimnicea	<b>Teleorman</b>	Zimnicea	Str. Mihai Viteazul bl.18C	0247.703.680 - 0247.703.684
294	Ag. Unic	<b>Teleorman</b>	Rosiorii de Vede	Str. Rahovei, Bl.102-103( parter)	0247.703.701 - 0247.703.703
295	Ag. Bolintin Vale	<b>Giurgiu</b>	Bolintin Vale	Str. Republicii bl B 5	0246.703.620 - 0246.703.626

<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
296	Ag. Constanta (Suc. Constanta)	<b>Constanta</b>	Constanta	Bdul Al. Lapusneanu, nr 163C, Constanta, jud Constanta	0241.703.500 - 0241.703.524/ 0241.703.526/ 0241.703.537
297	Ag. Marea Neagra	<b>Constanta</b>	Constanta	Bulevardul Tomis nr. 56, magazin 62, parter si subsol, Constanta	0241.703.620 - 0241.703.623
298	Ag. Eforie Nord	<b>Constanta</b>	Eforie Nord	B-dul Republicii nr.2	0241.703.640 - 0241.703.643
299	Ag. Mangalia	<b>Constanta</b>	Mangalia	Sos. Constantei nr.32, bl PY2, parter	0241.703.680 - 0241.703.683
300	Ag. Callatis	<b>Constanta</b>	Mangalia	B-dul 1 Decembrie 1918, Patiserie	0241.703.700 - 0241.703.702
301	Ag. Lazu( Selgros)	<b>Constanta</b>	Agigea	Sos Mangaliei nr. 1, loc Lazu, comuna Agigea	0241.703.780 - 0241.703.783
302	Ag. Farul	<b>Constanta</b>	Constanta	Str. Dunarii Bl P F4, parter	0241.703.900 - 0241.703.904
303	Ag. Murfatlar	<b>Constanta</b>	Constanta	B-dul 1 Decembrie 1918, nr 10, bl L 52A, parter	0241.703.920 - 0241.703.924
304	Ag. Brizei	<b>Constanta</b>	Constanta	Str. Brizei Nr. 3, bl FB11A, parter, unitatea nr.5	0241.703.960 - 0241.703.963
305	Ag. Histria	<b>Constanta</b>	Constanta	B-dul Aurel Vlaicu, nr.92, bl AV21	0241.703.340 - 0241.703.343
306	Ag. Mercur	<b>Constanta</b>	Constanta	B-dul Tomis Nr. 213, Bl. TS 8, parter	0241.703.801 - 0241.703.802
307	Ag. Capitol	<b>Constanta</b>	Constanta	Bd. Tomis nr. 141, Bloc T1, parter	0241.703.380 - 0241.703.383
308	Ag. Dobrogea	<b>Constanta</b>	Constanta	Sos. Mangaliei nr.185, bloc 4, parter	0241.703.400 - 0241.703.403
309	Ag. Delfinariu (Constanta 1)	<b>Constanta</b>	Constanta	B-dul Mamaia nr.264, bl.PS 5	0241.703.600 - 0241.703.606
310	Ag. Harsova	<b>Constanta</b>	Harsova	Str. Vadului, Bloc V2, Parter, spatiu comercial nr. 17	0241.703.660 - 0241.703.663
311	Ag. Medgidia	<b>Constanta</b>	Medgidia	Str. Republicii nr.12, Bl G4, mag 40 si mag 107	0241.703.720 - 0241.703.726
312	Ag. Lucian Grigorescu	<b>Constanta</b>	Medgidia	Str. Independentei, Bloc E1, judetul Constanta	0241.703.740 - 0241.703.743
313	Ag. Tomis	<b>Constanta</b>	Constanta	Str.Cismelei nr.16, Bl B 5	0241.703.760 - 0241.703.763
314	Ag. Soveja	<b>Constanta</b>	Constanta	Str. Dezrobirii nr 143, bl IV22, parter	0241.703.360 - 0241.703.363
315	Ag. Navodari	<b>Constanta</b>	Navodari	Bulevardul Navodari, Nr. 159	0241.703.820 - 0241.703.822
316	Ag. Valu lui Traian	<b>Constanta</b>	Valu lui Traian	Str. Calea Dobrogei Nr. 78, parter, jud. Constanta	0241.703.840 - 0241.703.843
317	Ag. Trocadero	<b>Constanta</b>	Constanta	B-dul Alexandru Lapusneanu nr.89,bl LE 33	0241.703.860 - 0241.703.865
318	Ag. Litoral(Selgros)	<b>Constanta</b>	Constanta	B-dul Tomis, nr 387	0241.703.940 - 0241.703.943
319	Ag. Ovidiu	<b>Constanta</b>	Ovidiu	Str Nationala nr 74	0241.703.980 - 0241.703.983
320	Ag. Cernavoda	<b>Constanta</b>	Cernavoda	Str.Lt.Ion Musat nr 3A	0241.703.300 - 0241.703.303
321	Ag. Basarabi	<b>Constanta</b>	Murfatlar	Calea Bucuresti, Nr.13, Bloc BA5, parter	0241.703.320 - 0241.703.323
322	Ag. Navodari 1	<b>Constanta</b>	Navodari	Str. Constantei nr.12, bloc B2, sc. C, parter	0241.703.420 - 0241.703.423
323	Ag. Prahova (Suc. Prahova)	<b>Prahova</b>	Ploiesti	Str. Constantin Dobrogeanu Gherea nr. 1A, Bl. D (zonele a.1 si a.2) si nr. 1B, bl. E (zonele b.1, b.2)	0244.703.500 - 0244.703.566
324	Ag. Mizil	<b>Prahova</b>	Mizil	Str.Nicolae Balcescu nr 38, bl 43 B	0244.703.620 - 0244.703.628
325	Ag. Ploiesti 1	<b>Prahova</b>	Ploiesti	B-dul.Republicii nr.118,bl.15 B2,parter	0244.703.700 - 0244.703.707
326	Ag. Mihai Viteazul	<b>Prahova</b>	Ploiesti	B-dul Republicii nr.17, bl A5	0244.703.720 - 0244.703.727
327	Ag. Ploiesti Vest( Selgros)	<b>Prahova</b>	Ploiesti	Str. Gh. Grigore Cantacuzino nr 366A	0244.703.740 - 0244.703.744

<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
328	Ag. Mihai Bravu	<b>Prahova</b>	Ploiesti	Str. Mihai Bravu, Aleea Chimiei 5, bloc 4B, parter si Str. Mihai Bravu nr 4A-4B magazin 125, carne bl 4A	0244.703.760 - 0244.703.766
329	Ag. Orient	<b>Prahova</b>	Ploiesti	B-dul Bucuresti nr 11, bloc 8C	0244.703.780 - 0244.703.785
330	Ag. Ploiesti Nord	<b>Prahova</b>	Ploiesti	Sos Nordului nr 1 A	0244.703.800 - 0244.703.803
331	Ag. Aurora	<b>Prahova</b>	Ploiesti	Str. Sold. Erou Moldoveanu Marian, parter, Complex Aurora Vest	0244.703.820 - 0244.703.823
332	Ag. Caragiale	<b>Prahova</b>	Ploiesti	Str. Grivitei nr.2, bloc.H, parter, zona B	0244.703.841 - 0244.703.843
333	Ag. Malu Rosu	<b>Prahova</b>	Ploiesti	Str. Malu Rosu, Nr. 87A, Bloc 101C1, parter	0244.703.880 - 0244.703.883
334	Ag. Bucov (AFI mall)	<b>Prahova</b>	Ploiesti	Str. Calomfirescu Nr. 2, Ploiesti, Jud. Prahova, România, Unitatea nr. G130, in incinta Centrului Comercial AFI Palace Ploiesti	0244.703.900 - 0244.703.903
335	Ag. Piata Victoriei	<b>Prahova</b>	Ploiesti	Str. Piata Victoriei, nr.9, Bl. CC sud, parter, jud. Prahova	0244.703.920 - 0244.703.923
336	Ag. Valenii de Munte	<b>Prahova</b>	Valenii de Munte	Str. Nicolae Iorga nr.76, bl C2, parter	0244.703.640 - 0244.703.644
337	Ag. Urlati	<b>Prahova</b>	Urlati	Str. 1 Mai, Nr. 116, parter	0244.703.960 - 0244.703.963
338	Ag. Targoviste (Suc. Dambovita)	<b>Dambovita</b>	Targoviste	Str. Calea Domneasca nr. 227	0245.703.500 - 0245.703.521
339	Ag. Chindia	<b>Dambovita</b>	Targoviste	Str. Constantin Brancoveanu , bl 11, sc D, parter	0245.703.620 - 0245.703.623
340	Ag. Pucioasa	<b>Dambovita</b>	Pucioasa	Str. Republicii, bl Delia, sc B, parter	0245.703.640 - 0245.703.643
341	Ag. Caraiman	<b>Dambovita</b>	Targoviste	B-dul Independentei nr. 24-25	0245.703.661 - 0245.703.663
342	Ag. Crizantemelor	<b>Dambovita</b>	Targoviste	Str. Calea Bucuresti, Bloc O1, Scara B, parter, jud. Dambovita	0245.703.681 - 0245.703.683
343	Ag. Valahia	<b>Dambovita</b>	Targoviste	B-dul. Independentei, Bl H13, ap.1, parter, judetul Dambovita	0245.703.701 - 0245.703.703
344	Ag. Moreni	<b>Dambovita</b>	Moreni	Str. Culturii, Bl D1, sc D	0245.703.720 - 0245.703.723
345	Ag. Busteni	<b>Prahova</b>	Busteni	B-dul Libertatii nr. 166	0244.703.603 - 0244.703.605 605
346	Ag. Campina	<b>Prahova</b>	Campina	Str.1 Mai bl 12 G, parter	0244.703.660 - 0244.703.665
347	Ag. Carol	<b>Prahova</b>	Campina	Str. Carol I, nr 17, bl 17 D1, Campina	0244.703.680 - 0244.703.684
348	Ag. Sinaia	<b>Prahova</b>	Sinaia	B-dul Carolnr 32	0244.703.940 - 0244.703.943
349	Ag. Comarnic	<b>Prahova</b>	Comarnic	Str. Republicii, Nr. 98 - 100	0244.703.980 - 0244.703.983
350	Ag. Baicoi	<b>Prahova</b>	Baicoi	Str.Republicii nr 20, bl 28	0244.703.400 - 0244.703.403
351	Ag. Breaza	<b>Prahova</b>	Breaza	Str. Republicii nr.21	0244.703.420 - 0244.703.423
352	Ag. Titu	<b>Dambovita</b>	Titu	Str. Petru Rares nr.6	0245.703.600 - 0245.703.603
353	Ag. Gaesti	<b>Dambovita</b>	Gaesti	Str.13 Decembrie nr 39, bl 46, sc F, parter	0245.703.740 - 0245.703.743
354	Ag. Arges (Suc. Arges)	<b>Arges</b>	Pitesti	Str. Craiovei nr. 42	0248.703.500 - 0248.703.549
355	Ag. Campulung	<b>Arges</b>	Campulung Muscel	Str. Negru Voda nr.117, bl 1	0248.703.600 - 0248.703.606
356	Ag. Mioveni	<b>Arges</b>	Mioveni	Bdul Dacia bl. V 2 B	0248.703.660 - 0248.703.666
357	Ag. Pitesti	<b>Arges</b>	Pitesti	Calea Bucuresti , bl U1-U2	0248.703.680 - 0248.703.686
358	Ag. Gavana	<b>Arges</b>	Pitesti	Str Liviu Rebreanu, nr 2, bl N2, parter	0248.703.700 - 0248.703.703

<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
359	Ag. Eremia	<b>Arges</b>	Pitesti	Str Eremia Grigorescu, bl P1, parter	0248.703.720 - 0248.703.723
360	Ag. Razboieni	<b>Arges</b>	Pitesti	Str. Independentei nr. 9, Complex Alimentar (Complexul Comercial Triumph), zona A	0248.703.740 - 0248.703.743
361	Ag. Pitesti 2	<b>Arges</b>	Pitesti	Pta. Vasile Milea, bl A4, parter	0248.703.823 - 0248.703.828
362	Ag. Exercitiu	<b>Arges</b>	Pitesti	Str. Bibescu Voda, bl A, parter	0248.703.841 - 0248.703.842
363	Ag. Balcescu	<b>Arges</b>	Pitesti	Str.B-dul Nicolae Balcescu, blS5, tronson D si E, parter, Pitesti	0248.703.860 - 0248.703.863
364	Ag. Fratii Golesti	<b>Arges</b>	Pitesti	B-dul Petrochimistilor, bloc B 32, parter	0248.703.880 - 0248.703.883
365	Ag. Trivale	<b>Arges</b>	Pitesti	Str. Libertatii, Complex Piata Trivale	0248.703.900 - 0248.703.903
366	Ag. Topoloveni	<b>Arges</b>	Topoloveni	str. Calea Bucuresti, bl P 26, parter	0248.703.920 - 0248.703.923
367	Ag. Davila	<b>Arges</b>	Pitesti	Str. Maior Sontu, bl D4	0248.703.940 - 0248.703.943
368	Ag. Curtea de Arges	<b>Arges</b>	Curtea de Arges	Str. Basarabilor nr. 27-29	0248.703.761 - 0248.703.765
369	Ag. Ivancea	<b>Arges</b>	Curtea de Arges	Str. Albesti, Bloc Z2, parter	0248.703.781 - 0248.703.782
370	Ag. Domnesti	<b>Arges</b>	Domnesti	B-dul. Alexandru Ioan Cuza nr.3, in incinta Casei de Cultura	0248.703.801 - 0248.703.803
371	Ag. Valcea (Suc. Valcea)	<b>Valcea</b>	Ramnicu Valcea	Str. Stirbei Voda, nr. 2, bl T1	0250.703.500 - 0250.703.530
372	Ag. Calimanesti	<b>Valcea</b>	Calimanesti	Str. Calea lui Traian nr.322, parter si etaj	0250.705.021 - 0250.705.023
373	Ag. Berbesti	<b>Valcea</b>	Berbesti	Bl B1, parter, Berbesti	0250.705.061 - 0250.705.064
374	Ag. Horezu	<b>Valcea</b>	Horezu	Str. 1 Decembrie nr.5	0250.705.081 - 0250.705.085
375	Ag. Ostroveni	<b>Valcea</b>	Ramnicu Valcea	B-dul Tineretului nr 8	0250.705.120 - 0250.705.122
376	Ag. Valcea Sud	<b>Valcea</b>	Ramnicu Valcea	Str. Calea lui Traian, Bloc S9, "Restaurant Sud", parter	0250.705.141 - 0250.705.143
377	Ag. Valcea Est	<b>Valcea</b>	Ramnicu Valcea	Str. Nicolae Balcescu, nr.35, jud. Valcea	0250.705.161 - 0250.705.163
378	Ag. Valcea Nord	<b>Valcea</b>	Ramnicu Valcea	Str. Calea lui Traian nr 160, bl 21, parter, zona A	0250.705.181 - 0250.705.183
379	Ag. Babeni	<b>Valcea</b>	Babeni	Str. Calea lui Traian nr.105, parter, punct " La Canton"	0250.705.200 - 0250.705.203
380	Ag. Dolj (Suc. Dolj)	<b>Dolj</b>	Craiova	Str Sfantu Dumitru, nr.8, parter, Craiova, Jud. Dolj	0251/703. 506/ 504/ 522
381	Ag. Calafat	<b>Dolj</b>	Calafat	Str. 22 Decembrie, Nr. 8, parter	0251.703.600 - 0251.703.603
382	Ag. Craiova 1	<b>Dolj</b>	Craiova	Calea Unirii nr.14, Complex Comercial Mercur	0251.703.620 - 0251.703.627
383	Ag. Oltenia (Ag Craiova Noua)	<b>Dolj</b>	Craiova	str. Calea Bucuresti, bl A14-A15	0251.703.640 - 0251.703.643; 0251.703.645
384	Ag. Craiova Est(Selgros)	<b>Dolj</b>	Craiova	Str. Caracal nr. 258	0251.703.661 - 0251.703.663
385	Ag. Romanescu	<b>Dolj</b>	Craiova	Str. Nicolae Romanescu nr. 6 C, parter	0251.703.681 - 0251.703.683
386	Ag. Nicolae Titulescu	<b>Dolj</b>	Craiova	Str. Nicolae Titulescu nr 8	0251.703.701; 0251.703.703 - 0251.703.707; 0251.703.709 - 0251.703.710
387	Ag. Cetatea Baniei	<b>Dolj</b>	Craiova	Bdul. Olteniei nr.2, parter	0251.703.721 - 0251.703.724
388	Ag. Expres	<b>Dolj</b>	Craiova	B-dul. Dacia nr. 136, bl. C, parter	0251.703.740 - 0251.703.744
389	Ag. Valea Rosie	<b>Dolj</b>	Craiova	Str. Sarari(Henri Coanda, nr 59), bl M 53, parter,	0251.703.761 - 0251.703.763

<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
390	Ag. Sarari	<b>Dolj</b>	Craiova	Cartier Lapus, Str. Calea Bucuresti, Bloc N16-17, parter	0251.703.780 - 0251.703.782
391	Ag. Marin Sorescu	<b>Dolj</b>	Craiova	Str.1 Decembrie 1918 nr.27	0251.703.800 - 0251.703.802
392	Ag. Olt (Suc. Olt)	<b>Olt</b>	Slatina	Str. Tudor Vladimirescu nr.1-3	0249.703.501 - 0249.703.525
393	Ag. Bals	<b>Olt</b>	Bals	Str. N. Balcescu, Bloc 26(ABC), scara A, parter	0249.703.601 - 0249.703.602
394	Ag. Caracal	<b>Olt</b>	Caracal	Str. Parangului bl.4 A	0249.703.621 - 0249.703.626
395	Ag. Draganesti Olt	<b>Olt</b>	Draganesti Olt	Str. Nicolae Titulescu nr.129	0249.703.661 - 0249.703.663
396	Ag. Scornicesti	<b>Olt</b>	Scornicesti	B-dul. Muncii nr. 7, bloc 1A, scara B, parter	0249.703.681 - 0249.703.683
397	Ag. Slatina	<b>Olt</b>	Slatina	B-dul.Alex Ioan Cuza Bl D9,D10,parter	0249.703.701 - 0249.703.706
398	Ag. Minulescu	<b>Olt</b>	Slatina	Str. Arcului nr. 1A	0249.703.721 - 0249.703.723
399	Ag. Select	<b>Olt</b>	Slatina	Strada Ecaterina Teodoroiu, Bloc 20A, Scara A, Parter, jud. Olt	0249.703.741 - 0249.703.743
400	Ag. Crisan	<b>Olt</b>	Slatina	Str. Crisan II, nr 4	0249.703.761 - 0249.703.763
401	Ag. Costesti	<b>Arges</b>	Costesti	Str.Victoriei bl. L 21, parter	0248.703.641 - 0248.703.645
402	Ag. Dragasani	<b>Valcea</b>	Dragasani	Str. Gib Mihaescu nr. 20, bl 52	0250.705.041 - 0250.705.044
403	Ag. Corabia	<b>Olt</b>	Corabia	Str. 1 Mai, bl 32-33	0249.703.641 - 0249.703.643
404	Ag. Gorj (Suc. Gorj)	<b>Gorj</b>	Targu Jiu	Str. Tudor Vladimirescu nr.17	0253.703.500 - 0253.703.523
405	Ag. Tg Jiu	<b>Gorj</b>	Targu Jiu	Str. Republicii, bl 25, sc 3, parter	0253.703.600 - 0253.703.607
406	Ag. Lido	<b>Gorj</b>	Targu Jiu	Str.9 Mai, Bloc Lido, parter, jud. Gorj	0253.703.621 - 0253.703.622
407	Ag. Rovinari	<b>Gorj</b>	Rovinari	Str Prieteniei nr 13 bis	0253.703.640 - 0253.703.643
408	Ag. Targu Carbunesti	<b>Gorj</b>	Tg. Carbunesti	Str.Trandafirilor, bl B4, parter	0253.703.661 - 0253.703.663
409	Ag. Motru	<b>Gorj</b>	Motru	Str.Trandafirilor	0253.703.680 - 0253.703.683
410	Ag. Bumbesti Jiu	<b>Gorj</b>	Bumbesti Jiu	Str. Parangului, nr.28A, Complex Mestesugaresc, jud. Gorj	0253.703.700 - 0253.703.703
411	Ag. Ecaterina Teodoroiu	<b>Gorj</b>	Tg. Jiu	Str. Victoriei bl. 194, parter	0253.703.720 - 0253.703.723
412	Ag. Turceni	<b>Gorj</b>	Turceni	Str. Uzinei nr.1, Bl.27, parter, Preuzinal	0253.703.740 - 0253.703.743
413	Ag. Mehedinti (Suc. Mehedinti)	<b>Mehedinti</b>	Drobeta Turnu Severin	Bdul T.Vladimirescu nr 125-127	0252.703.500 - 0252.703.513
414	Ag. Turnu Severin	<b>Mehedinti</b>	Drobeta Turnu Severin	Bdul.Mihai Viteazul nr.20, bl Z7B, parter	0252.703.600 - 0252.703.604
415	Ag. Orsova	<b>Mehedinti</b>	Orsova	Str.1 decembrie 1918, nr 21, bl C1-C2	0252.703.620 - 0252.703.623
416	Ag. Cora Turnu Severin	<b>Mehedinti</b>	Drobeta Turnu Severin	Str. Constructorului nr. 1	0252.703.661 - 0252.703.663
417	Ag. Buftea	<b>Ilfov</b>	Buftea	Str.Mihai Eminescu nr.6 bl R5, parter	021.370.40.20 - 021.370.40.25
418	Ag. Chitila Residenz	<b>Ilfov</b>	Chitila	Sos. Banatului nr. 14, Bl. 9, parter, spatiul comercial nr. 2	021.370.41.60 - 021.370.41.63
419	Ag. Campineanu	<b>Bucuresti</b>	Bucuresti	Str. Ion Campineanu, Nr. 33, Sector 1	021.370.02.22- 021.370.02.24
420	Ag. Bucuresti (Suc. Municipiului Bucuresti)	<b>Bucuresti</b>	Bucuresti	Str. Grigore Alexandrescu nr.4A, sector 1( deserveste PJ) Calea Victoriei nr.224, bl.D5, sector 1( deserveste PF)	PJ: 021.209.36.14 021.209.37.09 PF:021.370.00.00 - 021.370.01.06
421	Ag. Grivita	<b>Bucuresti</b>	Bucuresti	Calea Grivitei nr.163, sect 1	021.370.02.80 - 021.370.02.87



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422	Ag. Ion Mihalache	<b>Bucuresti</b>	Bucuresti	Str. Ion Mihalache nr 109, bl 13 A, parter, sect 1	021.370.03.60 - 021.370.03.63
423	Ag. Grant	<b>Bucuresti</b>	Bucuresti	Str. Calea Grivitei nr 206, parter, ap.SP COM, sect 1	021.370.03.80 - 021.370.03.83
424	Ag. Stirbei Voda	<b>Bucuresti</b>	Bucuresti	Calea Stirbei Voda nr 152, bl 26 B	021.370.04.01 - 021.370.04.04
425	Ag. Chibrit	<b>Bucuresti</b>	Bucuresti	Calea Grivitei, Nr. 236, sector 1	021.370.04.60 - 021.370.04.64
426	Ag. Titulescu	<b>Bucuresti</b>	Bucuresti	Bd. Nicolae Titulescu, nr. 18, bl. 23, parter, sector 1	021.370.04.80 - 021.370.04.83
427	Ag. Magheru	<b>Bucuresti</b>	Bucuresti	Strada Bdul. Nicolae Balcescu Nr. 23A, sector 1	021.370.05.20 - 021.370.05.23
428	Ag. Giulesti	<b>Bucuresti</b>	Bucuresti	Calea Giulesti, nr. 123, sect. 6	021.370.05.40 - 021.370.05.43
429	Ag. Pajura	<b>Bucuresti</b>	Bucuresti	Bucuresti Sector 1, Str. Pajurei, Nr. 7, apartament SP.COM, Zona A	021.370.05.60 - 021.370.05.63
430	Ag. Chitila	<b>Bucuresti</b>	Bucuresti	Str. Chitilei nr. 197, sect 1	021.370.05.80 - 021.370.05.84
431	Ag. Domenii	<b>Bucuresti</b>	Bucuresti	Bdl Ion Mihalache nr.187, Bl. 4, et. P+S, ap. Sp. Com . Dreapta	021.370.06.20 - 021.370.06.23
432	Ag. Bucurestii Noi	<b>Bucuresti</b>	Bucuresti	Bucuresti, Sector 1, Bdul Bucurestii Noi, Nr. 56, Bloc 56, Scara B, etaj P	021.370.06.60 - 021.370.06.63
433	Ag. Piata Amzei	<b>Bucuresti</b>	Bucuresti	Piata Amzei nr.19, sect 1	021.370.03.20 - 021.370.03.29
434	Ag. Perla	<b>Bucuresti</b>	Bucuresti	Bdul. Iancu de Hunedoara, Nr. 64, Bl. 12B, parter, sector 1, zona B	021.370.13.00 - 021.370.13.03
435	Ag. Otopeni	<b>Ilfov</b>	Otopeni	Str. 23 August, nr 1, bl B11, parter	021.370.40.40 - 021.370.40.43
436	Ag. Snagov	<b>Ilfov</b>	Snagov	Comuna Snagov, Judet Ilfov, Sat Ghermanesti nr 59	021.370.40.60 - 021.370.40.64
437	Ag.Pipera Tunari	<b>Ilfov</b>	Voluntari	Soseaua Pipera Tunari, nr.48D, Voluntari, Jud.Ilfov	021.370.03.01 - 021.370.03.03
438	Ag Feeria (fosta CITI)	<b>Bucuresti</b>	Bucuresti	Centrul comercian Baneasa, Shopping Citi, Soseaua Bucuresti-Ploiesti 42D, sector 1	021.209.43.31
439	Ag. Baneasa (Selgros)	<b>Bucuresti</b>	Bucuresti	Sos. Bucuresti-Ploiesti nr.55-65, sect 1	021.370.02.00 - 021.370.02.03
440	Ag. Calea Dorobanti (fosta CITI)	<b>Bucuresti</b>	Bucuresti	Calea Dorobanti, nr. 134, parter,sector 1	031.403.62.10
441	Ag. Dorobanti	<b>Bucuresti</b>	Bucuresti	Pta. Dorobanti nr.1, sect 1	021.370.02.60 - 021.370.02.70
442	Ag. Pipera	<b>Bucuresti</b>	Bucuresti	Bdul. Dimitrie Pompei nr. 9-9A, sect 2	021.306.20.31 - 021.306.20.32
443	Ag. Piata Romana	<b>Bucuresti</b>	Bucuresti	Piata Romana nr.9, sect 1	021.370.03.40 - 021.370.03.47
444	Ag. Aviatiei	<b>Bucuresti</b>	Bucuresti	Sos Pipera , nr 21-23, bl E3, sect 1	021.370.04.20 - 021.370.04.24
445	Ag. Aerogarii	<b>Bucuresti</b>	Bucuresti	B-dul. Aerogarii, nr.2- 8, bloc II 1, parter, zona A, sector 1	021.370.04.40 - 021.370.04.43
446	Ag. Floreasca	<b>Bucuresti</b>	Bucuresti	Str. Calea Floreasca nr. 111-113, etaj P, ap.SP Com	021.370.06.00 - 021.370.06.03
447	Ag. Lizeanu	<b>Bucuresti</b>	Bucuresti	Sos Stefan cel Mare nr 52, bl 36, parter, sect 2	021.370.11.00 - 021.370.11.04
448	Ag. Lacul Tei	<b>Bucuresti</b>	Bucuresti	Strada Lacul Tei nr.75, bl. 16, zona A, sector 2	021.370.13.42 021.370.13.43
449	Ag. Barbu Vacarescu	<b>Bucuresti</b>	Bucuresti	Bucuresti Sector 2, Strada Sos. Stefan Cel Mare Nr. 24, Bloc 24B, etaj parter, zona A	021.370.14.20 - 021.370.14.23
450	Ag. Teiul Doamnei	<b>Bucuresti</b>	Bucuresti	Bucuresti Sector 2, Strada Teiul Doamnei Nr. 15, Bloc 37, Zona A	021.370.15.20 - 021.370.15.23
451	Ag. Piata Presei	<b>Bucuresti</b>	Bucuresti	Bucuresti Sector 1, P-ta Presei Libere, nr. 3-5, cladirea City Gate, Turnul de Nord	021.370.36.25 - 021.370.36.26

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452	Ag. Friedrich Wilhelm	<b>Bucuresti</b>	Bucuresti	Bucuresti, str. Roma, nr. 37, sector 1	021.370.37.00
453	Ag. Floreasca City Center	<b>Bucuresti</b>	Bucuresti	Calea Floreasca nr 246 D, sector 1, Bucuresti, parter	021.306.21.33
454	Ag. Colentina	<b>Bucuresti</b>	Bucuresti	Sos. Colentina nr.24, sector 2.	021.370.11.60 - 021.370.11.68
455	Ag. Rosetti	<b>Bucuresti</b>	Bucuresti	Piata Rosetti nr. 4, Sector 2	021.370.13.80 - 021.370.13.83
456	Ag. Bucur Obor	<b>Bucuresti</b>	Bucuresti	Sos Colentina nr 1, bloc 34, parter, sect 2	021.370.13.60 - 021.370.13.64
457	Ag. Armeneasca	<b>Bucuresti</b>	Bucuresti	Calea Mosilor, Nr. 256-258, Bloc 4Bis, Parter, sector 2	021.370.11.40 - 021.370.11.43
458	Ag. Voluntari	<b>Ilfov</b>	Voluntari	Str. Nicolae Iorga, Nr. 67, parter, zona A	021.370.40.80 - 021.370.40.83
459	Ag. Comuna Pantelimon	<b>Ilfov</b>	Pantelimon	Str. Tudor Vladimirescu, nr. 20, zona A, Comuna Pantelimon	021.370.41.40 - 021.370.41.43
460	Ag. Bratianu	<b>Bucuresti</b>	Bucuresti	Str. Lipscani, nr. 90A, parter si etaj 1, Sector 3	021.370.10.00 - 021.370.10.04
461	Ag. Iancului	<b>Bucuresti</b>	Bucuresti	Sos Iancului nr.2, bl 113C	021.370.10.40 - 021.370.10.46
462	Ag. Mosilor(dedicata PJ)	<b>Bucuresti</b>	Bucuresti	Calea Mosilor nr. 221 bl 31A, corp A, sect 2	021.370.10.60 - 021.370.10.67
463	Ag. Delfinului	<b>Bucuresti</b>	Bucuresti	Sos. Pantelimon nr.254, sect 2	021.370.11.20 - 021.370.11.22
464	Ag. Colentina 1(Carrefour)	<b>Bucuresti</b>	Bucuresti	Sos Colentina nr, 426-426A	021.370.11.80 - 021.370.11.84
465	Ag. Pantelimon	<b>Bucuresti</b>	Bucuresti	Sos. Pantelimon nr.300, sect 2	021.370.12.00 - 021.370.12.07
466	Ag. Pantelimon 1(Selgros)	<b>Bucuresti</b>	Com. Pantelimon	B-dul Biruintei nr.90, comuna Pantelimon.	021.370.12.20 - 021.370.12.24
467	Ag. Vergului(Cora)	<b>Bucuresti</b>	Bucuresti	Sos Vergului nr.20, sector 2	021.370.12.40 - 021.370.12.44
468	Ag. Ritmului	<b>Bucuresti</b>	Bucuresti	Sos Pantelimon nr 89, bl404, parter, sect 2	021.370.13.20 - 021.370.13.23
469	Ag. Dimitrov	<b>Bucuresti</b>	Bucuresti	Sos Mihai Bravu, nr. 39, bl. P15, sector 2	021.370.14.00 - 021.370.14.03
470	Ag. Granitul	<b>Bucuresti</b>	Bucuresti	Sos Pantelimon nr. 354, Sector 2 , Bucuresti	021.370.14.40 - 021.370.14.43
471	Ag. Calea Mosilor (dedicata PF)	<b>Bucuresti</b>	Bucuresti	Calea Mosilor nr. 225, bl. 33-35, parter, sector 2	021.370.14.60 - 021.370.14.65
472	Ag. Fundeni	<b>Bucuresti</b>	Bucuresti	Bucuresti Sector 2, Sos Colentina Nr. 76, Bloc 111, parter, zona A	021.370.15.40 - 021.370.15.43
473	Ag. Lucretiu Patrascanu	<b>Bucuresti</b>	Bucuresti	Str. Lucretiu Patrascanu nr. 17, bl.MC 18, sector 3	021.370.14.80 - 021.370.14.83
474	Ag. Delea Veche	<b>Bucuresti</b>	Bucuresti	Calea Calarasi, nr. 180, bl. 61, tronson 1+2, parter, sector 3	021.370.12.80 - 021.370.12.83
475	Ag. Basarabia	<b>Bucuresti</b>	Bucuresti	Bld.Basarabia nr.55, bl M22, sect 2	021.370.12.60 - 021.370.12.63
476	Ag. Unirea	<b>Bucuresti</b>	Bucuresti	Bdv. Bratianu, Nr 39, Bl. P6, Sect 3	021.370.10.80 - 021.370.10.89
477	Ag. Titan Mall	<b>Bucuresti</b>	Bucuresti	Bd. 1 Decembrie 1918 nr. 33A, sector 3	021.370.30.80 - 021.370.30.83
478	Ag. Bucuresti Mall	<b>Bucuresti</b>	Bucuresti	Str. Vitan nr.58, sect 3	021.370.32.60 - 021.370.32.65
479	Ag. Decebal	<b>Bucuresti</b>	Bucuresti	Bdul. Decebal nr.16,bl S5, tronson II si III, sect 3	021.370.32.80 - 021.370.32.88
480	Ag. Vitan	<b>Bucuresti</b>	Bucuresti	Pta Alba Iulia nr 1, sect 3	021.370.30.00 - 021.370.30.04
481	Ag. Camil Ressu	<b>Bucuresti</b>	Bucuresti	B-dul Camil Ressu nr 62, bl 1D	021.370.33.20 - 021.370.33.23
482	Ag. Rebreanu	<b>Bucuresti</b>	Bucuresti	Str. Liviu Rebreanu, nr. 14, bl.K3, parter	021.370.33.40 - 021.370.33.44
483	Ag. Nerva Traian	<b>Bucuresti</b>	Bucuresti	Str.Nerva Traian nr 15, bl M69, tronson 2 partial/2	021.370.33.60 - 021.370.33.63
484	Ag. Timpuri Noi	<b>Bucuresti</b>	Bucuresti	Str. Calea Vacaresti nr 220, bl 69, sp com ( mag 64)	021.370.33.80 - 021.370.33.83

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485	Ag. Piata Muncii	<b>Bucuresti</b>	Bucuresti	Sos Mihai Bravu nr 288, Bl C3, parter, sector 3	021.370.35.80 - 021.370.35.83
486	Ag. Titan	<b>Bucuresti</b>	Bucuresti	Bld. Nicolae Grigorescu nr 53, Ca 13, sect 3	021.370.34.20 - 021.370.34.23
487	Ag. Titan Est	<b>Bucuresti</b>	Bucuresti	B-dul. 1 Decembrie 1918, nr. 37, zona A, sector 3	021.370.34.40 - 021.370.34.43
488	Ag. Vitan Sud	<b>Bucuresti</b>	Bucuresti	Sos. Mihai Bravu, Nr. 325, Bloc 55, spatiu comercial CA 38, zona A, sector 3	021.370.34.80 - 021.370.34.83
489	Ag. Rond Baba Novac	<b>Bucuresti</b>	Bucuresti	Bucuresti Sector 3, Str Sos Mihai Bravu Nr 302-304, Bl B13, Sc 1, Etaj Parter, Apartament Sp Com	021.370.35.00 - 021.370.35.03
490	Ag. Trapezului	<b>Bucuresti</b>	Bucuresti	Bucuresti Sector 3, B-Dul Theodor Pallady, Nr. 27, Bloc G3 BIS	021.370.35.20 - 021.370.35.23
491	Ag. Dristor	<b>Bucuresti</b>	Bucuresti	Bdul Camil Ressu nr.2, bloc R1, parter, sector 3	021.370.35.60 - 021.370.35.62
492	Ag. Popesti Leordeni	<b>Ilfov</b>	Popesti Leordeni	Sos. Oltenitei Nr. 23, Bloc M1, parter	021.370.40.00 - 021.370.40.03
493	Ag. Sebastian	<b>Bucuresti</b>	Bucuresti	Str.Calea 13 Septembrie nr.221-225, sect 5	021.370.21.20 - 021.370.21.30
494	Ag. Victoria(Smardan)	<b>Bucuresti</b>	Bucuresti	Calea Victoriei nr 21, sector 3, corp B, tip S+P+M	021.370.20.00 - 021.370.20.09
495	Ag. Toporasi	<b>Bucuresti</b>	Bucuresti	Str.Sos Giurgiului nr.131, parter, sect 4	021.370.21.40 - 021.370.21.47
496	Ag. Progresul	<b>Bucuresti</b>	Bucuresti	Str. Giurgiului, soseaua nr 118, bl 12, sect 4	021.370.22.20 - 021.370.22.23
497	Ag. Ferentari	<b>Bucuresti</b>	Bucuresti	Calea Ferentari nr 20, bl 126, parter, lotul A, sector 5	021.370.22.40 - 021.370.22.43
498	Ag. Rond Cosbuc	<b>Bucuresti</b>	Bucuresti	B-dul. Libertatii, nr. 4, bl. 117, parter, sector 4	021.370.22.60 - 021.370.22.63
499	Ag. Prelungirea Ferentari	<b>Bucuresti</b>	Bucuresti	Bucuresti Sector 5, Str. Prel. Ferentari, Nr. 52-60, Bloc B, etaj P, apartament Spatiul 3	021.370.24.60 - 021.370.24.63
500	Ag. Liberty Center(mall)	<b>Bucuresti</b>	Bucuresti	Sos. Progresului nr.151-171, unitatea nr.1.26, sector 5	021.370.25.00 - 021.370.25.03
501	Ag. Berceni (Selgros)	<b>Bucuresti</b>	Bucuresti	Sos. Turnu Magurele nr.92-108, sector 4	021.370.30.40 - 021.370.30.44
502	Ag. Brancoveanu	<b>Bucuresti</b>	Bucuresti	Sos Oltenitei nr.56, bl.11C, sect 4	021.370.31.00 - 021.370.31.03
503	Ag. Obregia	<b>Bucuresti</b>	Bucuresti	B-dul Alexandru Obregia nr.7A, bl128, sect 4	021.370.31.20 - 021.370.31.27
504	Ag. Sincai	<b>Bucuresti</b>	Bucuresti	B-dul Tineretului nr. 1bl 5, parter	021.370.31.60 - 021.370.31.63
505	Ag. Barzesti	<b>Bucuresti</b>	Bucuresti	Soseaua Oltenitei nr. 254, bl 151, sect 4	021.370.31.80 - 021.370.31.83
506	Ag. Cantemir	<b>Bucuresti</b>	Bucuresti	Str. Dimitrie Cantemir, Nr. 13, sector 4	021.370.32.00 - 021.370.32.03
507	Ag. Aparatorii Patriei	<b>Bucuresti</b>	Bucuresti	Sos. Berceni, Nr. 183, sect. 4, zona C	021.370.32.20 - 021.370.32.23
508	Ag. Vacaresti	<b>Bucuresti</b>	Bucuresti	Calea Vacaresti, nr. 300, Bloc 1B, scara P, sector 4	021.370.32.40 - 021.370.32.43
509	Ag. Bragadiru	<b>Ilfov</b>	Bragadiru	Sos. Alexandriei, Bl. D3-2, parter, sp. Com	021.370.41.20 - 021.370.41.23
510	Ag. Crangasi	<b>Bucuresti</b>	Bucuresti	Calea Crangasi nr 12, sect 6	021.370.02.40 - 021.370.02.47
511	Ag. Apusului	<b>Bucuresti</b>	Bucuresti	Str. Iuliu Maniu nr.73, bl C3, sect 6	021.370.20.40 - 021.370.20.47
512	Ag. Drumul Taberei	<b>Bucuresti</b>	Bucuresti	Str. Drumul Taberei nr.94, Bl 519, sector 6	021.370.20.80 - 021.370.20.83
513	Ag. Lujerului	<b>Bucuresti</b>	Bucuresti	B-dul Iuliu Maniu nr. 16, bl. 14 sect 6	021.370.21.00 - 021.370.21.06
514	Ag. Rahova	<b>Bucuresti</b>	Bucuresti	Str. Calea Rahovei 327, bloc 11, sector 5	021.370.21.60 - 021.370.21.64
515	Ag. Romancierilor	<b>Bucuresti</b>	Bucuresti	B-dul Timisoara nr 73, bl C12, parter, incinta spatiu comercial nr 5	021.370.21.80 - 021.370.21.83
516	Ag. Compozitorilor	<b>Bucuresti</b>	Bucuresti	B-dul Compozitorilor nr 28, sect 6	021.370.22.00 - 021.370.22.03

<b>No</b>	<b>Agency name</b>	<b>County</b>	<b>City</b>	<b>Address</b>	<b>Phone</b>
517	Ag. Prelungirea Ghencea	<b>Bucuresti</b>	Bucuresti	Str. Prelungirea Ghencea, Nr. 65B, Bloc C1, Scara 5, parter	021.370.22.80 - 021.370.22.83
518	Ag. Ghencea	<b>Bucuresti</b>	Bucuresti	Bucuresti, Bdul. Ghencea nr. 34, bl. 65, Sector 6	021.370.23.00 - 021.370.23.03
519	Ag. Uverturii	<b>Bucuresti</b>	Bucuresti	B-dul Uverturii nr 83, bl O15	021.370.23.20 - 021.370.23.23
520	Ag. Gorjului	<b>Bucuresti</b>	Bucuresti	Bdul. Iuliu Maniu, nr.67, bl. 6, parter, sector 6	021.370.23.40 - 021.370.23.43
521	Ag. Rahova Sud	<b>Bucuresti</b>	Bucuresti	Soseaua Alexandriei, Nr. 11, Bl. 11C, parter, sector 5	021.370.23.80 - 021.370.23.83
522	Ag. Valea Cascadelor (Selgros)	<b>Bucuresti</b>	Bucuresti	Str.Valea Cascadelor nr.26 B, sector 6	021.370.25.20 - 021.370.25.39
523	Ag. Natiunile Unite	<b>Bucuresti</b>	Bucuresti	Str. Natiunile Unite, Piata nr. 3-5, bl. A, parter, sector 4	021.370.23.60 - 021.370.23.63
524	Ag. 13 Septembrie	<b>Bucuresti</b>	Bucuresti	Calea 13 Septembrie, nr.107-109, bloc 103, parter, sector 5	021.370.24.40 - 021.370.24.43
525	Ag. Margeanului	<b>Bucuresti</b>	Bucuresti	Str. Margeanului, Nr. 40, Bl. M 100, parter, sector 5, Bucuresti	021.370.24.80 - 021.370.24.83
526	Ag. Cotroceni(mall)	<b>Bucuresti</b>	Bucuresti	Unitatea nr. C128, Centrul Comercial AFI Palace Cotroceni, din Bucuresti, B-dul Vasile Milea nr.4, sector 6, Bucuresti	021.370.24.20 - 021.370.24.23
527	Ag. Cora Lujerului	<b>Bucuresti</b>	Bucuresti	B-dul. Iuliu Maniu nr. 19, sector 6	021.370.36.41 - 021.370.36.44

### ***Intercapital Invest S.A.***

<b>City</b>	<b>Address</b>	<b>Phone</b>
Bucharest	33 Aviatorilor Blvd., 1 <sup>st</sup> floor, 1 <sup>st</sup> District, Bucharest, Romania	+4021 222 8731

**Eligible Participants**—at the authorised venues communicated to Retail Investors by the Eligible Participants.

### ***Subscription of Offer GDRs***

**By subscribing for Offer GDRs, each Investor confirms having read this Prospectus, having accepted the terms and conditions set out in this Prospectus and having made the subscription according to the terms included in this Prospectus.**

#### *Subscription of Offer GDRs by Institutional Investors*

Subscriptions for Offer GDRs by Institutional Investors can be made only through the Managers.

Institutional Investors can subscribe for Offer GDRs during the entire Offer Period, during the working hours of the Managers.

Valid subscriptions for Offer GDRs by Institutional Investors will be collected in the Book. Neither the contents of the Book nor any information related to subscriptions for Offer GDRs by Institutional Investors (including, but not limited to, the subscription level) will be made public.

Institutional Investors which have concluded an investment services agreement with a Manager or an affiliate of a Manager may validly subscribe for Offer GDRs on the basis of orders given as a regular investment services business and by any means of communication provided by such an agreement, without being required to submit any Subscription Form or identification documentation. Institutional Investors which have not concluded an investment services agreement with a Manager or an affiliate of a Manager may validly subscribe for Offer GDRs only if they submit the documentation required by the relevant Manager.

### *Subscription of Offer GDRs by Retail Investors*

The minimum subscription for Offer GDRs by a Retail Investor must be for no less than 10,000 Offer GDRs.

Subscriptions for Offer GDRs by Retail Investors can be made only through the Domestic Lead Managers, at their headquarters.

Retail Investors can subscribe for Offer GDRs during the entire Offer Period, each business day between 8:00 and 17:00 (Romanian time) and between 9:00 and 13:00 (Romanian time) on the last day of the Offer.

Valid subscriptions for Offer GDRs by Retail Investors will be collected in the Domestic Lead Managers' internal records. Information related to subscriptions for Offer GDRs by Retail Investors (including, but not limited to, the subscription level) will be made available on the websites of the Domestic Lead Managers ([www.bcr.ro](http://www.bcr.ro) and [www.rciro.ro](http://www.rciro.ro)).

A subscription for Offer GDRs by a Retail Investor is made by submitting:

- (1) a Subscription Form, which will be available at the headquarters of the Domestic Lead Managers or as otherwise communicated by the relevant Domestic Lead Manager. If a Retail Investor has concluded an investment services agreement with a Domestic Lead Manager, such Retail Investor may validly subscribe for Offer GDRs on the basis of orders given as a regular investment services business and by any means of communication provided by such an agreement, without being required to submit any Subscription Form.
- (2) an evidence (consisting of payment order) that the US dollars price for the subscribed Offer GDRs has been transferred to the US\$ collection account opened by the Domestic Lead Manager which it subscribed through, provided that such amount credits the relevant US\$ collection account before the close of the last banking day of the Offer Period. The collection accounts for subscription of Offer GDRs by Retail Investors (the "**US\$ Collection Accounts**") are the following:
  - for subscriptions of Offer GDRs through Banca Comerciala Romana S.A. – the USD bank account having the IBAN RO66RNCB0002B00115464776 opened with Banca Comerciala Romana S.A.;
  - for subscriptions of Offer GDRs through Raiffeisen Capital & Investment S.A. – the USD bank account having the IBAN RO65RZBR0000060016153409 opened by Raiffeisen Capital & Investment with Raiffeisen Bank S.A.;

**For the avoidance of doubt, the price for the subscribed Offer GDRs must be paid in US dollars.**

The payment order must contain the personal number / passport number / unique registration code and name of the Retail Investor. The account number to be filled in by a Retail Investor in the Subscription Form must be the number of the account out of which the subscription amount is effectively transferred to the relevant US\$ Collection Account.

Investors must take into account possible transfer fees and, if applicable, account opening fees. No deposit in cash directly to the US\$ Collection Accounts is accepted. Each payment order is equivalent to a single subscription and combining more than one payment order for one single valid subscription is not permitted.

The amounts transferred by Retail Investors into the US\$ Collection Accounts representing the value of the subscribed Offer GDRs, will not bear interest in favour of such Retail Investors; interest accrued on the funds deposited in the US\$ Collection Accounts shall be paid to the Selling Shareholder; and

- (3) the applicable documentation listed at "*Subscription of Offer Shares by Retail Investors—Subscription Documents for Retail Investors*" above.

Subscription Forms related to Offer GDRs for which (a) the US dollar amount transferred into the relevant US\$ Collection Account is not equal to the number of Offer GDRs subscribed for by that Retail Investor multiplied by the top of the Offer Price Range, or (b) the subscription procedures were not



complied with, will not be validated. Subscriptions for Offer GDRs that are not validated will not be considered in the allocation process. Retail Investors whose Subscription Forms for Offer GDRs were not validated will be notified accordingly and the amounts paid will be returned to them in the account referred to in the Subscription Form within five business days from the end of the Offer Period.

If the US dollar amount transferred by a Retail Investor into the relevant US\$ Collection Account is higher than the top of the Offer Price Range multiplied by the number of Offer GDRs indicated by that Retail Investor in the Subscription Form, the subscription will only be validated for the number of Offer GDRs mentioned in the Subscription Form. In circumstances where the US dollar amount transferred to the relevant US\$ Collection Account is lower than the subscribed amount, the Subscription Form will be invalidated for the entire amount subscribed.

No Manager will be liable if, for reasons outside its control, the indicated US\$ Collection Account is not effectively credited with the amount representing the value of the subscription before the close of the last banking day of the Offer Period.

### **Change and Withdrawal of Subscriptions**

Institutional Investors may change or withdraw their initial subscription for Offer Securities until the last day of the Offer Period (inclusive). The change of subscriptions will be subject to the same submission, processing and validation requirements as the ones for the initial subscription.

Retail Investors may not change or withdraw any subscriptions for Offer Securities.

If the Prospectus is subject to an amendment, subscriptions may be withdrawn by any investor within two business days from the date when the respective amendment to the Prospectus was published. In such case, Retail Investors may withdraw their subscriptions for Offer Securities by filling in a revocation form at the same unit of the Manager, Eligible Participant or member of the Distribution Group where the subscription was made.

### **Allocation of the Offer Securities**

The subscribed Offer Securities will be allocated to investors by the Selling Shareholder, upon the recommendation of the Joint Bookrunners, on the Allocation Date.

If, at the end of the Offer Period, both Tranches are oversubscribed and the ratio between the subscription level of the Retail Tranche and the subscription level of the Institutional Tranche is higher than 2 (two), a package of Offer Shares representing 5% of the Offer Shares initially offered within the Institutional Tranche will be automatically reallocated to the Retail Tranche. Upon the recommendation of the Joint Bookrunners, the Selling Shareholder may also reallocate Offer Shares from one Offer Tranche to the other Offer Tranche on the basis of criteria other than the ratio of the subscription levels mentioned above.

The final number of Offer Securities and the final size of each Offer Tranche will be decided by the Selling Shareholder upon the recommendation of the Joint Bookrunners, based on the level of subscriptions in the Book, on the Allocation Date.

#### *Allocation of Offer Securities within the Retail Tranches*

If the number of Offer Securities validly subscribed within the Retail Tranche is lower than, or equal to, the Offer Securities allocated to the Retail Tranche (as determined on the Allocation Date), each Retail Investor will receive the number of subscribed Offer Securities. If the number of Offer Securities validly subscribed within the Retail Tranche is higher than the Offer Securities allocated to the Retail Tranche, the Offer Securities from the Retail Tranche will be allocated to each Retail Investor proportionally to the number of Offer Securities subscribed by such investor. If the number of Offer Securities allocated to a subscription after the *pro rata* allocation is not an integer, the number of Offer Securities allocated to the relevant subscription shall be rounded down to the immediately lower integer. For the purpose of allocating any fractions resulting from the process of such *pro rata* allocation, Retail Investors shall be ranked in decreasing order of the subscription size, within the same volume level in increasing order based on the moment when the order was registered in the trading system and the resulting unallocated Offer Securities shall be allocated one per Retail Investor (but so

that the number of Securities allocated in aggregate to a subscription does not to exceed the number of Offer Securities initially requested through that subscription), starting with the largest allocation. The same allocation factor will be applied to the allocation of Offer Shares and to the allocation of Offer GDRs within the Retail Tranche.

In case of over-subscription, Retail Investors will be reimbursed the difference between the amount paid for the subscribed Offer Securities and the value of the allocated Offer Securities (less the bank transfer fees and any applicable market institutions' fees) as detailed in "*Offer Price*" above.

Reasons independent from the Selling Shareholder or the Managers may lead to delays in processing the data and in preparing and sending the notice regarding the Offering results to the Romanian FSA. As a consequence, neither the Managers nor the Distribution Group nor the Selling Shareholder will be liable for delays in the return of the amounts due to the investors in the event that the Offering is over-subscribed. In such circumstances, the Selling Shareholder, the Managers and the Distribution Group shall have no liability to any investors.

Shares allocated to Retail Investors will be automatically transferred into "Section 1" of the Romanian Central Depository after the Settlement Date, except for the Offer Shares allocated to those Retail Investors who have a valid brokerage contract with the Manager, member of the Distribution Group or Eligible Participant through which they have subscribed in the Offering.

#### *Allocation of Offer Securities within the Institutional Tranche*

The number of Offer Securities allocated to each Institutional Investor will be determined by the Selling Shareholder, upon the recommendation of the Joint Bookrunners, on the basis of the Book, and considering a ratio between the Offer Securities allocated to the long term investors and the Offer Securities allocated to the short term investors of more than 5:1. For the purpose of this paragraph, "**long-term investors**" means investors which, in the Joint Bookrunners' opinion, intend to keep the Securities for at least one year, and "**short-term investors**" means investors which, in the Joint Bookrunners' opinion, intend to keep the Securities for less than one year.

When allocating the Securities (in the form of Shares and/or GDRs) within the Institutional Tranche, the Selling Shareholder and the Joint Bookrunners may consider, among others, certain qualitative criteria such as: investment policy, acquaintance of the Institutional Investors with companies operating in the same field as the Company; number of subscribed Offer Securities and support of the Offering; whether the subscription was received at the beginning of, or early in, the Offer Period; the price offered for the Offer Securities; qualitative feedback during pre-marketing process; focus on the energy industry and/or on the Central and Eastern European region; assets under management; equity investments in Romania or Central and Eastern European; other criteria that allow a high quality investor base and a positive evolution of the market price after the closing of the Offering.

By subscribing in the Offering, Institutional Investors acknowledge and agree that they may be allocated fewer Offer Securities than they have subscribed for or they may receive no Offer Securities at all. Institutional Investors also acknowledge and agree that they cannot refuse the allocation.

Institutional Investors also acknowledge and agree that they will have no right to request, and the Selling Shareholder and the Joint Bookrunners shall have no obligation to disclose, the reasons for their allocation and pricing decisions.

### **Transaction**

Orders corresponding to valid subscriptions for Offer Shares made by the Retail Investors are entered into the relevant segment of the BSE public offer market anytime during the Offer Period and the Allocation Date by the Managers, Eligible Participants and Intercapital.

During the period starting on and including the Allocation Date and ending on and including the Transaction Date, 16.00 Bucharest time, the orders corresponding to the Shares allocated to the investors in the Institutional Tranche shall be registered in the relevant segment of the BSE public offer market, exclusively in accordance with the allocations made by the Joint Bookrunners together with the Selling Shareholder providing that the corresponding subscriptions are valid and the Payment Evidence is received. In circumstances where, during the period starting on the Allocation Date and until 15:00 on the Transaction Date, there will be Institutional Investors which will not provide the Payment Evidence, the Manager will reallocate the relevant Securities to other Institutional Investor(s),

with the latter's consent and provided that such Institutional Investors can provide a Payment Evidence for the additionally allocated Securities. Should this not be possible, the number of Securities sold by the Selling Shareholder shall be decreased accordingly. The allotment of the Shares made by the Joint Bookrunners together with the Selling Shareholder is mandatory and is legally binding for the Institutional Investors and also for the Managers which accepted the subscriptions from the Institutional Investors, if the case may be.

On the same date, the Managers will place the sell orders in the Bucharest Stock Exchange system.

The Managers will carry out the trades related to the Offer Shares through the Bucharest Stock Exchange markets dedicated to public offerings on the Transaction Date.

### **Settlement**

Settlement of the Offer Shares will be made through the Romanian Central Depository clearing settlement system within three business days of the Transaction Date (the "**Settlement Date**").

Payment for the GDRs is expected to be made in US dollars in same-day funds through the facilities of DTC, Euroclear and Clearstream, Luxembourg on the Closing Date. For further details of the settlement of the Offer GDRs, see "*Settlement and Transfer—GDRs*".

### **Stabilisation**

In connection with the Offering, the Selling Shareholder has agreed that the Stabilising Manager(s) will retain 13% of the gross proceeds obtained by the Selling Shareholder from the Offering (the "**Stabilisation Proceeds**") and will use such Stabilisation Proceeds for the purposes of conducting stabilisation activities, if any, in the Securities, during the Stabilisation Period. At the end of the Stabilisation Period the Stabilising Manager(s) will return to the Selling Shareholder the Securities which have been purchased in the market as a result of stabilisation activities and/or any remaining portion of the Stabilisation Proceeds which was not used for the stabilisation activities, as well as any interest that has accumulated for the amounts corresponding to the Stabilisation Proceeds.

The Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s) may (but will be under no obligation to), to the extent permitted by applicable law, effect transactions with a view to supporting the market price of the Shares and/or GDRs at a level higher than that which might otherwise prevail in an open market for a limited period. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of them/it) will undertake stabilisation action. Any stabilisation action may begin on the date of commencement of trading of the Securities and, if begun, may be ended at any time but must end no later than 30 calendar days thereafter (the "**Stabilisation Period**"). Any stabilisation action must be undertaken in accordance with applicable laws and regulations. Save as required by law or regulation, the Stabilising Manager(s) do not intend to disclose the extent of any stabilisation transactions concluded in relation to the Offering.

### **Other Relationships**

The Managers and their respective affiliates have engaged in transactions with, and performed various investment banking, commercial banking, financial advisory and other services for, the Company and the Selling Shareholder and their respective affiliates, for which they received customary fees. The Managers and their respective affiliates may provide such services for the Company and the Selling Shareholder and their respective affiliates in the future.

In connection with the Offering, each of the Managers and any affiliate, acting as an investor for its own account may take up Offer Securities and in that capacity may retain, purchase or sell for its own account such Offer Securities and any related investments and may offer or sell such Offer Securities or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to the Offer Securities being offered or placed should be read as including any offering or placement of Offer Securities to the Managers and any affiliate acting in such capacity. None of the Managers intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Offering, certain of the Managers may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where securities are used as collateral, which could result in such Managers acquiring shareholdings in the Company.

## SELLING AND TRANSFER RESTRICTIONS

### General

The distribution of this Prospectus and the offering of the Offer Securities in certain jurisdictions may be restricted by law and, therefore, persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs which follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute an offer to subscribe for or purchase any of the Offer Securities offered hereby to any person in any jurisdiction where it is unlawful to make such offer or solicitation in such jurisdiction.

Subscribers for or purchasers of the Offer Securities may be required to pay stamp duty and other charges in accordance with the laws and practices of the country of subscription for or purchase, as the case may be, in addition to the Final Offer Price.

### No Public Offering Outside Romania

No action has been or will be taken in any country or jurisdiction (other than in Romania) that would permit a public offering of the Offer Securities or possession or distribution of this Prospectus (or any other offering or publicity material relating to the Offer Securities) in any country or jurisdiction where action for that purpose is required or doing so may be restricted by law.

Accordingly, the Offer Securities may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offer Securities may be distributed or published in or from any country or jurisdiction (other than in Romania), except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

This Prospectus may only be distributed to the public and the Offer Securities may only be offered for sale or purchase in Romania in compliance with the Capital Markets Law, the Romanian National Securities Commission Regulation no. 1/2006 on issuers and operations with securities, Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC with respect to information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and the dissemination of advertisements, and other applicable mandatory provisions of law.

### European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) (except for Romania), with effect from and including the date on which the Prospectus Directive is implemented in that member state (the “**Relevant Implementation Date**”), the Offer Securities may not be offered to the public in that Relevant Member State, except that, with effect from and including the Relevant Implementation Date, the Offer Securities may be offered to the public in that relevant member state under the following exemptions under the Prospectus Directive:

- (i) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (ii) at any time to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than EUR 43 million; and (c) an annual net turnover of more than EUR 50 million, as shown in its last annual or consolidated accounts;

(iii) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) (or 150 if the Relevant Member State has implemented the Amendment Directive (Directive 2010/73/EC)) subject to obtaining the prior consent of the Managers for any such offer; or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of the Offer Securities shall result in a requirement for the publication by the Selling Shareholder or any Manager of a Prospectus pursuant to Article 3 of the Prospectus Directive.

The Romanian-language version of this Prospectus has been approved by the Romanian FSA but, save for its notification to the United Kingdom FCA, it has not been, and will not be, approved by or notified to any other competent authority of the European Economic Area.

For the purposes of this notice to investors, the expression “**offer of the Offer Securities**” in relation to any of the Offer Securities in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Securities as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each relevant member state.

Each subscriber for or purchaser of the Offer Securities in the Offering located within a member state of the European Economic Area (other than Romania) will be deemed to have represented, acknowledged and agreed that it is a “**qualified investor**” within the meaning of Article 2(1)(e) of the Prospectus Directive. The Company, the Selling Shareholder, the Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement, and agreement.

### **United Kingdom**

The Romanian-language version of this Prospectus has been approved by the Romanian FSA but has not been, and will not be, approved by or notified to the Financial Services Authority of the United Kingdom.

Each Manager has represented, warranted and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the sale of any of the Offer Securities in circumstances in which section 21(1) of the FSMA does not apply to the Selling Shareholder; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Securities in, from or otherwise involving the United Kingdom.

### **United States**

The Offer Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction and, accordingly, may not be offered or sold within the United States, except to QIBs in reliance on Rule 144A under the Securities Act and Regulation S under the Securities Act. Terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as so defined.

### **Regulation S**

Each purchaser of the Offer Securities outside the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

(1) It (a) is aware that the sale of the Offer Securities is being made pursuant to and in accordance with Rule 903 or 904 of Regulation S; (b) is, or at the time such Offer Securities are purchased will be, the beneficial owner of those Offer Securities; and (c) is, and the person, if any,



for whose account it is acquiring such Offer Securities is, located outside the United States (within the meaning of Regulation S) and is purchasing the Offer Securities in an offshore transaction meeting the requirements of Regulation S.

(2) It is not the Company's or the Selling Shareholder's affiliate or a person acting on behalf of such an affiliate.

(3) It understands that the Offer Securities have not been and will not be registered under the Securities Act and may not be offered, resold, pledged or otherwise transferred except (a) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; or (b) to a person whom the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, in each case in accordance with any applicable securities laws of any state of the United States.

(4) It acknowledges that the Company, the Selling Shareholder, the Managers and the Company's respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

The Company will not recognise any resale or other transfer, or attempted resale or other transfer, in respect of the Offer Securities made other than in compliance with the above stated restrictions.

### **Rule 144A**

Each purchaser of the Offer Securities within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

(1) It acknowledges that the Offer Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer.

(2) It is:

(i) a QIB;

(ii) aware, and each beneficial owner of such Offer Securities has been advised, that the sale to it is being made in reliance on Rule 144A; and

(iii) acquiring such Offer Securities for its own account or for the account of a QIB.

(3) It agrees (or if it is acting for the account of another person, such person, has confirmed to it that such person agrees) that it (or such person) will not offer, resell, pledge or otherwise transfer those Offer Securities except (a) to a person whom it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (b) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; or (c) in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States. The purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of those Offer Securities of the resale restrictions referred to in (a), (b) and (c) above. No representation can be made as to the availability of the exemption provided by Rule 144 for resale of the Offer Securities.

(4) Notwithstanding anything to the contrary in the foregoing paragraphs, the Offer Securities may not be deposited into any unrestricted depository facility established or maintained by a depository bank, unless and until such time as those Offer Securities are no longer "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act.

(5) If it is acquiring Offer Securities for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

(6) It acknowledges that the Company, the Selling Shareholder, the Managers and the Company's respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

The Company will not recognise any resale or other transfer, or attempted resale or other transfer, in respect of the Offer Securities made other than in compliance with the above stated restrictions.

**Purchasers are hereby notified that sellers of the Offer Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

### **United Arab Emirates**

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

By receiving this Prospectus, the person or entity to whom it has been issued understands, acknowledges and agrees that this Prospectus has not been approved by or filed with the UAE Central Bank, the UAE Securities and Commodities Authority (“SCA”) or any other authorities in the UAE, nor have the Managers received authorisation or licensing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to any securities or other investments may or will be consummated within the UAE. It should not be assumed that any of the Joint Bookrunners is a licensed broker, dealer or investment advisor under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Offer Securities may not be offered or sold directly or indirectly to the public in the UAE. This does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

### **Kuwait**

This document is not for general circulation to the public in Kuwait. The Offer Securities have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Offer Securities in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto (as amended) and Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Offer Securities is being made in Kuwait, and no agreement relating to the sale of the Offer Securities will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Offer Securities in Kuwait.

### **Qatar**

This Prospectus is provided on an exclusive basis to the specifically intended recipient thereof, upon that person’s request and initiative, and for the recipient’s personal use only.

Nothing in this Prospectus constitutes, is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of the Offer Securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of an investment fund or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre.

This Prospectus and the underlying instruments have not been approved, registered or licensed by the Qatar Central Bank, the Qatar Financial Centre’s regulatory authority, the Qatar Financial Markets Authority or any other regulator in the State of Qatar.

This Prospectus and any related documents have not been reviewed or approved by the Qatar Financial Centre’s regulatory authority or the Qatar Central Bank.

Recourse against those involved with issuing this Prospectus may be limited or difficult and may have to be pursued in a jurisdiction outside Qatar and the Qatar Financial Centre.

Any distribution of this Prospectus by the recipient to third parties in Qatar or the Qatar Financial Centre beyond the terms hereof is not authorised and shall be at the liability of such resident.

### **Singapore**

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the “SFA”) and accordingly, the Offer Securities may not be offered or sold, nor may the Offer Securities be the subject of an invitation for subscription or purchase, nor may this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Offer Securities be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Offer Securities are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Offer Securities pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law; or
- as specified in Section 276(7) of the SFA.

### **Hong Kong**

No Offer Securities have been offered or sold or will be offered or sold in Hong Kong, by means of any document, other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

No advertisement, invitation or document relating to the Offer Securities has been issued or has been in the possession of any person for the purposes of issue, nor will any such advertisement, invitation or document be issued or be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors”.

## **Switzerland**

The Offer Securities may not be and will not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Securities constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of SIX, and neither this Prospectus nor any other offering or marketing material relating to the Offer Securities may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the offering, the Company or the Offer Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the Offer of Offer Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the Offer has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offer Securities.

## **Other Jurisdictions**

The Offer Securities have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan. Subject to certain exceptions, the Offer Securities may not be offered or sold in Australia, Canada or Japan or to or for the account or benefit of any resident of the United States, Australia, Canada or Japan.

## SETTLEMENT AND TRANSFER

### Shares

#### ***Settlement and transfer***

Transfers of Shares within the Offering and secondary market sales of Shares will be settled and cleared through the settlement system managed by the Romanian Central Depository, in accordance with applicable Romanian regulations.

#### *Romanian Central Depository*

The Romanian Central Depository, a Romanian joint stock company having its principal executive office at 34-36 Carol I Blvd., 3<sup>rd</sup>, 8<sup>th</sup> and 9<sup>th</sup> floors, Bucharest, 020922, Romania, is authorised and supervised by the Romanian FSA, and provides depository, registrar, clearing and settlement services in connection with transactions involving financial instruments. The Romanian Central Depository is the administrator of RoClear, the payment system assuring funds clearing and the settlement of transactions with financial instruments.

All classes of securities traded on a Romanian regulated market or alternative trading system (including the Shares after their admission to trading on the Regulated Spot Market of the Bucharest Stock Exchange) are mandatorily registered in the Romanian Central Depository's system for the purpose of performing securities operations in a centralised manner and maintaining records of such operations. All securities accepted in the Romanian Central Depository's system are dematerialised and evidenced by book-entry.

#### ***Registration and form***

The Shares have been issued as "nominative dematerialised titles" and will be admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange under the symbol "SNG".

In view of their admission to trading on the Regulated Spot Market of the Bucharest Stock Exchange, the Shares will be registered with the Romanian FSA and with the Romanian Central Depository, in the latter's capacity as registrar of the Company's Shares. The Romanian Central Depository will maintain the record of the aggregate holdings of Shares.

The Company will not impose any fees in respect of the Shares; however, holders of Shares may incur fees normally payable in respect of the maintenance and operation of accounts in the system of the Romanian Central Depository.

#### ***Clearance and settlement procedures for shares***

##### *Initial settlement*

For a description of the settlement procedures applicable to the transfers of the Shares within the Offering, see "*Subscription and Sale*".

##### *Secondary market trading*

For a description of the transfer restrictions relating to the Shares, see "*Selling and Transfer Restrictions*".

##### *General settlement procedures*

The transfer of the ownership rights over the Shares will take place on the Settlement Date, in the clearing-settlement system managed by the Romanian Central Depository.

Transactions with Shares are settled on a delivery versus payment basis, the Shares being delivered only if the purchase price is paid. The ownership transfer is usually registered on a T+3 basis by debiting/crediting the relevant Shares accounts.



As an exception from the principle according to which the Shares can be transferred only through a transaction on the Bucharest Stock Exchange, there are certain cases when the Romanian Central Depository may operate direct ownership transfers over the Shares as an effect, among others, of: (i) successions; (ii) exit; (iii) assignment by the Company of its own Shares to its employees; (iv) when the Company obtains its own Shares following the withdrawal of the shareholders who do not agree with the decisions of the Company's general shareholders meeting, according to the legal provisions in force; (v) merger, split or liquidation; (vi) enforcement of a final and irrevocable court decision; (vii) transfer between a parent-company and its subsidiaries or among subsidiaries of the same parent-company, with the Romanian FSA's prior consent; or (viii) other transfers of rights according to special laws or applicable regulations, with the express approval of the Romanian FSA or other relevant body. Direct ownership transfers over the Shares will be operated by the Romanian Central Depository within three days from the submission of the application and the complete applicable documentation.

### *General*

Although the foregoing sets out the procedures of the Romanian Central Depository facilitating transfers of Shares, the Romanian Central Depository is not under any obligation to perform or continue to perform such procedures as provided above, and such procedures may be discontinued at any time.

None of the Selling Shareholder, the Company, the Managers or their respective agents will have any responsibility for the performance by the Romanian Central Depository or its respective participants of their respective obligations under the rules and procedures governing their operations at the date of this Prospectus.

## **GDRs**

### ***Settlement and transfer***

Custodial and depository links have been established between Euroclear, Clearstream, Luxembourg and DTC to facilitate the initial issue of the GDRs and cross-market transfers of the GDRs associated with secondary market trading.

### ***The Clearing Systems***

#### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including the Managers, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective clients may settle trades with each other. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the GDRs held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the GDR Depository, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

#### *DTC*

DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the New York Banking Law, a member of the United

States Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants and facilitates the clearance and settlement of securities transactions between DTC participants through electronic computerised book-entry changes in DTC participants’ accounts. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book-entry interests in the GDRs holding through DTC will receive, to the extent received by the GDR Depository, all distributions of dividends or other payments with respect to book-entry interests in the GDRs from the GDR Depository through DTC and DTC participants. Distributions in the United States will be subject to relevant U.S. tax laws and regulations. See “*Taxation—Certain U.S. Federal Income Tax Considerations*”.

As DTC can act on behalf of DTC direct participants only, who in turn act on behalf of DTC indirect participants, the ability of beneficial owners who are indirect participants to pledge book-entry interests in the GDRs to persons or entities that do not participate in DTC, or otherwise take actions with respect to book-entry interests in the GDRs, may be limited.

### ***Registration and form***

Book-entry interests in the GDRs held through Euroclear and Clearstream, Luxembourg will be represented by the Regulation S Master GDR registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York Mellon, London Branch, as common depository for Euroclear and Clearstream, Luxembourg. Book-entry interests in the GDRs held through DTC will be represented by the Rule 144A Master GDR registered in the name of Cede & Co., as nominee for DTC, which will be held by The Bank of New York Mellon in New York, as custodian for DTC. As necessary, the GDR Depository will adjust the amounts of GDRs on the relevant register to reflect the amounts of GDRs held through Euroclear, Clearstream, Luxembourg and DTC, respectively. Beneficial ownership in the GDRs will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.

The aggregate holdings of book-entry interests in the GDRs in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream, Luxembourg and DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interest in the GDRs, will be responsible for establishing and maintaining accounts for their participants and clients having interests in the book-entry interests in the GDRs. The GDR Depository will be responsible for maintaining a record of the aggregate holdings of GDRs registered in the name of the common depository for Euroclear and Clearstream, Luxembourg and the nominee for DTC. The GDR Depository will be responsible for ensuring that payments received by it from TCS for holders holding through Euroclear or Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg as the case may be, and the GDR Depository will also be responsible for ensuring that payments received by it from the Company for holders holding through DTC are received by DTC.

The Company will not impose any fees in respect of the GDRs; however, holders of book-entry interests in the GDRs may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC and certain fees and expenses payable to the GDR Depository in accordance with the terms of the Deposit Agreement and the GDR Terms and Conditions. See “*Terms and Conditions of the Global Depository Receipts*.”

### ***Global clearance and settlement procedures***

#### ***Initial settlement***

The GDRs will be in global form evidenced by the two Master GDRs. Investors electing to hold book-entry interests in GDRs through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to depository receipts. DTC participants acting on behalf of purchasers electing to hold book-entry interests in the GDRs through DTC will follow the delivery practices applicable to depository receipts.

### *Secondary market trading*

For a description of the transfer restrictions relating to the GDRs, see “*Selling and Transfer Restrictions*”.

### *Trading between Euroclear and Clearstream, Luxembourg participants*

Secondary market sales of book-entry interests in the GDRs held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the GDRs through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear or Clearstream, Luxembourg and will be settled using the normal procedures applicable to depositary receipts.

### *Trading between DTC participants*

Secondary market sales of book-entry interests in the GDRs held through DTC will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to depositary receipts, if payment is effected in US dollars, or free of payment, if payment is not effected in US dollars. Where payment is not effected in US dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

### *Trading between a DTC seller and Euroclear/Clearstream, Luxembourg purchaser*

When book-entry interests in the GDRs are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream, Luxembourg participant, the DTC participant must send to DTC a delivery free of payment instruction at least two business days prior to the settlement date. DTC will in turn transmit such instruction to Euroclear or Clearstream, Luxembourg, as the case may be, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, DTC will debit the account of its DTC participant and will instruct the GDR Depositary to instruct Euroclear or Clearstream, Luxembourg, as the case may be, to credit the relevant account of the Euroclear or Clearstream, Luxembourg participant, as the case may be. In addition, on the settlement date, DTC will instruct the GDR Depositary to:

- decrease the amount of book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Rule 144A Master GDR; and
- increase the amount of book-entry interests in the GDRs registered in the name of the common nominee for Euroclear and Clearstream, Luxembourg and represented by the Regulation S Master GDR.

### *Trading between a Clearstream, Luxembourg/Euroclear seller and DTC purchaser*

When book-entry interests in the GDRs are to be transferred from the account of a Euroclear or Clearstream, Luxembourg participant to the account of a DTC participant, the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg a delivery free of payment instruction at least one business day prior to the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant, as the case may be. On the settlement date, Euroclear or Clearstream, Luxembourg, as the case may be, will debit the account of its participant and will instruct the GDR Depositary to instruct DTC to credit the relevant account of Euroclear or Clearstream, Luxembourg, as the case may be, and will deliver such book-entry interests in the GDRs free of payment to the relevant account of the DTC participant. In addition, Euroclear or Clearstream, Luxembourg, as the case may be, shall on the settlement date instruct the GDR Depositary to:

- decrease the amount of the book-entry interests in the GDRs registered in the name of the common nominee and evidenced by the Regulation S Master GDR; and
- increase the amount of the book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Rule 144A Master GDR.

### *General*

Although the foregoing sets forth the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the GDRs among participants of Euroclear, Clearstream, Luxembourg and DTC, none of Euroclear, Clearstream, Luxembourg or DTC are under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Managers, the Selling Shareholder, the GDR Depositary, the Custodian or their respective agents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations.

### ***Settlement of the GDRs***

Payment for the GDRs is expected to be made in US dollars in same-day funds through the facilities of DTC, Euroclear and Clearstream, Luxembourg on the Closing Date. Book-entry interests in the GDRs held through Euroclear and Clearstream, Luxembourg will be represented by the Regulation S Master GDR registered in the name of The Bank of New York Depository (Nominees) Limited, as nominee for The Bank of New York Mellon, London Branch, as common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the GDRs held through DTC will be represented by the Rule 144A Master GDR registered in the name of Cede & Co., as nominee for DTC, which will be held by The Bank of New York Mellon in New York, as custodian for DTC. Except in limited circumstances described herein, investors may hold beneficial interests in the GDRs evidenced by the corresponding Master GDR only through DTC, Euroclear or Clearstream, Luxembourg, as applicable.

Transfers within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant system.

## **INFORMATION RELATING TO THE GDR DEPOSITARY**

The GDR Depositary is a state-chartered New York banking corporation and a member of the United States Federal Reserve System, subject to regulation and supervision principally by the United States Federal Reserve Board and the New York State Banking Department. The GDR Depositary was constituted in 1784 in the State of New York. It is a wholly-owned subsidiary of The Bank of New York Mellon Corporation, a New York bank holding company. The principal office of the GDR Depositary is located at One Wall Street, New York, New York 10286. Its principal administrative offices are located at 101 Barclay Street, New York, New York 10286. A copy of the GDR Depositary's articles of association, as amended, together with copies of The Bank of New York Mellon Corporation's most recent financial statements and annual report are available for inspection at the principal office of the GDR Depositary located at One Wall Street, New York, NY 10286 and at The Bank of New York Mellon, One Canada Square, London E14 5AL.



## **LEGAL MATTERS**

Certain legal matters in connection with the Offering will be passed upon for the Company with respect to US and English law by Hogan Lovells US LLP and with respect to Romanian law by Bulboaca & Asociatii SCA.

Certain legal matters in connection with the Offering will be passed upon for the Managers with respect to US and English law by Clifford Chance LLP and with respect to Romanian law by Clifford Chance Badea SCA.

## INDEPENDENT AUDITORS

Deloitte Audit SRL, independent auditors, has audited the individual financial statements of the Company as of and for the years ended 31 December 2012, 2011 and 2010 and provided unqualified audit opinions on those individual financial statements. Deloitte Audit SRL has also reviewed the Interim Individual Financial Statements of the Company as of and for the six-month period ended 30 June 2013 and provided an unqualified review report on this interim individual financial information. Deloitte Audit SRL is registered with the Trade Registry under no. J40/6775/1995 having Sole Registration Code 7756924, and is member of the Chamber of Financial Auditors of Romania, being registered in the Public Registry of Financial Auditors. Deloitte Audit SRL has given and not withdrawn its written consent to the inclusion of its audit report and its review report in this Prospectus in the form and context in which they appear and has authorised the contents of that part of the Prospectus, comprising their reports, for the purposes of Commission Regulation (EC) 809/2004. For the purposes of Commission Regulation (EC) 809/2004, Deloitte Audit SRL has stated that it is responsible for those reports as part of this Prospectus and declare that they have taken all reasonable care to ensure that the information in those reports is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) 809/2004.

## GENERAL INFORMATION

### 1. Listing and Trading

It is expected that the Shares will be admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange on or around the Closing Date. It is expected that the GDRs will be admitted, subject only to the issue of the Regulation S Master GDR and the Rule 144A Master GDR, to listing on the Official List by the United Kingdom FCA on or around the Closing Date. Application will be made for the GDRs to be traded on the London Stock Exchange through its IOB on the Closing Date. Transactions in GDRs will normally be effected for delivery on the third working day after the day of the transaction.

### 2. Authorisations

The Company has obtained all consents, approvals and authorisations in Romania necessary for the listing of Shares on the Regulated Spot Market of the Bucharest Stock Exchange and the listing of the GDRs on the Official List of the United Kingdom FCA and the admission to trading of the GDRs on the London Stock Exchange's main market for listed securities.

### 3. Documents Available for Inspection

Copies of the following documents will be available for inspection free of charge, during normal business hours on any weekday, at the registered offices of the Company from the date of publication of this Prospectus to Admission:

- this Prospectus;
- the Company's Articles of Incorporation;
- the Audited Individual Financial Statements, including the independent auditor's reports thereon; and
- the Interim Individual Financial Statements, including the review reports thereon.

The registered office of the Company is located at 4 Piata Constantin Motas, Medias, Sibiu County 551130, Romania.

### 4. Final Offer Price

The Shares are each issued and fully paid with a par value of RON 1. The GDRs are denominated in US dollars but have no par value.

The Final Offer Price will be determined based on the results of the bookbuilding exercise conducted by the Managers. The results of the Offering will be made public by the Managers through a press release and notice to the Romanian FSA and Bucharest Stock Exchange promptly upon the closing of the Offering. The relevant pricing notification will be published on the Company's website [www.romgaz.ro](http://www.romgaz.ro), as a press release on the Bucharest Stock Exchange website [www.bvb.ro](http://www.bvb.ro) and through the Regulatory News Service of the London Stock Exchange (RNS).

### 5. GDR Depositary

Holder of GDRs may contact The Bank of New York Mellon, as GDR Depositary with questions relating to the transfer of GDRs on the books of the GDR Depositary, which shall be maintained at the GDR Depositary's office at with a copy to: The Bank of New York Mellon, 101 Barclay Street, New York, New York 10286, United States of America.

If definitive certificates are issued in exchange for the Master GDRs, the Company will appoint an agent in the United Kingdom.

**6. Significant Change**

Except as described in “*Business—Recent Developments*”, there has been no significant change since 30 June 2013 (which represents the end of the last financial period in relation to which financial information has been published) in the financial or trading position of the Company.

**7. Subsidiaries**

As of the date of this Prospectus, the Company had no subsidiaries.

## DEFINITIONS AND GLOSSARY OF SELECTED TERMS

<b>Allocation Date</b>	1 November 2013.
<b>ANI</b>	National Agency for Integrity.
<b>ANRE</b>	National Regulatory Agency in Energy Sector.
<b>ANRGN</b>	National Gas Regulatory Authority.
<b>ANRM</b>	National Agency for Mineral Resources.
<b>Aprov</b>	Aprov S.A. Medias.
<b>Aurelian Petroleum</b>	Aurelian Petroleum SRL.
<b>Central Eastern European Country</b>	A country from the Central and Eastern European market which includes Estonia, Latvia, Lithuania, Poland, Germany, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Croatia, Albania, Serbia, Bosnia-Herzegovina, Montenegro, Kosovo and Macedonia.
<b>Closing Date</b>	Expected to be on or around 12 November 2013.
<b>CMBC</b>	Centralised Market for Electricity Bilateral Contracts.
<b>CMBC-CN</b>	Centralised Market for Electricity Bilateral Contracts—Continuous Negotiation.
<b>CNGV</b>	Compressed natural gas for vehicles.
<b>Code</b>	Internal Revenue Code of 1986.
<b>Company</b>	Societatea Nationala de Gaze Naturale “Romgaz” S.A.
<b>Companies Law</b>	Romanian Companies Law no. 31/1990, as subsequently amended.
<b>Concession Agreement</b>	The concession agreement to be held by ExxonMobil and OMV Petrom for Midia XV and Pelican XIII in the Black Sea area.
<b>CTE Iernut</b>	Iernut thermo power plant.
<b>Custodian</b>	Raffaelsen Bank S.A.
<b>D&amp;M</b>	DeGolyer and MacNaughton, an internationally recognised firm of oil and gas consultants and reservoir engineers.
<b>D&amp;M Report</b>	The report prepared by D&M included herein as Annex A.
<b>DAM</b>	Day Ahead Market.
<b>Deposit Agreement</b>	The deposit agreement to be entered into on or before the Closing Date between the Company and the GDR Depository.
<b>DIICOT</b>	Direction for Investigation of Crimes of Organised Criminal Activity and Terrorism.
<b>Directors</b>	Members of the Board of Directors.



<b>Distribution Group</b>	Raiffeisen Bank S.A. and SSIF Intercapital Invest S.A.  SSIF Intercapital Invest S.A.
<b>ERM Report</b>	The report provided by Environmental Resources Management SRL dated 1 October 2013.
<b>EEA</b>	European Economic Area.
<b>EC</b>	European Commission.
<b>EGSM</b>	Extraordinary general meeting of the shareholders.
<b>Electricity Authorisations and Licences Regulation</b>	The Regulation approved by ANRE Order no. 48/2013 regarding the issuance of authorisations and licences in the electricity sector.
<b>Electricity Production Licence</b>	Licence no. 1180 dated 20 February 2013.
<b>Electricity Supply Licence</b>	Licence no. 1181 issued by ANRE to the Company on 20 February 2013.
<b>Eligible Participants</b>	Any intermediaries (other than the Managers or Intercapital Invest S.A.), which are investment firms or credit institutions qualified as participants in the trading system of the Bucharest Stock Exchange, and which (i) have signed the Engagement Letter and (ii) have submitted the Engagement Letter, in original, to one of the Domestic Lead Managers.
<b>EMAS</b>	Environmental Management and Audit Scheme.
<b>Energia Cybinka</b>	Energia Cybinka Spółka Z Ograniczoną Odpowiedzialnością Spółka Komandytowa.
<b>Energia Cybinka Loan Agreement</b>	The loan agreement entered into between the Company and Energia Cybinka dated 6 September 2011.
<b>Energia Torzym</b>	Energia Torzym Spółka Z Ograniczoną Odpowiedzialnością Spółka Komandytowa.
<b>Energia Torzym Loan Agreement</b>	The loan agreement entered into between the Company and Energia Torzym, dated 5 September 2011.
<b>Energy Law</b>	Law No. 123/2012 of 16 July 2012 on electricity and natural gas, as subsequently amended.
<b>Engagement Letter</b>	An irrevocable and unconditional undertaking to observe the provisions of this Prospectus and the applicable law, in the form made available by the Domestic Lead Managers.
<b>ENTSO-E</b>	European Network of Transmission System Operators for Electricity.
<b>Environmental Law</b>	Emergency Government Ordinance no. 195/2005 relating to environmental protection.
<b>EU</b>	European Union.
<b>EUR</b>	Currency of the European Union.

<b>Europa</b>	Europa Oil & Gas.
<b>Exchange Act</b>	US Securities Exchange Act of 1934, as amended.
<b>Executive Directors</b>	Executive members of the Board of Directors.
<b>ExxonMobil</b>	ExxonMobil Exploration and Production Romania Limited.
<b>Final Offer Price</b>	The final offer price of Offer Securities.
<b>Fondul Proprietatea</b>	S.C. Fondul Proprietatea S.A.
<b>Gas Directive</b>	Directive 2003/55/EC.
<b>Gas Distribution License</b>	License no. 879 dated 7 February 2008, as further amended.
<b>Gas Licensing Regulation</b>	Order no. 34/2013.
<b>Gas Storage Licence</b>	Licence no. 830 dated 20 September 2007, as further amended.
<b>Gas Supply Licence</b>	Licence no. 642 dated 21 August 2006, as further amended.
<b>GDP</b>	Gross Domestic Product.
<b>GDR</b>	Global Depositary Receipts which represent the Shares.
<b>GDR Depositary</b>	The Bank of New York Mellon.
<b>GHG</b>	Greenhouse gas.
<b>GHG Decision</b>	Government Decision no. 780 dated 14 June 2006, published in the Official Gazette on 27 June 2006.
<b>GHG Procedure</b>	Order of the Ministry of Environment and Forestry no. 3420, published in the Official Gazette on 1 October 2012, approving the procedure for issuing the authorisation for GHG for 2013-2020.
<b>HMRC</b>	H.M. Revenue & Customs.
<b>IAS</b>	International Accounting Standards.
<b>IBRD</b>	International Bank for Reconstruction and Development.
<b>IFI</b>	An international financial institution.
<b>IFRS</b>	International Financial Reporting Standards.
<b>Imex</b>	Imex Oil Limited.
<b>Institutional Investors</b>	(a) credit institutions, (b) investment firms, (c) insurance companies, (d) collective investment schemes and management companies of such schemes, (e) pension funds and management companies of such funds, (f) commodity and commodity derivatives dealers, and (g) trust companies.
<b>Institutional Tranche</b>	Shares offered to Institutional Investors.

<b>Law 220/2008</b>	Law no. 220/2008 pertaining to the promotion system for energy produced from renewable energy sources.
<b>Law No. 137/2002</b>	Law no. 137/2002 regarding certain measures for accelerating privatisation.
<b>LNG</b>	Liquefied natural gas.
<b>Lock-up Period</b>	180 days after the Closing Date.
<b>Managers</b>	Banca Comerciala Romana S.A., Erste Group Bank AG, Goldman Sachs International and SSIF Raiffeisen Capital & Investment S.A.
<b>Master GDR</b>	Regulation S Master GDR together with the Rule 144A Master GDR.
<b>Millennium</b>	Millennium International Resources Corporation Limited.
<b>NBR</b>	National Bank of Romania.
<b>Non-Executive Directors</b>	Non-executive members of the Board of Directors.
<b>Notification</b>	A certificate of approval provided by the Romanian FSA to the United Kingdom FCA, attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive.
<b>Offer GDRs</b>	Securities which represent the Shares.
<b>Offer Period</b>	Subscriptions can be made from 22 October 2013 up to and including 31 October 2013.
<b>Offer Price Range</b>	The offer price range for the Offer Securities.
<b>Offer Securities</b>	The Offer GDRs together with the Offer Shares.
<b>Offer Shares</b>	Shares in the form of Shares comprising the Offering.
<b>Offer Tranche</b>	The Institutional Tranche, the Retail Tranche.
<b>Offering</b>	An offering by the Romanian Ministry of Economy (acting through the Romanian Department for Energy) of existing ordinary shares in the share capital of Societatea Națională de Gaze Naturale "ROMGAZ" S.A.
<b>OGMS</b>	Ordinary general meeting of the shareholders.
<b>Parent Subsidiary Directive</b>	Directive 2011/96/EU.
<b>OMV Petrom</b>	OMV Petrom S.A.
<b>petroleum agreements</b>	Concessions that grant the Company rights to explore, develop and/or exploit natural gas in various specified areas, or "blocks".
<b>Petroleum Law</b>	Law No. 238/2004, as subsequently amended.
<b>PFIC</b>	Passive foreign investment company.
<b>PRE</b>	Responsible Party for Balancing.

<b>Pricing Agreement</b>	A pricing agreement between the Selling Shareholder, the Company and the Managers in relation to the Final Offer Price on or around the Allocation Date.
<b>PRMS</b>	Petroleum Resources Management System.
<b>Prospectus Directive</b>	Directive 2003/71/EC (and amendments thereto, including 2010 PD Amending Directive, to the extent implemented by a EEA member state).
<b>POF Market</b>	The Bucharest Stock Exchange system dedicated for the settlement of public offerings.
<b>QIB</b>	Qualified institutional buyers.
<b>Raffles</b>	Raffles Energy SRL.
<b>Ramco</b>	Ramco Romania SRL.
<b>RBS</b>	RBS Bank Romania S.A.
<b>RBS Facility Agreement</b>	Facility agreement entered into between the Company and RBS dated 18 April 2013.
<b>Regulation S</b>	Regulation S of the Securities Act.
<b>Regulation S Master GDR</b>	Regulation S Master Global Depositary Receipt evidencing the Regulation S GDRs.
<b>Regulation S GDRs</b>	The GDRs offered and sold outside the United States.
<b>REPOS</b>	The reservoir engineering production optimisation system.
<b>Relevant Implementation Date</b>	The date on which the Prospectus Directive is implemented in a relevant member state.
<b>Relevant Member State</b>	Each member state of the EEA that has implemented the Prospectus Directive.
<b>Retail Investor</b>	Any individuals or companies who do not meet the criteria to qualify as Institutional Investors.
<b>Retail Tranche</b>	15% of the Offer Shares that will be initially offered to individuals or companies who do not meet the criteria to qualify as Institutional Investors.
<b>Romanian Central Depository</b>	Depozitarul Central S.A.
<b>Romgaz</b>	Societatea Nationala de Gaze Naturale "Romgaz" S.A.

<b>RON</b>	Romanian Lei.
<b>RON Collection Accounts</b>	The RON collection accounts for the subscriptions for Shares.
<b>Rule 144A</b>	Rule 144A of the Securities Act.
<b>Rule 144A Master GDR</b>	Rule 144A Master Global Depositary Receipt evidencing the Rule 144A GDRs.
<b>Rule 144A GDRs</b>	GDRs offered and sold in the United States.
<b>S.C. Bucharest Stock Exchange S.A.</b>	Bucharest Stock Exchange.
<b>Schlumberger</b>	Schlumberger Logelco INC.
<b>SDRT</b>	Stamp duty reserve tax.
<b>SEC</b>	United States Securities and Exchange Commission.
<b>Securities</b>	The GDRs and the Shares.
<b>Securities Act</b>	U.S. Securities Act of 1933, as amended.
<b>Selling Shareholder</b>	Ministry of Economy of Romania acting through the Romanian Department for Energy.
<b>Settlement Date</b>	11 November 2013.
<b>Shares</b>	The ordinary shares of the Company.
<b>Stabilisation Account(s)</b>	Investment account(s) with the Stabilising Manager(s) or another person indicated by the Stabilising Manager(s).
<b>Stabilising Manager(s)</b>	As of the date of this Prospectus, the identity of the Stabilising Manager(s) has not yet been decided.
<b>Stabilisation Period</b>	The period beginning on the date of commencement of trading of the Securities and ending 30 calendar days thereafter from 12 November up to and including 11 December 2013.
<b>Stabilisation Proceeds</b>	13% of the gross proceeds received from the sale of Securities.
<b>Subscription Form</b>	The form by which a subscription is made.
<b>Termoelectrica</b>	SC Termoelectrica SA.
<b>TETRA</b>	Chlorinated solvent (Tetrachloroethylene) used for parts cleaning and degreasing purposes.
<b>Transaction Date</b>	6 November 2013.
<b>Underwriting Agreement</b>	The underwriting agreement to be entered into between the Selling Shareholder, the Company and the Managers on or around the date of this Prospectus.
<b>UK</b>	United Kingdom.
<b>US</b>	United States of America.
<b>UK Holders</b>	The absolute beneficial owners of the GDRs (and any dividends paid in respect of them) in circumstances where the dividends paid are regarded for UK tax purposes as those persons' own income (and not the income of some other person) and who: (i) are resident solely in the UK for tax purposes (except where otherwise indicated); and (ii) do not have a permanent establishment or a fixed base outside the UK with which the holding of the GDRs (and the payment of dividends in respect of the GDRs) is connected.



<b>USL</b>	The Social Liberal Union.
<b>Vanco</b>	Vanco International Limited.
<b>Wintershall</b>	Wintershall Erdgas Handelhaus AG Zug.
<b>Wintershall Sales Contract</b>	The consolidated natural gas sales agreement between Termoelectrica and Wintershall dated 27 March 2003.

**Societatea Nationala de Gaze Naturale  
„ROMGAZ” S.A.**

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**The Ministry of Economy through  
The Department for Energy**

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**Name:**

**Name:**

**Position:**

**Position:**

**Signature:**

**Signature:**

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**S.N.G.N. ROMGAZ S.A.  
INDIVIDUAL INTERIM FINANCIAL STATEMENTS**

**FOR HALF YEAR ENDED JUNE 30, 2013**

**PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL REPORTING STANDARDS  
AS ADOPTED BY EU**

**TOGETHER WITH  
THE INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of  
S.N.G.N Romgaz S.A.  
Medias, Romania

## REPORT ON THE REVIEW OF INTERIM INDIVIDUAL FINANCIAL INFORMATION

### *Introduction*

- 1 We have reviewed the accompanying interim individual statement of financial position of S.N.G.N. Romgaz S.A. (the Company) as of June 30, 2013 and the related interim individual statements of comprehensive income, individual changes in shareholders' equity and individual cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim individual financial information in accordance with International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express a conclusion on this interim individual financial information based on our review.

### *Scope of Review*


- 2 We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim individual financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

- 3 Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim individual financial information does not present fairly, in all material respects, the individual financial position of the Company as of June 30, 2013 and its interim individual financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### *Other Matters*

- 4 This report is made solely to the shareholders. Our review work has been undertaken so that we might state to the shareholders, those matters we are required to state in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholders, for our review work, for this report, or for the conclusion we have formed.

  
Deloitte Audit S.R.L.  
Bucharest, Romania  
August 22, 2013

**STATEMENT OF INDIVIDUAL INTERIM COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED JUNE 30, 2013**

	<u>Note</u>	<u>Half year ended Jun 30, 2013</u>	<u>Half year ended Jun 30, 2012</u>
		'000 RON	'000 RON
Revenue	3	1,901,139	2,192,193
Cost of commodities sold	5	(302,048)	(591,965)
Investment income	4	59,003	78,517
Other gains and losses	6	32,418	(14,895)
Changes in inventory of finished goods and work in progress		33,055	12,429
Raw materials and consumables used	5	(56,976)	(61,382)
Depreciation, amortization and impairment expenses	7	(449,043)	(324,874)
Employee benefit expense	8	(244,607)	(225,095)
Finance cost	9	(15,230)	(26,850)
Exploration expense	13	(17,453)	(15,359)
Other expenses	10	(240,927)	(168,827)
Other income	3	26,285	99,721
<b>Profit before tax</b>		<b>725,616</b>	<b>953,613</b>
Income tax expense	11	(103,231)	(156,579)
<b>Profit for the year</b>		<b>622,385</b>	<b>797,034</b>
Weighted average no. of shares		38,542,240	38,303,838
Basic and diluted earnings per share		0.0161	0.0208
<b>Total comprehensive income for the year</b>		<b>622,385</b>	<b>797,034</b>

The individual interim financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

\_\_\_\_\_  
**Virgil Metea**  
General Manager

\_\_\_\_\_  
**Lucia Ionascu**  
Economic Director



## STATEMENT OF INDIVIDUAL INTERIM FINANCIAL POSITION AT JUNE 30, 2013

	<u>Note</u>	<u>Jun 30, 2013</u> <u>'000 RON</u>	<u>Dec 31, 2012</u> <u>'000 RON</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	5,779,940	5,880,770
Other intangible assets	14	259,005	230,704
Associates	24	7,614	7,614
Trade and other receivables	16 a)	-	52,646
Other financial assets	25	77,641	1,646
Other non-current assets	27, 16 b)	16,752	16,926
<b>Total non-current assets</b>		<b><u>6,140,952</u></b>	<b><u>6,190,306</u></b>
<b>Current assets</b>			
Inventories	15	452,794	507,849
Trade and other receivables	16 a)	629,950	906,806
Other financial assets	29	428,640	928,235
Other assets	16 b)	124,337	132,434
Cash and cash equivalents	28	2,028,748	1,739,330
<b>Total current assets</b>		<b><u>3,664,469</u></b>	<b><u>4,214,654</u></b>
<b>Total assets</b>		<b><u>9,805,421</u></b>	<b><u>10,404,960</u></b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	17	1,892,681	1,890,297
Reserves	18	1,949,229	1,773,651
Retained earnings		5,067,504	5,680,812
<b>Total equity</b>		<b><u>8,909,414</u></b>	<b><u>9,344,760</u></b>
<b>Non-current liabilities</b>			
Retirement benefit obligation	19	71,453	63,785
Deferred tax liabilities	11	213,193	257,835
Provisions	19	180,264	164,515
<b>Total non-current liabilities</b>		<b><u>464,910</u></b>	<b><u>486,135</u></b>

The accompanying notes form an integral part of these individual interim financial statements

## STATEMENT OF INDIVIDUAL INTERIM FINANCIAL POSITION AT JUNE 30, 2013

	<u>Note</u>	<u>Jun 30, 2013</u> <u>'000 RON</u>	<u>Dec 31, 2012</u> <u>'000 RON</u>
<b><i>Current liabilities</i></b>			
Trade and other payables	20	193,542	292,685
Current tax liabilities		62,874	68,044
Provisions	19	30,211	28,735
Other liabilities	20	<u>144,470</u>	<u>184,601</u>
<b>Total current liabilities</b>		<u><b>431,097</b></u>	<u><b>574,065</b></u>
<b>Total liabilities</b>		<u><b>896,007</b></u>	<u><b>1,060,200</b></u>
<b>Total equity and liabilities</b>		<u><b>9,805,421</b></u>	<u><b>10,404,960</b></u>

The individual interim financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

\_\_\_\_\_  
**Virgil Metea**  
 General Manager

\_\_\_\_\_  
**Lucia Ionascu**  
 Economic Director

STATEMENT OF INDIVIDUAL INTERIM CHANGES IN EQUITY FOR THE HALF YEAR ENDED  
JUNE 30, 2013

	Share capital '000 RON	Legal reserve '000 RON	Other reserves '000 RON	Retained earnings '000 RON
<b>Balance as of Jan 1, 2013</b>	<b>1,890,297</b>	<b>76,607</b>	<b>1,697,044</b>	<b>5,680,812</b>
Increase in share capital	2,384	-	-	-
Total comprehensive income for the year	-	-	-	622,385
Dividends paid	-	-	-	(1,060,115)
Increase other reserves	-	-	175,578	(175,578)
<b>Balance as of Jun 30, 2013</b>	<b>1,892,681</b>	<b>76,607</b>	<b>1,872,622</b>	<b>5,067,504</b>
<b>Balance as of Jan 1, 2012</b>	<b>1,890,297</b>	<b>76,607</b>	<b>1,603,940</b>	<b>5,592,775</b>
Total comprehensive income for the year	-	-	-	797,034
Dividends paid	-	-	-	(938,038)
Increase other reserves	-	-	93,104	(93,104)
<b>Balance as of Jun 30, 2012</b>	<b>1,890,297</b>	<b>76,607</b>	<b>1,697,044</b>	<b>5,358,667</b>

The Company increased its share capital by incorporating the value of several plots of land, in accordance with the provisions of Law 834/1991 with subsequent amendments.

During the half year ended June 30, 2013 the Company paid dividends of thousand RON 1,060,115, based on shareholders' decision (dividend per share: thousand RON 0.0277).

#### *Geological quota*

As of June 30, 2013, the geological quota included in the Company's statutory financial statements amounts to thousand RON 3,277,534 (thousand RON 3,317,187 as of December 31, 2012). The Company benefits from the geological quota facility whereby it can charge up to 35% of the value of the gas sold and collected during the year. This facility was recognized in reserves for statutory purposes. Currently, this quota is restricted to investment purposes. It is recorded as an expense in the Company's statutory financial statements prepared in accordance with the Romanian Accounting Standards and is non-deductible for fiscal purposes since 2004.

Of the total amount of thousand RON 3,277,534 as of June 30, 2013, an amount of thousand RON 486,388 represents geological quota as of December 31, 2004. The Company has decided to maintain this as permanent reserves and not to be used anymore for investments. The geological quota and its use are subject to changes in legal requirements. The amount of thousand RON 486,388 is included in other reserves, the remaining balance being recorded in retained earnings.

Exploration expenses are recorded in the statutory financial statements as a reduction of the reserve related to the quota. For IFRS purposes, all transactions involving the geological quota were adjusted through profit or loss.

**STATEMENT OF INDIVIDUAL INTERIM CHANGES IN EQUITY FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

In accordance with Ministry of Public Finance Order No. 881/2012, companies listed on a regulated stock market must prepare IFRS financial statements. Following Romgaz's listing in 2013, for the year ended December 31, 2013 the Company will prepare financial statements in accordance with IFRS, which will be then subject to statutory audit. Those financial statements will be the basis for profit appropriation decisions by the Company's shareholders. Ministry of Public Finance Order no. 1286/2012 regulates the transition to IFRS. Following IFRS related restatements to the Company's financial statements, the structure of these financial statements will change significantly. The retained earnings following the transition to IFRS are not fully realised, hence it will not be subject to full distribution to shareholders as dividends.

The individual interim financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

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**Virgil Metea**  
General Manager

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**Lucia Ionascu**  
Economic Director

## STATEMENT OF INDIVIDUAL INTERIM CASH FLOWS FOR THE HALF YEAR ENDED JUNE 30, 2013

	Half year ended June 30, 2013	Half year ended June 30, 2012
	'000 RON	'000 RON
<b>Cash flows from operating activities</b>		
<b>Net profit for the year</b>	<b>622,385</b>	<b>797,034</b>
Adjustments for:		
Income tax expense	103,231	156,579
Interest expense	-	236
Unwinding of decommissioning provision	15,230	26,614
Interest revenue	(59,003)	(78,517)
(Gain)/Loss on disposal of non-current assets	1,114	6,055
Change in decommissioning provision recognized in profit or loss, other than unwinding	(221)	(23,272)
Change in other provisions	7,231	(595)
Impairment of exploration assets	43,726	(90)
Exploration projects written-off	17,453	15,359
Impairment of property, plant and equipment	45,785	-
Depreciation and amortization	359,532	324,964
Losses from trade receivables and other assets	(5,263)	(4)
Receivables reactivated	(28,941)	-
	<b>1,122,259</b>	<b>1,224,363</b>
<b>Movements in working capital:</b>		
Decrease/(Increase) in inventory	55,055	(142,735)
Decrease/(Increase) in trade and other receivables	277,041	40,752
(Decrease)/Increase in trade and other liabilities	(106,228)	(305,410)
<b>Cash generated from operations</b>	<b>1,348,127</b>	<b>816,970</b>
Interest paid	-	(326)
Income taxes paid	(153,043)	(180,981)

The accompanying notes form an integral part of these individual interim financial statements.

## STATEMENT OF INDIVIDUAL INTERIM CASH FLOWS FOR THE HALF YEAR ENDED JUNE 30, 2013

	Period ended June 30, 2013	Period ended June 30, 2012
	'000 RON	'000 RON
<b>Net cash generated by/(used in) operating activities</b>	<b>1,195,084</b>	<b>635,663</b>
<b>Cash flows from investing activities</b>		
Acquisition of investments in associates	-	(530)
Decrease/(Increase) in other financial assets	451,641	500,069
Interest received	97,080	75,203
Proceeds from sale of non-current assets	1,788	1,710
Loans granted to associates	-	(4,256)
Acquisition of non-current assets	(268,213)	(90,842)
Acquisition of exploration assets	(127,847)	(94,125)
<b>Net cash (used in)/generated by investing activities</b>	<b>154,449</b>	<b>387,229</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	-	(3,458)
Dividends paid	(1,060,115)	(938,038)
<b>Net cash (used in)/generated by financing activities</b>	<b>(1,060,115)</b>	<b>(941,496)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>289,418</b>	<b>81,396</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,739,330</b>	<b>1,428,649</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,028,748</b>	<b>1,510,045</b>

The individual interim financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

\_\_\_\_\_  
**Virgil Metea**  
 General Manager

\_\_\_\_\_  
**Lucia Ionascu**  
 Economic Director



**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**1. BACKGROUND AND GENERAL BUSINESS**

**Information regarding Romgaz S.A., the “Company”**

The Romanian gas sector was reorganized in accordance with Government Decision 575 published in the Official Gazette of June 27, 2001.

The Exploration and Production of Natural Gas Company “Exprogaz” SA merged with the National Company for Underground Storage of Natural Gas “Depogaz” SA – the new entity being called the Natural Gas National Company “Romgaz” S.A., recorded as joint-stock company in compliance with legislation in force in Romania. S.N.G.N. Romgaz S.A. took over all rights and liabilities, staff and all ongoing contracts from the two merging companies. The Ministry of Economy and Commerce, as representative of the Romanian State, is the shareholder of S.N.G.N. Romgaz S.A. together with Fondul Proprietatea S.A.

Romgaz S.A. has as main activity:

1. geological research for the discovery of natural gas, crude oil and condensed reserves;
2. exploitation, production and usage, including trading, of mineral resources;
3. natural gas production for:
  - ensuring the storage flow continuity;
  - technological consumption;
  - delivery in the transportation system;
4. underground storage of natural gas;
5. commissioning, interventions, capital repairs for wells equipping the deposits, as well as the natural gas resources extraction wells, for its own activity and for third parties.
6. production and sale of electricity, following the takeover of Iernut power plant.

**2. SIGNIFICANT ACCOUNTING POLICIES**

***Statement of compliance***

The individual interim financial statements of the Company have been prepared in accordance with the provisions of the International Financial Reporting Standards as adopted by the European Union (IFRS). For the purposes of the preparation of these individual interim financial statements, the functional currency of the Company is deemed to be the Romanian Leu (RON). IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB, however, the differences have no impact on the Company’s individual interim financial statements for the periods presented.

The same accounting policies and methods of computation are followed in these individual interim financial statements as compared with the most recent annual financial statements issued by the Company.

***Basis of preparation***

The individual interim financial statements have been prepared on a going concern basis under the historical cost convention adjusted for hyperinflation effects until December 31, 2003 for share capital. For items of property, plant and equipment, the Company selected the deemed cost method allowed for by IFRS 1. The deemed cost as of January 1, 2010 was determined based on a valuation report prepared by an independent appraiser. These interim financial statements are prepared based on the statutory accounting records prepared by the Company in accordance with Romanian accounting principles which have been adjusted for to comply with IFRS. The principal accounting policies are set out below.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013****2. SIGNIFICANT ACCOUNTING POLICIES (continued)*****Basis of preparation (continued)***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these individual interim financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Accounting is kept in Romanian and in the national currency. Items included in these individual interim financial statements are denominated in Romanian lei and have been prepared on a going concern basis.

The Company prepares individual interim financial statements as it has no subsidiaries and incorporated the entities associated, entities over which the Company has a significant influence, by equity accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. When necessary, adjustments are made to the financial statements of associates to bring their accounting policies in line with those used by the Company.

These individual interim financial statements are prepared for general purposes, for users familiar with the International Financial Reporting Standards as adopted by EU; these are not special purpose financial statements, prepared for listing purposes or other specific purposes. Consequently, these individual interim financial statements must not be used as sole source of information by a potential investor or other users interested in a specific transaction.

***Associated entities***

An associate is a company over which the Company exercises significant influence through participation in decision making on financial and operational policies of the entity invested in. The results, assets and liabilities of associates are incorporated in the individual interim financial statements using the equity method.

***Joint ventures***

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control, i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint venture arrangements directly, the Company's share of jointly controlled assets and liabilities incurred jointly with other venturers are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Company's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Company and their amount can be measured reliably.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Standards and Interpretations effective in the current period***

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- **IFRS 13 “Fair Value Measurement”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013);
- **Amendments to IFRS 1 “First-time Adoption of IFRS” – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013);
- **Amendments to IFRS 1 “First-time Adoption of IFRS” – Government Loans**, adopted by the EU on March 4, 2013 (effective for annual periods beginning on or after January 1, 2013);
- **Amendments to IFRS 7 “Financial Instruments: Disclosures” – Offsetting Financial Assets and Financial Liabilities**, adopted by the EU on December 13, 2012 (effective for annual periods beginning on or after January 1, 2013);
- **Amendments to IAS 1 “Presentation of financial statements” – Presentation of Items of Other Comprehensive Income**, adopted by the EU on June 5, 2012 (effective for annual periods beginning on or after July 1, 2012);
- **Amendments to IAS 12 “Income Taxes” – Deferred Tax: Recovery of Underlying Assets**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013);
- **Amendments to IAS 19 “Employee Benefits” – Improvements to the Accounting for Post-employment Benefits**, adopted by the EU on June 5, 2012 (effective for annual periods beginning on or after January 1, 2013);
- **Amendments to various standards “Improvements to IFRSs (2012)”** resulting from the annual improvement project of IFRS published on May 17, 2012 (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on March 27, 2013 (amendments are to be applied for annual periods beginning on or after January 1, 2013);
- **IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2013).

The adoption of these amendments to the existing standards has not led to any changes in the Company’s accounting policies.

***Standards and Interpretations issued by IASB and adopted by the EU but not yet effective***

At the date of authorisation of these individual interim financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- **IFRS 10 “Consolidated Financial Statements”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- **IFRS 11 “Joint Arrangements”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- **IFRS 12 “Disclosures of Interests in Other Entities”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Standards and Interpretations issued by IASB and adopted by the EU but not yet effective (continued)*

- **IAS 27 (revised in 2011) “Separate Financial Statements”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- **IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures”**, adopted by the EU on December 11, 2012 (effective for annual periods beginning on or after January 1, 2014);
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities”** – Transition Guidance, adopted by the EU on April 4, 2013 (effective for annual periods beginning on or after January 1, 2014);
- **Amendments to IAS 32 “Financial instruments: presentation”** – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on December 13, 2012 (effective for annual periods beginning on or after January 1, 2014);

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at June 30, 2013:

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after January 1, 2015);
- **Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures”** – Mandatory Effective Date and Transition Disclosures;
- **Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 “Separate Financial Statements”** – Investment Entities (effective for annual periods beginning on or after January 1, 2014);
- **Amendments to IAS 36 “Impairment of assets”** - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after January 1, 2014);
- **Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting** (effective for annual periods beginning on or after January 1, 2014);
- **IFRIC 21 “Levies”** (effective for annual periods beginning on or after January 1, 2014).

The Company anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the individual interim financial statements of the Company in the period of initial application.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the Company's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to **IAS 39: “Financial Instruments: Recognition and Measurement”**, would not significantly impact the individual interim financial statements, if applied as at the balance sheet date.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Revenue recognition**

Revenues refer to goods sold (gas) and services supplied.

Revenue from the sale of goods is recognized when all of the following conditions are met:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is based on the stage of completion as a percentage from total revenues from service contract, the percentage being determined by the fraction between the performed services until the balance sheet date and the total services to be performed.

**Revenue recognition (continued)**

Revenue arising from royalties is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Interest revenue is recognized periodically and proportionally as the respective revenue is generated on accrual basis.

Dividends are recognized as revenue when the legal right to receive payment is established.

**Foreign currencies**

The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. The Company operates in Romania and it has the Romanian Leu (RON) as its functional currency.

In preparing these individual interim financial statements of the Company, transactions in currencies other than functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise.

**Employee benefits**

(1) Benefits granted upon retirement

In the normal course of business, the Company makes payments to the Romanian State on behalf of its employees, at statutory rates. All employees of the Company are members of the Romanian State pension plan. These costs are recognized in the statement of comprehensive income together with the related salary costs.

Based on the Collective Labor Agreement, the Company is liable to pay to its employees at retirement a number of gross salaries, according to the years worked for the Company, work conditions etc. To this purpose, the Company recorded a provision for benefits upon retirement. This provision was computed according to actuary methods based on estimates of the average salary, the average number of salaries payable upon retirement, on the estimate of the period when they shall be paid and it was brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Employee benefits (continued)*

The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation in respect of pensions.

(2) Employee participation to profit

In the half year ended June 30, 2013 the Company paid its employees the liability it recorded as of December 31, 2012 in connection with the fund for employee participation to profit in compliance with legislation in force. The liability for the year ended December 31, 2013 will be updated by year end.

*Provisions*

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

*Provisions for decommissioning of wells and restoration of lands damaged by the activity of exploiting natural gas resources*

Liabilities for decommissioning costs are recognized when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

The Company recorded a provision for decommissioning wells and restoring lands used in the activity of exploiting natural resources and returning them to the economic circuit. This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognized. The item of property, plant and equipment is subsequently depreciated as part of the asset.

The Company applies IFRIC 1 related to Changes in existing decommissioning, restoration and similar liabilities.

The change in the decommissioning provision for wells is recorded as follows:

- a. subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.
- b. the amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in profit or loss.
- c. if the adjustment results in an addition to the cost of an asset, the Company shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount, and shall account for any impairment loss.

Once the related asset has reached the end of its useful life, all subsequent changes of debt shall be recognised in the income statement in the year when they occur.

The periodical unwinding of the discount is recognised annually in profit or loss as a finance cost as it occurs.



NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Taxation*

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the individual interim financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property, plant and equipment***

(1) Cost

(i) *Property, plant and equipment*

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of any decommissioning obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

(ii) *Development expenditure*

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including service and unsuccessful development or delineation wells, is capitalized within property, plant and equipment and is depreciated from the commencement of production as described below in the accounting policy for property, plant and equipment.

(iii) *Maintenance and repairs*

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programmes are capitalized and amortized over the period to the next inspection. Overhaul costs for major maintenance programmes, and all other maintenance costs are expensed as incurred.

(2) Depreciation

For indirectly productive tangible assets, depreciation is computed using the straight-line method over the estimated useful life of the assets, as follows:

<b><u>Asset</u></b>	<b><u>Years</u></b>
Specific buildings and constructions	10 - 50
Technical installations and machines	3 - 20
Other plant, tools and furniture	3 - 30

Land is not depreciated as it is considered to have an indefinite useful life.

For directly productive tangible assets (assets related to natural gas extraction), the Company applies the depreciation method based on the unit of production in order to reflect in the profit or loss an expense proportionate with income realized from sale of production obtained from the total natural gas reserve certified at the beginning of the period. According to this method the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the proved developed reserves at the beginning of the period.

For directly productive tangible assets involved in electricity production, the Company applies the straight line depreciation method over the useful life of the asset.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Items of tangible fixed assets that are retired or otherwise disposed of are eliminated from the statement of financial position along with the corresponding accumulated depreciation. Any gain or loss resulting from such retirement or disposal is included in the current year's result.

***Intangible assets***

(1) Cost

Natural gas exploration, appraisal and development expenditure is accounted for using the principles of the successful efforts method of accounting.

(i) *Exploration and appraisal expenditure*

Costs directly associated with an exploration well are initially capitalized as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. Costs directly associated with appraisal activity, undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an intangible asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of natural gas are determined and development is approved by management, the relevant expenditure is transferred to property, plant and equipment.

(ii) *Other intangible assets*

Licenses for software, patents and other intangible assets are recognized at acquisition cost. Exploitation and storage licenses issued by the National Authority for Energy Regulation ("ANRE") and concessions for natural gas fields from the National Agency for Mineral Resources ("ANRM") are recognized at cost from the moment they are obtained by the Company.

Intangible assets are not revalued.

(iii) Amortization

• *Development expenses*

Capitalized development expenses are amortized on a straight-line basis starting with the date when production is launched for the period the asset is expected to generate economic benefits.

• *Other intangible assets*

Patents, trademarks and other intangible assets are amortized using the straight-line method over their useful life, but not exceeding 20 years. Licenses related to the right of use of computer software are amortized over a period of 3 years. Exploitation, respectively storage licenses, are amortized over the period for which they were issued.

***Inventories***

Inventories are stated at the lower of cost and net realizable value. Cost is generally determined using the specific identification method. The cost of finished goods and production in progress includes materials, labour, expense incurred for bringing the finished goods at the location and in the existent form and the related indirect production costs. Write down adjustments are booked against slow moving, damaged and obsolete inventory, when necessary. The net realizable value is estimated based on the selling price less any completion and selling expenses.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013****2. SIGNIFICANT ACCOUNTING POLICIES (continued)*****Financial assets and liabilities***

The Company's financial assets include cash and cash equivalents, trade receivables, other receivables, loans and other investments. Financial liabilities include interest-bearing bank loans and overdrafts and trade and other payables, accruals. For each item the accounting policies on recognition and measurement are disclosed in this note. Management believes that the estimated fair values of these instruments approximate their carrying amounts.

Financial assets are classified into the following categories: 'held-to-maturity investments' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables, including trade and other receivables, bank balances and cash and other receivables, are initially recognized at fair value, net of transaction costs. Subsequently these are recorded at amortized cost using the effective interest method, less any impairment. Any difference between the initial recognition and repayable amount is recognized in profit and loss over the period of the loan, using the effective interest rate method.

*Held-to-maturity investments* are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

*The effective interest method* is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities, other than financial liabilities at fair value through profit or loss, are deducted from the fair value of financial liabilities on initial recognition.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

The classification of investment depends on the nature and purpose and is determined at the time of initial recognition.

***Available for sale (AFS) financial assets***

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables or held-to-maturity investments.

Shares held in unquoted equity instrument are classified as being AFS and are stated at fair value where it can be measured. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Financial assets and liabilities (continued)*

Dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

*Impairment of financial assets*

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

*De-recognition of financial assets and liabilities*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**Reserves**

Reserves include:

- legal reserves, which are used annually to transfer profits from retained profits, up to 5% of the statutory profit being transferred each year, but not to exceed 20% of the Company's statutory share capital;
- other reserves, which represent allocations from profit in accordance with Government Ordinance no. 64/2001, paragraph (g) for the Company's development fund.

**Use of estimates**

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013****2. SIGNIFICANT ACCOUNTING POLICIES (continued)*****Use of estimates (continued)***

The following are the critical judgments that the management has made in the process of applying the Company's accounting policies, and that have the most significant effect on the amounts recognized in the individual interim financial statements.

***Estimates related to revenue recognition***

As of June 30, 2013 the Company recorded an estimate on invoices to be issued of thousand RON 9,089 (as of December 31, 2012: thousand RON 388,109) related to goods delivered in the financial year for which no invoice was yet issued. In making its judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed analysis, the management is satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

***Estimates related to Iernut takeover – settlement of receivable from S.C. Electrocentrale Bucuresti S.A.***

One of the largest customer balance (S.C. Electrocentrale Bucuresti S.A.) in amount of thousand RON 653,000 was assumed to be recoverable due to an in-kind settlement agreement whereby S.C. Electrocentrale Bucuresti S.A. was to transfer one of its power units (CET Iernut) to S.N.G.N. Romgaz S.A. In January, 2013 the Company took over Iernut power unit from S.C. Electrocentrale Bucuresti S.A. The transaction was considered to be a transaction between owners, not a business acquisition, as both the Company and S.C. Electrocentrale Bucuresti S.A. have the Ministry of Economy as major shareholder. The Company recorded the items of property, plant and equipment taken over from S.C. Electrocentrale Bucuresti at thousand RON 40,467. Based on a fair value analysis as of June 30, 2013, the Company fully impaired the related items of property, plant and equipment. As the related receivable balance was fully provided as of December 31, 2012, the settlement of the receivable during the period did not generate any loss in the individual interim financial statements.

The Company recorded allowances for other bad debts related to receivables from various customers due to existing litigating cases related to these receivables. The estimated recoverability of the related receivables is nil.

The rest of the allowance for bad debt recorded relates to the effect of loss of value as a result of exceeding the maturity by more than 1 year. The estimate was performed based on prior history.

***Estimates related to the exploration expenditure on undeveloped fields***

If field works prove that the geological structures are not exploitable from an economic point of view or that they do not have hydrocarbon resources available, capitalised expenses are written off. The write off is performed based on geological experts technical expertise.

***Estimates related to the developed proved reserves***

The Company applies the depreciation method based on the unit of production in order to reflect in the income statement an expense proportionate with income realized from sale of production obtained from the total natural gas reserve certified at the beginning of the period. According to this method the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the gas reserve certified at the beginning of the period. The gas reserves are updated on an annual basis starting 2011 (in the previous years, the gas reserves were updated every five years) based on internal assessment approved by the National Authority for Mineral Resources.



NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Use of estimates (continued)*

*Estimates related to the decommissioning provision*

Liabilities for decommissioning costs are recognized when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

The Company recorded a provision for decommissioning wells and restoring lands used in the activity of exploiting natural resources and returning them to the economic circuit. This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

*Estimates related to the retirement benefit obligation*

Under the Collective Labor Contract, the Company is obliged to pay to its employees when they retire a multiplier of the gross salary, depending on the seniority within the Company, working conditions etc. This provision was calculated based on actuarial methods to estimate the average wage, the average number of employees to pay at retirement, the estimate of the period when they will be paid and was brought to this value using a discount factor based on interest on investments with the highest degree of safety (government bonds).

The Company does not operate any other pension plan or retirement benefits, and therefore has no other obligations relating to pensions.

*Estimates regarding the environment provision*

The Company records a provision for the restoration of land and for the redemption of the land to the agricultural circuit, based on management's estimate of the necessary costs to be incurred in order to restore the land to its original state. The estimate is based on previous experience and based on budgeted well drilling and exploration.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Company works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Economic Director reports the valuation findings to the board of directors of the Company on a regular basis to explain the cause of fluctuations in the fair value of the assets and liabilities.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Comparative Information***

For each item of the statement of financial position, the statement of comprehensive income, and, where is the case, for the statement of changes in equity and for the statement of cash flows comparative information is presented as follows:

- Individual statement of financial position as of the end of the current interim period and a comparative statement of financial position as of the end of the immediately preceding financial year;
- Individual statements of profit or loss and other comprehensive income for the current interim period, with comparative statements of profit or loss and other comprehensive income for the comparable interim period of the immediately preceding financial year;
- Individual statement of changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year;
- Individual statement of cash flows cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year.

**3. REVENUE AND OTHER INCOME**

	<b>Half year ended Jun 30, 2013</b>	<b>Half year ended Jun 30, 2012</b>
	<b>'000 RON</b>	<b>'000 RON</b>
Revenue from gas sold - internal production	1,381,098	1,360,054
Revenue from gas acquired for resale	323,714	686,892
Revenue from sale of goods	60	196
Revenue from services	192,835	141,776
Other operating revenues	29,717	102,956
<b>Total</b>	<b>1,927,424</b>	<b>2,291,914</b>

The Company's sales are cyclical, sales being highest in the cold months and lowest in the summer period.

**4. INVESTMENT INCOME**

	<b>Half year ended Jun 30, 2013</b>	<b>Half year ended Jun 30, 2012</b>
	<b>'000 RON</b>	<b>'000 RON</b>
Interest revenue	59,003	78,517
<b>Total</b>	<b>59,003</b>	<b>78,517</b>

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

## 5. COST OF COMMODITIES SOLD AND RAW MATERIALS AND CONSUMABLES USED

	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	'000 RON	'000 RON
Consumables used	55,468	60,031
Cost of gas sold	302,048	591,965
Other consumables	1,508	1,351
<b>Total</b>	<b>359,024</b>	<b>653,347</b>

## 6. OTHER GAINS AND LOSSES

	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	'000 RON	'000 RON
Forex gain	4,364	5,162
Forex loss	(5,036)	(14,006)
Gain/(Loss) on disposal of property, plant and equipment	(1,114)	(6,055)
Allowances and write offs, net	5,263	4
Reactivated receivables	28,941	-
<b>Total</b>	<b>32,418</b>	<b>(14,895)</b>

## 7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	'000 RON	'000 RON
<b>Depreciation and amortization</b>		
Depreciation	359,532	324,964
Out of which:		
Depreciation of property plant and equipment	349,445	315,190
Amortization of intangible assets	10,087	9,774
Impairment of fixed assets	89,511	(90)
<b>Total depreciation, amortization and impairment</b>	<b>449,043</b>	<b>324,874</b>

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

## 8. EMPLOYEE BENEFITS AND SOCIAL CHARGES

	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	<u>'000 RON</u>	<u>'000 RON</u>
Wages and salaries	180,859	166,662
Social security charges	57,598	52,724
Meal tickets	6,150	5,709
<b>Total</b>	<b><u>244,607</u></b>	<b><u>225,095</u></b>

## 9. FINANCE COSTS

	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	<u>'000 RON</u>	<u>'000 RON</u>
Interest expense	-	236
Unwinding of the decommissioning provision	15,230	26,614
<b>Total</b>	<b><u>15,230</u></b>	<b><u>26,850</u></b>

## 10. OTHER EXPENSES

	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	<u>'000 RON</u>	<u>'000 RON</u>
Electricity	58,605	40,565
Protocol and advertising	66	183
Logistic expenses	1,531	9,241
Taxes and duties	170,219	130,143
Bank commissions and similar charges	1,186	129
Insurance expenses	1,101	1,560
Compensations, fines and penalties	613	30
Provision expenses	7,010	(23,867)
Other operating expenses	596	10,843
<b>Total</b>	<b><u>240,927</u></b>	<b><u>168,827</u></b>

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

## 11. INCOME TAXES

Income tax	<u>Half year ended Jun 30, 2013</u>	<u>Half year ended Jun 30, 2012</u>
Current period tax expense	147,873	166,961
Deferred income tax expense/(revenue)	<u>(44,642)</u>	<u>(10,382)</u>
<b>Income tax expense</b>	<b><u>103,231</u></b>	<b><u>156,579</u></b>

The tax rate used for the 2013 and 2012 reconciliations below is the corporate tax rate of 16% payable by corporate entities in Romania on taxable profits under tax law in that jurisdiction.

The total charge for the period can be reconciled to the accounting profit as follows:

Deferred tax reconciliation	<u>Half year ended Jun 30, 2013</u>	<u>Half year ended Jun 30, 2012</u>
<b>Accounting profit before tax</b>	<b><u>725,616</u></b>	<b><u>953,613</u></b>
Income tax expense calculated at 16%	116,099	152,578
Effect of income exempt of taxation	(6,668)	(8,586)
Effect of expenses that are not deductible in determining taxable profit	38,441	22,969
Effect of temporary differences	<u>(44,642)</u>	<u>(10,382)</u>
<b>Income tax</b>	<b><u>103,230</u></b>	<b><u>156,579</u></b>

Components of deferred tax asset/ liability

Components of deferred tax	<u>Jun 30, 2013</u>		<u>Dec 31, 2012</u>	
	<u>Cumulative temporary differences</u>	<u>Deffered tax (asset)/liability</u>	<u>Cumulative temporary differences</u>	<u>Deffered tax (asset)/liability</u>
Provisions	(275,469)	(44,075)	(261,640)	(41,862)
Other liabilities	(6)	(1)	-	-
Property, plant and equipment	1,598,539	255,766	1,873,110	299,697
Other assets	<u>9,396</u>	<u>1,503</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>1,332,460</u></b>	<b><u>213,193</u></b>	<b><u>1,611,470</u></b>	<b><u>257,835</u></b>
<b>Charged to income</b>		<b><u>(44,642)</u></b>		<b><u>(8,324)</u></b>

## NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013

## 12. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage Assets	Tangible exploration assets - WIP	Capital work in progress - other	Total
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
<b>Cost</b>									
<b>As of Jan 1, 2013</b>	<b>91,944</b>	<b>355,401</b>	<b>4,430,294</b>	<b>846,976</b>	<b>153,606</b>	<b>1,504,106</b>	<b>536,983</b>	<b>199,286</b>	<b>8,118,596</b>
Additions, of which:	3,891	18,447	42,879	49,863	232	36	105,326	181,987	402,661
- transfers	401	4,030	39,241	26,047	101	36	-	-	69,856
- decommissioning	-	-	3,444	-	-	-	-	-	3,444
Disposals, of which:	-	(76)	(1,169)	(2,404)	(928)	(39)	(10,714)	(59,056)	(74,386)
- transfers	-	-	-	-	-	-	(10,714)	(59,019)	(69,733)
- decommissioning	-	-	(791)	-	-	-	-	-	(791)
<b>As of Jun 30, 2013</b>	<b>95,835</b>	<b>373,772</b>	<b>4,472,004</b>	<b>894,435</b>	<b>152,910</b>	<b>1,504,103</b>	<b>631,595</b>	<b>322,217</b>	<b>8,446,871</b>
<b>Accumulated depreciation</b>									
<b>As of Jan 1, 2013</b>	-	<b>40,616</b>	<b>1,319,516</b>	<b>312,239</b>	<b>70,407</b>	<b>216,198</b>	-	-	<b>1,958,976</b>
Charge for the period	-	6,930	239,776	51,260	10,695	40,784	-	-	349,445
Depreciation charged to JV	-	-	1,844	-	-	-	-	-	1,844
Disposals	-	(16)	(311)	(1,164)	(269)	(19)	-	-	(1,779)
<b>As of Jun 30, 2013</b>	-	<b>47,530</b>	<b>1,560,825</b>	<b>362,335</b>	<b>80,833</b>	<b>256,963</b>	-	-	<b>2,308,486</b>



## NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013

## 12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage Assets	Tangible exploration assets - WIP	Capital work in progress - other	Total
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
Impairment	-	-	43,726	-	-	-	207,379	27,745	278,850
As of Jan 1, 2013	-	14,417	-	22,763	125	-	33,810	8,480	79,595
Charge for the period	-	14,417	-	22,763	125	-	241,189	36,225	358,445
As of Jun 30, 2013	-	14,417	43,726	22,763	125	-	241,189	36,225	358,445
Carrying value as of Jan 1, 2013	91,944	314,785	3,067,052	534,737	83,199	1,287,908	329,604	171,541	5,880,770
Carrying value as of Jun 30, 2013	95,835	311,825	2,867,453	509,337	71,952	1,247,140	390,406	285,992	5,779,940

In January, 2013 the Company took over a power plant (CET Iernut) in exchange of receivables of thousand RON 653,000 it had against one of its clients, S. C. Electrocentrale Bucuresti S.A., which was fully impaired as of December 31, 2012

The Company started the negotiation regarding the transfer in 2010. Since the takeover in January, 2013 modernizations were performed on the plant, having a total value of thousand RON thousand RON 43,129, being carried at cost.

Currently, the Company is running a feasibility study based on which it will decide the future actions related to the plant. Based on the takeover agreement, the Company commits to take all necessary actions to continue the production of electricity and the operation of CET Iernut, and that it does not plan to immediately liquidate the plant and sell the inventory.

## NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013

## 12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage Assets	Tangible exploration assets - WIP	Capital work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
<b>Cost</b>									
As of Jan 1, 2012	89,021	360,665	4,266,532	791,656	153,141	1,370,645	650,503	211,008	7,893,171
Additions, of which:									
- transfers	963	3,296	62,884	36,073	214	89,211	33,623	95,332	321,596
- decommissioning	963	2,212	58,200	36,042	156	88,574	-	12,464	198,611
	-	-	4,671	-	-	-	-	-	4,671
Disposals, of which:									
- transfers	-	(13,398)	(118,055)	(869)	(209)	(5,410)	(8,109)	(178,002)	(324,052)
- decommissioning	-	(12,465)	-	-	-	-	(8,109)	(178,002)	(198,576)
	-	-	(116,523)	-	-	-	-	-	(116,523)
<b>As of Jun 30, 2012</b>	<b>89,984</b>	<b>350,563</b>	<b>4,211,361</b>	<b>826,860</b>	<b>153,146</b>	<b>1,454,446</b>	<b>676,017</b>	<b>128,338</b>	<b>7,890,715</b>
<b>Accumulated depreciation</b>									
As of Jan 1, 2012	-	26,739	921,082	204,463	46,755	137,319	-	-	1,336,358
Charge for the period	-	7,101	199,931	55,908	11,792	40,458	-	-	315,190
Depreciation charged to JV	-	-	3,152	-	-	-	-	-	3,152
Disposals	-	(59)	(148)	(471)	(127)	(2,055)	-	-	(2,860)
<b>As of Jun 30, 2012</b>	<b>-</b>	<b>33,781</b>	<b>1,124,017</b>	<b>259,900</b>	<b>58,420</b>	<b>175,722</b>	<b>-</b>	<b>-</b>	<b>1,651,840</b>

## NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013

## 12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage Assets	Tangible exploratio n assets - WIP	Capital work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Impairment	-	-	-	-	-	-	-	-	-
As of Jan 1, 2012	-	12,465	-	-	-	-	166,343	13,536	192,344
As of Jun 30, 2012	-	12,465	-	-	-	-	166,343	13,536	192,344
Carrying value as of Jan 1, 2012	89,021	321,461	3,345,450	587,193	106,386	1,233,326	484,160	197,472	6,364,469
Carrying value as of Jun 30, 2012	89,984	304,317	3,087,344	566,960	94,726	1,278,724	509,674	114,802	6,046,531

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

## 13. EXPLORATION FOR AND EVALUATION OF NATURAL GAS RESOURCES

The following financial information represents the amounts included within S.N.G.N. Romgaz S.A. totals relating to activity associated with the exploration for and evaluation of oil and natural gas resources. All such activity is recorded within the upstream segment.

	<u>Jun 30, 2013</u>	<u>Dec 31, 2012</u>
	'000 RON	'000 RON
Exploration expenditure written off	17,453	193,304
Net movement in exploration assets' impairment	43,726	(81,696)
Exploration assets	621,456	532,863
Liabilities	(58,238)	(27,245)
Net assets	563,218	505,618
Capital expenditure	161,657	227,709
Net cash used in investing activities	(127,847)	(214,439)

## 14. OTHER INTANGIBLE ASSETS

	<u>Development expenses</u>	<u>Licenses</u>	<u>Intangible exploration assets - WIP</u>	<u>Intangible work in progress - other</u>	<u>Total</u>
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
<b>Cost</b>					
<b>As of Jan 1, 2013</b>	<u>4,146</u>	<u>144,975</u>	<u>224,280</u>	<u>-</u>	<u>373,401</u>
Additions, of which:	-	4,966	56,331	9,056	70,353
- transfers	-	4,408	-	-	4,408
Disposals, of which:	-	(181)	(18,624)	(3,425)	(22,230)
- transfers	-	-	(1,171)	(3,360)	(4,531)
- exploration expenditure written-off	-	-	(17,453)	-	(17,453)
<b>As of Jun 30, 2013</b>	<u>4,146</u>	<u>149,760</u>	<u>261,987</u>	<u>5,631</u>	<u>421,524</u>
<b>Accumulated amortization</b>					
<b>As of Jan 1, 2013</b>	<u>3,952</u>	<u>117,724</u>	<u>-</u>	<u>-</u>	<u>121,676</u>
Charge for the period	95	9,992	-	-	10,087
Disposals	-	(181)	-	-	(181)
<b>As of Jun 30, 2013</b>	<u>4,047</u>	<u>127,535</u>	<u>-</u>	<u>-</u>	<u>131,582</u>
<b>Impairment</b>					
<b>As of Jan 1, 2013</b>	<u>-</u>	<u>-</u>	<u>21,021</u>	<u>-</u>	<u>21,021</u>
Charge for the period	-	-	9,916	-	9,916
<b>As of Jun 30, 2013</b>	<u>-</u>	<u>-</u>	<u>30,937</u>	<u>-</u>	<u>30,937</u>
<b>Carrying value as of Jan 1, 2013</b>	<u>194</u>	<u>27,251</u>	<u>203,259</u>	<u>-</u>	<u>230,704</u>
<b>Carrying value as of Jun 30, 2013</b>	<u>99</u>	<u>22,225</u>	<u>231,050</u>	<u>5,631</u>	<u>259,005</u>

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

## 14. OTHER INTANGIBLE ASSETS (continued)

	Development expenses	Licenses	Intangible exploration assets - WIP	Intangible work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
<b>Cost</b>					
<b>As of Jan 1, 2012</b>	<b>3,910</b>	<b>142,394</b>	<b>225,701</b>	<b>445</b>	<b>372,450</b>
Additions, of which:	55	4,307	60,503	4,957	69,822
- transfers	55	3,109	-	-	3,164
Disposals, of which:	-	(9,674)	(16,590)	(1,969)	(28,233)
- transfers	-	-	(1,230)	(1,969)	(3,199)
- exploration expenditure written-off	-	-	(15,359)	-	(15,359)
<b>As of Jun 30, 2012</b>	<b>3,965</b>	<b>137,027</b>	<b>269,614</b>	<b>3,433</b>	<b>414,039</b>
<b>Accumulated amortization</b>					
<b>As of Jan 1, 2012</b>	<b>3,815</b>	<b>107,378</b>	<b>-</b>	<b>-</b>	<b>111,193</b>
Charge for the period	109	9,665	-	-	9,774
Disposals	-	(8,002)	-	-	(8,002)
<b>As of Jun 30, 2012</b>	<b>3,924</b>	<b>109,041</b>	<b>-</b>	<b>-</b>	<b>112,965</b>
<b>Impairment</b>					
<b>As of Jan 1, 2012</b>	<b>-</b>	<b>-</b>	<b>143,753</b>	<b>-</b>	<b>143,753</b>
Release during the period	-	-	(90)	-	(90)
<b>As of Jun 30, 2012</b>	<b>-</b>	<b>-</b>	<b>143,663</b>	<b>-</b>	<b>143,663</b>
<b>Carrying value as of Jan 1, 2012</b>	<b>95</b>	<b>35,016</b>	<b>81,948</b>	<b>445</b>	<b>117,504</b>
<b>Carrying value as of Jun 30, 2012</b>	<b>41</b>	<b>27,986</b>	<b>125,951</b>	<b>3,433</b>	<b>157,411</b>

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

## 15. INVENTORIES

	<u>Jun 30, 2013</u>	<u>Dec 31, 2012</u>
	'000 RON	'000 RON
Spare parts and materials	129,827	121,399
Work in progress	444	258
Finished goods	230,053	211,024
Residual products	67	64
Inventories at third parties	29,260	35,231
Commodities (gas from import)	72,197	148,928
Packaging	5	4
Impairment for slow moving inventory	(9,059)	(9,059)
<b>Total</b>	<b><u>452,794</u></b>	<b><u>507,849</u></b>

## 16. ACCOUNTS RECEIVABLE

## a) Trade and other receivables

	<u>Jun 30, 2013</u>	<u>Dec 31, 2012</u>
	'000 RON	'000 RON
Trade receivables - short term	808,711	1,286,212
Bad debt allowances - short term (Note 16 c)	(187,850)	(767,515)
Trade receivables - long term	13,320	104,078
Bad debt allowances - long term (Note 16 c)	(13,320)	(51,432)
Accrued receivables	9,089	388,109
<b>Total trade receivables</b>	<b><u>629,950</u></b>	<b><u>959,452</u></b>

## b) Other assets

	<u>Jun 30, 2013</u>	<u>Dec 31, 2012</u>
	'000 RON	'000 RON
Advance paid to suppliers	31,611	32,185
Joint venture receivables	18,037	7,125
Loans to associates	16,124	16,466
Interest on loan to associates	628	460
Other receivables	66,729	89,344
Prepayments	7,722	1,934
VAT not yet due	257	1,865
Bad debt allowances for other receivables (Note 16 c)	(19)	(19)
<b>Total other assets</b>	<b><u>141,089</u></b>	<b><u>149,360</u></b>



NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

## 16. ACCOUNTS RECEIVABLE (continued)

## c) Changes in the allowance for doubtful debts

	<b>Half year ended Jun 30, 2013</b>	<b>Year ended Dec 31, 2012</b>
	<b>'000 RON</b>	<b>'000 RON</b>
<b>At 1 January</b>	<b>818,966</b>	<b>684,259</b>
Charge during the period	35,231	134,724
Releases during the period (Note 12)	(653,008)	(17)
<b>At period end</b>	<b>201,189</b>	<b>818,966</b>

As of June 30, 2013, the Company recorded allowances for bad debts related to receivables from GHCL Upsom of thousand RON 60,842 (December 31, 2012: thousand RON 60,842), Interagro of thousand RON 49,463 (December 31, 2012: thousand RON 48,188), CET Iasi of thousand RON 46,271 (December 31, 2012: thousand RON 46,271) and Electrocentrale Galati of thousand RON 35,231 due to existing financial conditions of these customers as well as ongoing litigating cases related to these receivables.

The rest of the allowance for bad debt recorded as of June 30, 2013, relates to the effect of loss of value as a result of the exceeding of the maturity by more than 1 year.

	<b>Jun 30, 2013</b>	<b>Dec 31, 2012</b>
	<b>'000 RON</b>	<b>'000 RON</b>
Current and not impaired	378,988	282,597
<b>Overdue receivables but not impaired</b>		
Less than 30 days overdue	14,087	11,971
30 to 90 days overdue	37,874	1,350
90 to 360 days overdue	11,633	63,274
Over 360 days overdue	178,279	212,151
<b>Total past due but not impaired</b>	<b>241,873</b>	<b>288,746</b>

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

## 17. SHARE CAPITAL

	<b>Share capital Jun 30, 2013</b>
	<b>'000 RON</b>
38,542,240 fully paid ordinary shares – nominal value	385,422
Hyperinflation adjustment	1,507,259
<b>Total</b>	<b>1,892,681</b>
	<b>Share capital Dec 31, 2012</b>
	<b>'000 RON</b>
38,303,828 fully paid ordinary shares – nominal value	383,038
Hyperinflation adjustment	1,507,259
<b>Total</b>	<b>1,890,297</b>

The shareholding structure as at June 30, 2013 is as follows:

	<b>Number of shares</b>	<b>Amount</b>	<b>Percentage (%)</b>
		<b>'000 RON</b>	
Romanian State through the Ministry of Economy and Commerce ("MEC")	32,763,644	327,636	85,01
„Proprietatea” Fund	5,778,596	57,786	14,99
<b>Total</b>	<b>38,542,240</b>	<b>385,422</b>	<b>100,00</b>

The shareholding structure as at December 31, 2012 was as follows:

	<b>Number of shares</b>	<b>Amount</b>	<b>Percentage (%)</b>
		<b>'000 RON</b>	
Romanian State through the Ministry of Economy, Commerce and Business Environment ("M.E.C.M.A.")	32,560,984	325,610	85,01
„Proprietatea” Fund	5,742,854	57,428	14,99
<b>Total</b>	<b>38,303,838</b>	<b>383,038</b>	<b>100,00</b>

All shares are ordinary and were subscribed and fully paid as at June 30, 2013. All shares carry equal voting rights and have a nominal value of RON 10/share.

*„Proprietatea” Fund*

Based on Law 247- 2005 title VII art. 6 and art. 12 of Government Decision no.1481/ 2005, S.C "Fondul Proprietatea" S.A was incorporated, its initial share capital being created from assets stated under art.3 par. (1) let. a) – e) of title VII of Law 247/ 2005.

According to legal provisions in force, M.E.C participated in 2005 to the creation of the initial capital of Fondul Proprietatea with shares in several trading companies in its portfolio. According to provisions 1.2 of Annex to Title VII of Law no.247/ 2005, M.E.C contributed to the creation of capital of S.C. Fondul Proprietatea S.A. with shares representing 15% of Romgaz share capital as at that date.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**18. RESERVES**

Description and nature of the Company's reserves is as follows:

	<u>Jun 30, 2013</u>	<u>Dec 31, 2012</u>
	'000 RON	'000 RON
Legal reserves	76,607	76,607
Other reserves	1,872,622	1,697,044
<b>Total reserves</b>	<b>1,949,229</b>	<b>1,773,651</b>

The legal reserves are made annually according to local requirements from the statutory profit of the Company, as per the quotas and within the limits set by the law (up to 20% of the issued capital). The legal reserves can be used only under the conditions stated by the law.

Other reserves represent allocations from profit in accordance with Government Ordinance no. 64/2001, paragraph (g) for the Company's development fund.

**19. PROVISIONS**

	<u>Jun 30, 2013</u>	<u>Dec 31, 2012</u>
	'000 RON	'000 RON
Decommissioning provision - long term portion	180,264	164,515
Decommissioning provision - short term portion	12,915	11,001
Retirement benefit obligation	71,453	63,785
Other provisions	17,296	17,734
<b>Total</b>	<b>281,928</b>	<b>257,035</b>

**Decommissioning provision**

Decommissioning provisions were set up using best estimates considering the applicable legislation. In determining those provisions management of the Company considered existing and future technologies that were expected to be used in the period when it is expected that the costs will be incurred.

The amount of the provision as at June 30, 2013 is explained in the below table:

***Decommissioning provision***

<b><i>Movement</i></b>	<u>Half year ended Jun 30, 2013</u>	<u>Year ended Dec 31, 2012</u>
	'000 RON	'000 RON
<b>At Jan 1</b>	<b>175,516</b>	<b>266,002</b>
Additional provision recorded against non-current assets	3,444	12,970
Unwinding effect	15,230	23,671
Recorded in profit or loss	(221)	(27,414)
Release against non-current assets	(790)	(99,713)
<b>At June 30 / Dec 31</b>	<b>193,179</b>	<b>175,516</b>

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**19. PROVISIONS (continued)**

The Company makes full provision for the future cost of decommissioning natural gas wells on a discounted basis upon installation. The provision for the costs of decommissioning these wells at the end of their economic lives has been estimated using existing technology, at current prices or future assumptions, depending on the expected timing of the activity, and discounted using a real discount rate of 11%. The average period over which these costs are generally expected to be incurred is estimated to be approximately 17 years. While the provision is based on the best estimate of future costs and the economic lives of the wells, there is uncertainty regarding both the amount and timing of these costs.

**Retirement benefit obligation**

In the ordinary course of business, the Company makes payments from health funds, state pensions and unemployment benefits on behalf of its employees at statutory rates. All Company's employees are members of the Romanian state pension plan. These costs are recognized in profit or loss in the same time with the wages recognition.

Under the Collective Labor Contract, the Company is obliged to pay to its employees when they retire a multiplier of the gross salary, depending on their seniority within the Company, working conditions etc. This provision was calculated based on actuarial methods to estimate the average wage, the average number of employees to pay at retirement, the estimate of the period when they will be paid and was brought to this value using a discount factor based on interest on investments with the highest degree of safety (government bonds).

The Company does not operate any other pension plan or retirement benefits, and therefore has no other obligations relating to pensions.

The management of the Company considers the change in liability as of June 30, 2013 is not significant compared to December 31, 2012. The provision will be updated based on actuarial computation at year end. The change in the value of the provision of thousand RON 7,668 as at June 30, 2013 relates to the takeover of CET Iernut during the period.

**Other provisions**

As of June 30, 2013, the Company recorded a provision for environment restoration of thousand RON 17,296 (December 31, 2012: thousand RON 17,734). The provision was recorded for the restoration of land and for the redemption of the land to the agricultural use, based on management's estimate of the necessary costs to be incurred in order to restore the land to its original state.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**20. TRADE AND OTHER CURRENT LIABILITIES**

	<u>Jun 30, 2013</u>	<u>Dec 31, 2012</u>
	'000 RON	'000 RON
Accruals	64,837	36,379
Payables related to employees	20,808	42,138
Trade payables	26,282	19,277
Payables to fixed assets suppliers	81,935	58,909
Gas royalty	57,209	55,476
Social security taxes	13,284	13,254
Other current liabilities	11,711	17,029
Joint venture payables	691	2,594
Advances from customers	20,488	178,121
VAT	27,652	50,611
Other taxes payable	13,115	3,498
<b>Total</b>	<b><u>338,012</u></b>	<b><u>477,286</u></b>

**21. FINANCIAL INSTRUMENTS**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, inflation risk interest rate risk), credit risk, liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance within certain limits. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The Company does not use derivative financial instruments to hedge certain risk exposures.

Management reviews financial risks periodically, with the objective of ascertaining whether they are likely to exceed certain limits. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

**(a) Market risk**

**(i) Foreign exchange risk**

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and euro. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Company imports gas from European countries, has foreign currency denominated trade payables.

Due to the high costs associated, the Company's policy is not to use derivative financial instruments to reduce this risk.

The official exchange rates as at June 30, 2013 were RON 3.4151 to USD 1 and RON 4.4588 to EUR 1 (December 31, 2012: RON 3.3575 to USD 1 and RON 4.4287 to EUR 1; June 30, 2012: RON 3.5360 to USD 1 and RON 4.4494 to EUR 1).

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
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**21. FINANCIAL INSTRUMENTS (continued)**

**Financial risk factors (continued)**

**(a) Market risk (continued)**

(ii) *Inflation risk*

The official inflation rate in Romania, during the year ended December 31 2012 was under 10% as provided by the National Commission for Statistics of Romania. The cumulative inflation rate for the last 3 years was under 100%. This factor, among others, led to the conclusion that Romania is not a hyperinflationary economy starting with January 1, 2004.

(iii) *Interest rate risk*

The Company was exposed in the past to interest rate risk due to loans from the International Bank for Reconstruction and Development. In 2012 the Company had repaid all its loans.

As of June 30, 2013, the Company had granted variable interest bearing loans of thousand RON 16,123 (December 31, 2012: thousand RON 16,466).

Bank deposits and treasury bills bear a fixed interest rate.

**(b) Credit risk**

Financial assets, which potentially subject the Company to credit risk, consist principally of cash and cash equivalents, deposits with banks, trade receivables and loans. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The carrying amount of accounts receivable, net of impairment provision, cash and cash equivalents and loans, represent the maximum amount exposed to credit risk. The Company has a concentration of credit risk in respect of its top 4 clients, which together amount to 75% of trade receivable balance at June 30, 2013. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Company beyond the bad debt allowance already recorded.

**(c) Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's policy is to only resort to borrowing if investment needs cannot be financed internally.

**(d) Fair value estimation**

Carrying amount of financial assets and liabilities are assumed to approximate their fair values.

Financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short-term loans and trade and other payables. The estimated fair values of these instruments approximate their carrying amounts. The carrying amounts represent the Company's maximum exposure to credit risk for existing receivables.

The shares held in available for sale financial investments are not quoted in an active market and their fair value cannot be reliably measured, therefore they are measured at cost. At each period end the Company makes an assessment to determine whether there is any indication of impairment. As of June 30, 2013 the Company did not identify any indication of impairment of other financial investments.



## NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013

## 21. FINANCIAL INSTRUMENTS (continued)

	EUR 1 EUR = 4.4588 '000 RON	GBP 1 GBP = 5.2077 '000 RON	USD 1 USD = 3.4151 '000 RON	RON 1 RON '000 RON	Total '000 RON
<b>Jun 30, 2013</b>					
<b>Financial assets</b>					
Available for sale financial assets	-	-	-	77,641	77,641
Cash at bank and cash equivalents	810	5	30	2,027,892	2,028,737
Held-to-maturity investments	-	-	-	424,497	424,497
Interest on investments	-	-	-	4,143	4,143
Trade and other receivables	-	-	-	714,292	714,292
Loans granted	16,752	-	-	-	16,752
<b>Total financial assets</b>	<b>17,562</b>	<b>5</b>	<b>30</b>	<b>3,248,465</b>	<b>3,266,062</b>
<b>Financial liabilities</b>					
Trade and other payables	(2,553)	(232)	(62,116)	(251,343)	(316,244)
<b>Total financial liabilities</b>	<b>(2,553)</b>	<b>(232)</b>	<b>(62,116)</b>	<b>(251,343)</b>	<b>(316,244)</b>
<b>Net</b>	<b>15,009</b>	<b>(227)</b>	<b>(62,086)</b>	<b>2,997,122</b>	<b>2,949,818</b>
<b>Dec 31, 2012</b>					
<b>Financial assets</b>					
Available for sale financial assets	-	-	-	1,646	1,646
Cash at bank and cash equivalents	24,071	14	366	1,714,879	1,739,330
Held-to-maturity investments	-	-	-	890,834	890,834
Interest on investments	-	-	-	37,401	37,401
Trade and other receivables	-	-	-	1,094,712	1,094,712
Loans granted	16,926	-	-	-	16,926
<b>Total financial assets</b>	<b>40,997</b>	<b>14</b>	<b>366</b>	<b>3,739,472</b>	<b>3,780,849</b>
<b>Financial liabilities</b>					
Trade and other payables	(39)	-	(27,985)	(267,661)	(295,685)
<b>Total financial liabilities</b>	<b>(39)</b>	<b>-</b>	<b>(27,985)</b>	<b>(267,661)</b>	<b>(295,685)</b>
<b>Net</b>	<b>40,958</b>	<b>14</b>	<b>(27,619)</b>	<b>3,471,811</b>	<b>3,485,164</b>

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
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**21. FINANCIAL INSTRUMENTS (continued)**

The Company is mainly exposed in respect of the exchange rate of the EUR and USD vs. RON. The following table details the Company's sensitivity to a 5% increase/decrease in EUR and USD against RON. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	<u>Jun 30, 2013</u>	<u>Dec 31, 2012</u>
	'000 RON	'000 RON
Weakening of RON Profit/(loss)	(2,365)	668

***Liquidity and interest risk***

As of June 30, 2013, the Company's exposure to interest risk is limited, due to the fact that it has no borrowings and financial assets bear a fixed interest rate, except for the loans granted by the Company. However, these loans do not pose significant interest risk.

**Maturity analysis for non-derivative financial assets and financial liabilities**

Jun 30, 2013	<u>Due in less than a month</u>	<u>Due in 1 - 3 months</u>	<u>Due in 3 months to 1 year</u>	<u>Due in 1 - 5 years</u>	<u>Due in over 5 years</u>	<u>Total</u>
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
Trade receivables	519,575	26,641	83,734	-	-	629,950
Treasury bills	-	-	424,497	-	-	424,497
<b>Total</b>	<b>519,575</b>	<b>26,641</b>	<b>508,231</b>	<b>-</b>	<b>-</b>	<b>1,054,447</b>
Trade payables	(193,542)	-	-	-	-	(193,542)
<b>Total</b>	<b>(193,542)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(193,542)</b>
<b>Net</b>	<b>326,033</b>	<b>26,641</b>	<b>508,231</b>	<b>-</b>	<b>-</b>	<b>860,905</b>

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
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## 21. FINANCIAL INSTRUMENTS (continued)

Dec 31, 2012	Due in less than a month	Due in 1 - 3 months	Due in 3 months to 1 year	Due in 1 - 5 years	Due in over 5 years	Total
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
Trade receivables	778,038	16,207	112,561	52,646	-	959,452
Treasury bills	-	-	890,834	-	-	890,834
<b>Total</b>	<b>778,038</b>	<b>16,207</b>	<b>1,003,395</b>	<b>52,646</b>	<b>-</b>	<b>1,850,286</b>
Trade payables	(292,685)	-	-	-	-	(292,685)
<b>Total</b>	<b>(292,685)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(292,685)</b>
<b>Net</b>	<b>485,353</b>	<b>16,207</b>	<b>1,003,395</b>	<b>52,646</b>	<b>-</b>	<b>1,557,601</b>

## Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Company's management, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
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22. RELATED PARTY TRANSACTIONS

The main transactions and balances with related parties are detailed below.

(i) Sales of goods and services

	Half year ended as at Jun 30, 2013	Half year ended as at Jun 30, 2012
	'000 RON	'000 RON
Romgaz SA's associates	4,544	9,501
<b>Total</b>	<b>4,544</b>	<b>9,501</b>

(ii) Purchases of goods and services

	Half year ended as at Jun 30, 2013	Half year ended as at Jun 30, 2012
	'000 RON	'000 RON
Romgaz SA's associates	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(iii) Balances arising from the sale/purchase of goods/services

	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
<i>Receivables from related parties</i>		
Romgaz SA's associates	4,544	-
<b>Total</b>	<b>4,544</b>	<b>-</b>

## NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013

## 23. INFORMATION REGARDING THE EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATIVE BODIES, MANAGEMENT AND SUPERVISORY

## The remuneration of directors and managers

The Company has no contractual obligations on pensions to former executives and directors of the Company.

During the year, no loans and advances were granted to directors and managers of the Company, except for work related travel advances, and they do not owe any amounts to the Company from such advances.

	Half year ended as at Jun 30, 2013	Half year ended as at Jun 30, 2012
	'000 RON	'000 RON
Salaries paid to directors	4,435	4,830
	<b>Jun 30, 2013</b>	<b>Dec 31, 2012</b>
	'000 RON	'000 RON
Salaries payable to directors	354	465

## 24. ASSOCIATES

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held (%)	
			Jun 30, 2013	Dec 31, 2012
SC Amgaz SA Medias	gas production	Romania	35	35
SC Depomures SA Tg.Mures	storage of natural gas	Romania	40	40
Energia Torzym Polonia	gas production	Poland	30	30
Cybinka Polonia	gas production	Poland	30	30
SC Agri LNG Project Company SRL	Feasibility projects	Romania	25	25
			<b>Jun 30, 2013</b>	<b>Dec 31, 2012</b>
			'000 RON	'000 RON
Investments in associates			12,409	12,409
Impairment (Amgaz, Energia Torzym, Cybinka)			(4,795)	(4,795)
<b>Total</b>			<b>7,614</b>	<b>7,614</b>

## NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013

## 25. OTHER FINANCIAL ASSETS

*Other Financial Investments*

<u>Company</u>	<u>Activity</u>	<u>Percentage held</u>	<u>Value as of Jun 30, 2013</u> ‘000 RON	<u>Impairment as of Jun 30, 2013</u> ‘000 RON	<u>Carrying value as of Jun 30, 2013</u> ‘000 RON
Electrocentrale Bucuresti SA	electricity and thermal power producer	2.35%	66,287	-	66,287
MKB Romexterra Bank S.A.	other activities - financial intermediations	0.12%	840	-	840
Mi Petrogas Services S.A.	services related to oil and natural gas extraction, excluding field work	10%	60	-	60
Black Sea LPG Romania S.A.	foreign trade, oil products trading and maritime transportation	6.30%	50	50	-
S.C. GHCL Upsom	manufacture of other chemical, anorganic base products	4.21%	17,100	17,100	-
Vanco Int Ltd		10%	2,076	-	2,076
Lukoil Oil Company		10%	8,378	-	8,378
<b>Total</b>			<b>94,791</b>	<b>17,150</b>	<b>77,641</b>

On November 21, 2012 the Company and S.C. Termoelectrica S.A. signed an agreement by which receivable outstanding from S.C. Termoelectrica S.A. would be settled by transfer of shares in S.C. Electrocentrale Bucuresti S.A. The agreement was enforced on January 24, 2013. At transfer, the shares in S.C. Electrocentrale Bucuresti S.A. were recorded at a cost of thousand RON 66,287, as measured by an independent appraiser.

The shares held in the share capital of the companies above are not quoted in an active market and their fair value cannot be reliably measured therefore they are measured at cost. At each period end the Company makes an assessment to determine whether there are any indications of impairment. As of June 30, 2013 the Company did not identify any indication of impairment of other financial investments.



## NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013

## 25. OTHER FINANCIAL ASSETS (continued)

*Other Financial Investments*

<u>Company</u>	<u>Activity</u>	<u>Percentage held</u>	<u>Value as of Dec 31, 2012</u> ‘000 RON	<u>Impairment as of Dec 31, 2012</u> ‘000 RON	<u>Carrying value as of Dec 31, 2012</u> ‘000 RON
MKB Romexterra Bank S.A.	other activities - financial intermediations	0.12%	840	-	840
Mi Petrogas Services S.A.	services related to oil and natural gas extraction, excluding field work	10%	60	-	60
Black Sea LPG Romania S.A.	foreign trade, oil products trading and maritime transportation	6.30%	50	50	-
S.C. GHCL Upsom	manufacture of other chemical, anorganic base products	4.21%	17,100	17,100	-
Vanco Int Ltd		10%	149	-	149
Lukoil Oil Company		10%	597	-	597
<b>Total</b>			<b>18,796</b>	<b>17,150</b>	<b>1,646</b>

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**26. SEGMENT INFORMATION**

**a) Products and services from which reportable segments derive their revenues**

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the upstream segment, storage services and others, including headquarters. The Directors of the Company have chosen to organize the Company around difference in activities performed.

Specifically, the Company is organized in the following segments:

- upstream, which includes exploration activities, natural gas production and gas trade; these activities are performed by Medias, Mures and Bratislava branches.
- storage activities, performed by the Ploiesti branch;
- other activities, such as technological transport, well operations, electricity production and sale, and corporate activities.

**b) Segment assets and liabilities**

Jun 30, 2013	Upstream '000 RON	Storage '000 RON	Other '000 RON
Property plant and equipment	3,927,766	1,456,961	395,213
Other intangible assets	235,496	707	22,802
Trade and other receivables	598,807	30,063	1,080
Other non-current assets	-	-	16,752
Inventories	350,606	78,040	24,148
Other financial assets	-	-	513,895
Other assets	39,634	10,955	73,748
Cash and cash equivalents	171,772	58,667	1,798,309
<b>Total assets</b>	<b>5,324,081</b>	<b>1,635,393</b>	<b>2,845,947</b>
Retirement benefit obligation	-	-	71,453
Deferred tax liabilities	-	-	213,193
Provisions	47,196	-	163,279
Other liabilities	22,426	1,504	183,413
Trade and other payables	99,627	6,195	87,720
<b>Total liabilities</b>	<b>169,249</b>	<b>7,699</b>	<b>719,058</b>

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

## 26. SEGMENT INFORMATION (continued)

Dec 31, 2012	Upstream '000 RON	Storage '000 RON	Other '000 RON
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Property plant and equipment	4,005,412	1,368,467	506,891
Other intangible assets	210,276	885	19,543
Trade and other receivables	934,017	24,429	1,006
Other non-current assets	-	-	16,926
Inventories	410,297	80,971	16,581
Other financial assets	432	504	936,559
Other assets	28,526	17,410	86,498
Cash and cash equivalents	229,941	47,208	1,462,181
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total assets</b>	<b>5,818,901</b>	<b>1,539,874</b>	<b>3,046,185</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Retirement benefit obligation	-	-	63,785
Deferred tax liabilities	-	-	257,835
Provisions	193,250	-	-
Other liabilities	28,610	1,562	222,473
Trade and other payables	245,645	4,909	42,131
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total liabilities</b>	<b>467,505</b>	<b>6,471</b>	<b>586,224</b>

NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013

## 26. SEGMENT INFORMATION (continued)

## c) Segment revenues, results and other segment information

Half year ended Jun 30, 2013	Upstream '000 RON	Storage '000 RON	Other '000 RON	Consolidation adjustment and eliminations '000 RON	Total '000 RON
Sales and other operating revenues	1,723,905	149,340	193,551	(165,657)	1,901,139
Less: sales and other operating revenues between businesses	(11,781)	-	(153,876)	165,657	-
Third party sales and other operating revenues	1,712,124	149,340	39,675	-	1,901,139
<b>Interest income</b>	<b>4,220</b>	<b>685</b>	<b>54,098</b>	<b>-</b>	<b>59,003</b>
<b>Interest expense</b>	<b>(15,230)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,230)</b>
Depreciation and amortisation	(326,199)	(45,043)	(77,801)	-	(449,043)
Segment profit/(loss) before tax	667,563	31,211	26,842	-	725,616
<b>Half year ended Jun 30, 2012</b>	<b>Upstream '000 RON</b>	<b>Storage '000 RON</b>	<b>Other '000 RON</b>	<b>Consolidation adjustment and eliminations '000 RON</b>	<b>Total '000 RON</b>
Sales and other operating revenues	2,060,694	132,248	167,268	(168,017)	2,192,193
Less: sales and other operating revenues between businesses	(2,283)	-	(165,734)	168,017	-
Third party sales and other operating revenues	2,058,411	132,248	1,534	-	2,192,193
<b>Interest income</b>	<b>3,527</b>	<b>1,327</b>	<b>73,663</b>	<b>-</b>	<b>78,517</b>
<b>Interest expense</b>	<b>(26,652)</b>	<b>(198)</b>	<b>-</b>	<b>-</b>	<b>(26,850)</b>
Depreciation and amortisation	(233,391)	(44,040)	(47,443)	-	(324,874)
Segment profit/(loss) before tax	882,346	14,039	57,228	-	953,613

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**26. SEGMENT INFORMATION (continued)**

**c) Segment revenues, results and other segment information (continued)**

The Company's main clients are identified in the table below. All sales are revenue recorded in the upstream segment.

Client	Half year ended Jun 30, 2013	Half year ended Jun 30, 2012
	'000 RON	'000 RON
E.ON GAZ ROMANIA SA TG.MURES	487,301	593,069
SC GDF SUEZ SA	361,760	374,702
AZOMURES	225,812	161,416
ELECTROCENTRALE BUCURESTI	174,863	165,984
SC CONEF SRL	130,427	125,631
ARELCO BUCURESTI	48,038	116,701
ELECTROCENTRALE GALATI	73,942	117,665
TEN GAZ (former AMGAZ)	29,215	65,589
TRANSGAZ	-	71,517

**27. OTHER NON-CURRENT ASSETS**

During 2011, Romgaz S.A. signed two loan contracts with Energia Torzym Spolka and Energia Cybinka Spolka, each with a maximum amount of EUR 5,000,000. Both agreements will terminate on December 31, 2015. Interest is calculated on the balance of the loan drawn down on an annual basis rate equivalent to ECB Euro base interest rate plus 1% per annum. The applicable ECB Euro base interest rate will be used as at the last working day of a calendar year. Interest is not to be capitalized. The receivable as of June 30, 2013 is thousand RON 16,752.

**28. CASH AND CASH EQUIVALENTS**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks, short-term deposits and treasury bonds with a maturity under 3 months. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

<i>Cash and cash equivalents</i>	Jun 30, 2013	Dec 31, 2012
	'000 RON	'000 RON
Current bank accounts in RON	76,847	165,130
Current bank accounts in foreign currency	845	1,956
Petty cash	29	38
Short-term deposits	1,702,973	1,265,708
Treasury bonds with maturity under 3 months	248,043	283,983
Amounts under settlement	11	19
<b>Total</b>	<b>2,028,748</b>	<b>1,739,330</b>

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**29. OTHER FINANCIAL ASSETS**

Other financial assets represent mainly treasury bonds with a maturity of over 3 months.

	<u>Jun 30, 2013</u>	<u>Dec 31, 2012</u>
	'000 RON	'000 RON
Shares in unquoted entities	77,641	1,646
Held-to-maturity investments	<u>428,640</u>	<u>928,235</u>
<b>Total</b>	<b><u>506,281</u></b>	<b><u>929,881</u></b>

**30. COMMITMENTS UNDERTAKEN**

	<u>Jun 30, 2013</u>	<u>Dec 31, 2012</u>
	'000 RON	'000 RON
Commitments for purchase of import gas	135,372	283,642
Capital commitments	89,544	27,888
Other commitments	<u>2,412</u>	<u>2,812</u>
<b>Total</b>	<b><u>227,328</u></b>	<b><u>314,342</u></b>

From the facility of million USD 29 given by RBS Bank for opening letters of credit in favor of suppliers, as at June 30, 2013 are available for utilization thousand USD 2,834 (December 31, 2012: thousand USD 20,694).

**31. CONTINGENCIES**

(a) *Litigations*

The Company is subject to several legal actions arisen in the normal course of business. The management of the Company considers that they will have no material adverse effect on the results and the financial position of the Company.

(b) *Ongoing judicial procedures for which Romgaz SA is not claimant or defendant*

On December 28, 2011, 27 former and current employees were notified by DIICOT (Direction for Investigation of Crimes of Organized Criminal Activity and Terrorism) regarding an investigation related to sale contracts signed with one of the Company's clients which are suspected to have been granted unauthorized discounts to this client during the period 2005-2010. The Direction mentioned that this may have resulted in a loss of USD 92 million for the Company. The internal analysis carried out by the Company's specialized departments concluded that the agreement was in compliance with legal provisions and all discounts were granted based on approvals from the Ministry of Economy and Finance and decisions of the General Shareholders' Board and Board of Directors. The management of the Company believes the investigation will not have a negative impact on the individual interim financial statements.

Also, during 2013 the National Agency for Integrity has initiated an investigation against a former general manager of the Company, as a result of identifying some indications of conflict of interest in awarding contracts to companies in which he has been administrator before becoming general manager of the Company. The management of the Company carried out an analysis and concluded that the investigation is ungrounded and that it will not have a negative impact over the Company's individual interim financial statements.



**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2013**

**31. CONTINGENCIES (continued)**

(b) *Ongoing judicial procedures for which Romgaz SA is not claimant or defendant (continued)*

We mention that the risk assessment carried out by the Company was performed without having access to the investigation files prepared by the National Agency for Integrity and the Direction for Investigation of Crimes of Organized Criminal Activity and Terrorism. The Company is fully cooperating with DIICOT and ANI in providing all information necessary.

(c) *Taxation*

The Romanian taxation system is undergoing a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (0.1% per day). In Romania, tax periods remain open for fiscal verification for 5 years. The Company's management considers that the tax liabilities included in these individual interim financial statements are fairly stated.

(d) *Environmental contingencies*

Environmental regulations are developing in Romania and the Company has not recorded any liability at June 30, 2013 for any anticipated costs, including legal and consulting fees, impact studies, the design and implementation of remediation plans, related to environmental matters, except for an amount of thousand RON 17,296.

**Environmental aspects**

In accordance with the obligations assumed by Romania in the Position Paper, Chapter 22 – environmental protection and transposition of Directive 2001/80/CE by Government Decision no. 541/2003, an Implementation Plan has been developed to reduce emissions of certain pollutants into the air from large combustion plants, including those of the Company, ie. CET Iernut.

The Company has the obligation to reduce NOx emissions in CET Iernut, respectively SO2, of large installations until December 31, 2013, which requires subsequent investments to June 30, 2013. The Company intends to fund these investments from its own sources.

The Company has an ongoing program to improve efficiency of its capabilities and reduce the cost of compliance with environmental plan, which involves various changes. In this case, the Company has started the process of developing a feasibility study to analyse the potential of increasing the efficiency and reducing the pollution related investment in terms of utilizing rationally and efficiently the financial, human and material resources.

Future operation of the power blocks owned by the Company is dependent on meeting the deadlines stipulated in the Implementation Plan of Directive 2001/80/CE.

**Environmental permits**

In accordance with Government Emergency Ordinance no.152/2005, approved by Law no.84/2006 concerning integrated pollution prevention and control, with subsequent amendments and completions, the holding companies of combustion installations with a rated thermal input exceeding 50MWt are required to obtain integrated environmental authorization. The Company holds an environmental permit which is renewed periodically and is accompanied by a compliance program. Environmental conditions imposed by the permit relates to emissions of pollutants into the air, water, noise intensity at the enclosure's boundary, in compliance with the legislation on waste management and storage and respecting the compliance programs. This present environmental permit given to CET Iernut is valid until December 31, 2013.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**31. CONTINGENCIES (continued)**

**Environmental permits (continued)**

The Action Plan approved by the Mures Agency of Environmental Protection, the National Agency for Environmental Protection, Ministry of Environment and Climate Change includes the following measures:

- 1) Rehabilitation - modernizing wastewater treatment plant inside CET - Iernut - Investment value: thousand RON 1,000. Deadline: second semester of 2013. Currently, the works acquisition was published in SEAP, based on the project prepared by SC ECOROM SRL - Targu-Mures (company approved by the Ministry of Environment and Climate Change).
- 2) Purchase and installation of low NOx burners for IMA SE Mures no. 1 and no. 4. Deadline: fourth quarter, 2013. Currently, the Ministry of Environment and Climate Change approved the proposed solution of reduction of NOx emissions from boilers no.1 and 4 - CTE - Iernut below 300 mg NOx/Nmc flue gas by gas recirculation; also, the management of SNGN ROMGAZ SA has approved the inclusion of the repairs done to the two boilers of SPEE Iernut in the current repair plans. Current repairs will be carried out by the Company (without contracting an outside firm). The cost of materials and spare parts for the implementation of the two repairs is thousand RON 1,000.

(e) *Licenses for operation in the gas production field*

The Company operates natural gas fields based on the license issued by the National Agency for Mineral Resources (ANRM). Licenses for the extraction of hydrocarbons (natural gas and condensate) expire between 2011 and 2028 and may be extended upon request.

(f) *Insurance policies*

As at the end of the period, the Company has concluded insurance policies for tangible assets.

(g) *Green-house gas emission certificates*

Iernut power plant was allocated with a total number of 5,159,772 certificates for greenhouse gas emissions for the period 2008-2012 (according to Government Decision nr.60/2008). The obligation to manage the usage of the certificates for greenhouse gas emissions was under the responsibility of SC ELECTROCENTRALE BUCURESTI S.A.

Out of the total number of 5,159,772 certificates for the period 2008-2012, a number of 2,766,903 were consumed. The remaining of 2,392,869 certificates was managed by SC ELECTROCENTRALE BUCURESTI S.A.

For the period 2013 - 2020, free of charge certificates have not been allocated by the date these individual interim financial statements were issued. On July 30, 2013, the European Commission formally announced that in September, 2013 it intends to adopt a Decision regarding the allocation of "free of charge" certificates for greenhouse gas emissions for the period 2013-2020, considering the fact that the analysis of Measures for National Implementation notified by member states will be completed.

The aforementioned decision will include the preliminary number of free of charge certificates for greenhouse emissions for installations that falls under the scheme during the period 2013 -2020 – number determined based on the allocation principles set out in Decision 2011/278/UEJ, and the amount of cross-sectorial correction factor, by which after the adoption of the Decision, the Member State authorities will determine the total final amount of certificates for greenhouse gas emissions allocated to each installation for the period 2013-2020.

**NOTES TO THE INDIVIDUAL INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
JUNE 30, 2013**

**32. EVENTS AFTER THE BALANCE SHEET DATE**

There are no significant events subsequent to period end.

**33. APPROVAL OF INDIVIDUAL INTERIM FINANCIAL STATEMENTS**

The individual interim financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

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**Virgil Metea**  
General Manager

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**Lucia Ionascu**  
Economic Director

**S.N.G.N. ROMGAZ S.A.**  
**INDIVIDUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**PREPARED IN ACCORDANCE WITH**  
**INTERNATIONAL FINANCIAL REPORTING STANDARDS**  
**AS ADOPTED BY EU**  
**TOGETHER WITH**  
**THE INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of  
S.N.G.N. Romgaz S.A.  
Medias, Romania

## INDEPENDENT AUDITOR'S REPORT

### Report on the Individual Financial Statements

1. We have audited the accompanying individual financial statements of S.N.G.N. ROMGAZ S.A., which comprise the statement of individual financial position as at December 31, 2012, and the statement of individual comprehensive income, statement of individual changes in equity and statement of individual cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Individual Financial Statements*

2. Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

3. Our responsibility is to express an opinion on these individual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the individual financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the individual financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the individual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the individual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the individual financial statements.

# Deloitte

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

6. In our opinion, the individual financial statements present fairly, in all material respects the individual financial position of S.N.G.N. ROMGAZ S.A. as at December 31, 2012, and its individual financial performance and its individual cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

## *Other Matters*

7. This report is made solely to the shareholders of the Company, as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholders of the Company as a body, for our audit work, for this report, or for the opinion we have formed.

  
Deloitte Audit SRL  
Bucharest, Romania  
August 22, 2013



**STATEMENT OF INDIVIDUAL COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Note	Year ended Dec 31, 2012 '000 RON	Year ended Dec 31, 2011 '000 RON	Year ended Dec 31, 2010 '000 RON
Revenue	4	3,837,941	4,195,477	3,497,461
Cost of commodities sold	6	(904,580)	(1,168,545)	(715,785)
Investment income	5	148,326	106,797	94,287
Other gains and losses	7	(49,806)	76,596	(36,646)
Changes in inventory of finished goods and work in progress		110,852	80,545	80,007
Raw materials and consumables used	6	(118,364)	(131,475)	(125,868)
Depreciation, amortization and impairment expenses	8	(606,114)	(703,384)	(840,006)
Employee benefit expense	9	(503,044)	(478,322)	(477,755)
Finance cost	10	(24,233)	(24,705)	(27,463)
Exploration expense	14	(193,304)	(186,868)	(126,209)
Other expenses	11	(435,705)	(505,728)	(906,189)
Other income	4	133,672	82,074	106,372
<b>Profit before tax</b>		<b>1,395,641</b>	<b>1,342,462</b>	<b>522,206</b>
Income tax expense	12	(276,462)	(154,767)	(177,739)
<b>Profit for the year</b>		<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>
Weighted average no. of shares		38,303,838	38,303,838	38,303,838
Basic and diluted earnings per share		0.0292	0.031	0.009
<b>Total comprehensive income for the year</b>		<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>

The individual financial statements were approved by the board of directors and authorized for issue on August 22,, 2013.

\_\_\_\_\_  
**Virgil Metea**  
General Manager

\_\_\_\_\_  
**Lucia Ionascu**  
Economic Director

## STATEMENT OF INDIVIDUAL FINANCIAL POSITION AT DECEMBER 31, 2012

	Note	Dec 31, 2012 '000 RON	Dec 31, 2011 '000 RON	Dec 31, 2010 '000 RON
<b>Assets</b>				
<b>Non-current assets</b>				
Property plant and equipment	13	5,880,770	6,364,469	6,534,469
Other intangible assets	15	230,704	117,504	189,309
Associates	26	7,614	7,084	7,337
Trade and other receivables	17a	52,646	145,350	92,053
Other financial assets	27, 31	1,646	900	900
Other non-current assets	29, 17b	16,926	8,572	-
<b>Total non-current assets</b>		<b>6,190,306</b>	<b>6,643,879</b>	<b>6,824,068</b>
<b>Current assets</b>				
Inventories	16	507,849	451,241	1,084,461
Trade and other receivables	17a	906,806	930,760	860,337
Other financial assets	31	928,235	1,090,101	203,693
Other assets	17b	132,434	165,689	93,786
Cash and cash equivalents	30	1,739,330	1,428,649	808,335
<b>Total current assets</b>		<b>4,214,654</b>	<b>4,066,440</b>	<b>3,050,612</b>
<b>Total assets</b>		<b>10,404,960</b>	<b>10,710,319</b>	<b>9,874,680</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital	18	1,890,297	1,890,297	1,890,297
Reserves	19	1,773,651	1,680,547	1,602,021
Retained earnings		5,680,812	5,592,775	5,190,342
<b>Total equity</b>		<b>9,344,760</b>	<b>9,163,619</b>	<b>8,682,660</b>
<b>Non-current liabilities</b>				
Retirement benefit obligation	21	63,785	53,627	52,773
Deferred tax liabilities	12	257,835	266,159	400,310
Provisions	21	164,515	253,387	211,573
<b>Total non-current liabilities</b>		<b>486,135</b>	<b>573,173</b>	<b>664,656</b>

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF INDIVIDUAL FINANCIAL POSITION AT DECEMBER 31, 2012

	Note	Dec 31, 2012 '000 RON	Dec 31, 2011 '000 RON	Dec 31, 2010 '000 RON
<b><i>Current liabilities</i></b>				
Trade and other payables	22	292,685	638,688	286,144
Borrowings	20	-	6,803	13,230
Current tax liabilities		68,044	79,133	55,036
Provisions	21	28,735	20,130	27,132
Other liabilities	22	184,601	228,773	145,822
<b>Total current liabilities</b>		<b>574,065</b>	<b>973,527</b>	<b>527,364</b>
<b>Total liabilities</b>		<b>1,060,200</b>	<b>1,546,700</b>	<b>1,192,020</b>
<b>Total equity and liabilities</b>		<b>10,404,960</b>	<b>10,710,319</b>	<b>9,874,680</b>

The individual financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

\_\_\_\_\_  
**Virgil Metea**  
 General Manager

\_\_\_\_\_  
**Lucia Ionascu**  
 Economic Director

## STATEMENT OF INDIVIDUAL CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2012

	Share capital '000 RON	Legal reserve '000 RON	Other reserves '000 RON	Retained earnings *) '000 RON
<b>Balance as of Jan 1, 2012</b>	<b>1,890,297</b>	<b>76,607</b>	<b>1,603,940</b>	<b>5,592,775</b>
Total comprehensive income for the year	-	-	-	1,119,179
Dividends paid	-	-	-	(938,038)
Increase other reserves	-	-	93,104	(93,104)
<b>Balance as of Dec 31, 2012</b>	<b>1,890,297</b>	<b>76,607</b>	<b>1,697,044</b>	<b>5,680,812</b>
<b>Balance as of Jan 1, 2011</b>	<b>1,890,297</b>	<b>76,607</b>	<b>1,525,414</b>	<b>5,190,342</b>
Total comprehensive income for the year	-	-	-	1,187,695
Dividends paid	-	-	-	(706,736)
Increase other reserves	-	-	78,526	(78,526)
<b>Balance as of Dec 31, 2011</b>	<b>1,890,297</b>	<b>76,607</b>	<b>1,603,940</b>	<b>5,592,775</b>
<b>Balance as of Jan 1, 2010</b>	<b>1,890,297</b>	<b>76,607</b>	<b>1,525,414</b>	<b>5,431,682</b>
Total comprehensive income for the year	-	-	-	344,467
Dividends paid	-	-	-	(585,806)
<b>Balance as of Dec 31, 2010</b>	<b>1,890,297</b>	<b>76,607</b>	<b>1,525,414</b>	<b>5,190,342</b>

Dividends per share in 2012 are of thousand RON 0.024 (2011: thousand RON: 0.018; 2010: thousand RON 0.015).

\*) See, also, note 3 and note 18.

The individual financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

\_\_\_\_\_  
**Virgil Metea**  
 General Manager

\_\_\_\_\_  
**Lucia Ionascu**  
 Economic Director

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF INDIVIDUAL CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
<b>Cash flows from operating activities</b>			
<b>Net profit for the year</b>	<b>1,119,179</b>	<b>1,187,695</b>	<b>344,467</b>
Adjustments for:			
Income tax expense	276,462	154,767	177,739
Interest expense	562	1,097	1,673
Unwinding of decommissioning provision	23,671	23,608	25,790
Interest revenue	(148,326)	(106,797)	(94,287)
(Gain)/Loss on disposal of non-current assets	15,741	4,886	(21,178)
Change in decommissioning provision recognized in profit or loss, other than unwinding	(27,414)	(16,296)	(3,659)
Change in other provisions	20,377	4,960	6,687
Impairment of exploration assets	(81,696)	22,189	134,125
Exploration projects written-off	193,304	186,868	126,209
Impairment of property, plant and equipment	45,470	6,001	6,237
Depreciation and amortization	642,340	675,194	699,644
Impairment of investment in associates	-	3,391	-
Losses from trade receivables and other assets	134,707	(81,390)	56,926
Receivables reactivated	(115,824)	(100)	(1)
Movement in write-down allowances for inventory	-	(8,434)	(494)
	<b>2,098,553</b>	<b>2,057,639</b>	<b>1,459,878</b>
<b>Movements in working capital:</b>			
(Increase)/Decrease in inventory	(56,608)	641,654	(26,140)
(Increase)/Decrease in trade and other receivables	89,070	(318,195)	(283,349)
Increase/(Decrease) in trade and other liabilities	(382,836)	659,057	301,369
<b>Cash generated from operations</b>	<b>1,748,179</b>	<b>3,040,155</b>	<b>1,451,758</b>
Interest paid	(651)	(1,178)	(1,721)
Income taxes paid	(295,874)	(264,821)	(246,964)

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF INDIVIDUAL CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
<b>Net cash generated by/(used in) operating activities</b>	<b>1,451,654</b>	<b>2,774,156</b>	<b>1,203,073</b>
<b>Cash flows from investing activities</b>			
Acquisition of investments in associates	(530)	(3,138)	(700)
Decrease/(Increase) in other financial assets	178,593	(873,040)	(47,151)
Interest received	130,618	93,204	102,996
Proceeds from sale of non-current assets	793	1,008	48,028
Loans granted to associates	(8,119)	(8,347)	
Acquisition of non-current assets	(283,137)	(357,898)	(540,456)
Acquisition of exploration assets	(214,439)	(292,549)	(367,927)
<b>Net cash (used in)/generated by investing activities</b>	<b>(196,221)</b>	<b>(1,440,760)</b>	<b>(805,210)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(6,714)	(6,346)	(4,544)
Dividends paid	(938,038)	(706,736)	(585,807)
<b>Net cash (used in)/generated by financing activities</b>	<b>(944,752)</b>	<b>(713,082)</b>	<b>(590,351)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>310,681</b>	<b>620,314</b>	<b>(192,488)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,428,649</b>	<b>808,335</b>	<b>1,000,823</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,739,330</b>	<b>1,428,649</b>	<b>808,335</b>

The individual financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

\_\_\_\_\_  
**Virgil Metea**  
 General Manager

\_\_\_\_\_  
**Lucia Ionascu**  
 Economic Director

The accompanying notes form an integral part of these financial statements.



**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012**

**1. BACKGROUND AND GENERAL BUSINESS**

**Information regarding Romgaz S.A., the “Company”**

The Romanian gas sector was reorganized in accordance with Government Decision 575 published in the Official Gazette of June 27, 2001.

The Exploration and Production of Natural Gas Company “Exprogaz” SA merged with the National Company for Underground Storage of Natural Gas “Depogaz” SA – the new entity being called the Natural Gas National Company “Romgaz” SA, recorded as joint-stock company in compliance with legislation in force in Romania. S.N.G.N. Romgaz S.A. took over all rights and liabilities, staff and all ongoing contracts from the two merging companies. The Ministry of Economy and Commerce, as representative of the Romanian State, is the shareholder of S.N.G.N. Romgaz S.A. together with Fondul Proprietatea S.A.

Romgaz S.A. has as main activity:

1. geological research for the discovery of natural gas, crude oil and condensed reserves;
2. exploitation, production and usage, including trading, of mineral resources;
3. natural gas production for:
  - ensuring the storage flow continuity;
  - technological consumption;
  - delivery in the transportation system;
4. underground storage of natural gas;
5. commissioning, interventions, capital repairs for wells equipping the deposits, as well as the natural gas resources extraction wells, for its own activity and for third parties.

**2. SIGNIFICANT ACCOUNTING POLICIES**

***Statement of compliance***

The individual financial statements of the Company have been prepared in accordance with the provisions of the International Financial Reporting Standards as adopted by the European Union (IFRS) For the purposes of the preparation of these financial statements, the functional currency of the Company is deemed to be the Romanian Leu (RON). IFRS as adopted by the EU differs in certain respects from IFRS as issued by the IASB, however, the differences have no impact on the Company’s individual financial statements for the years presented.

For all periods up to and including the year ended December 31, 2012, S.N.G.N. ROMGAZ S.A. prepared its individual financial statements in accordance with local generally accepted accounting principles (Local GAAP), represented by MOF 3055/2009 for the years 2012, 2011 and 2010. These are the Company’s first set of individual financial statements prepared under IFRS as adopted by the EU. Refer to Note 3 for information on how the Company adopted IFRS.

***Basis of preparation***

The individual financial statements have been prepared on a going concern basis under the historical cost convention adjusted for hyperinflation effects until December 31, 2003 for share capital. For items of property, plant and equipment, the Company selected the deemed cost method allowed for by IFRS 1. The deemed cost as of January 1, 2010 was determined based on a valuation report prepared by an independent appraiser. These financial statements are prepared based on the statutory accounting records prepared by the Company in accordance with Romanian accounting principles which have been adjusted for to comply with IFRS. The principal accounting policies are set out below.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

***Basis of preparation (continued)***

Accounting is kept in Romanian and in the national currency. Items included in these individual financial statements are denominated in Romanian lei and have been prepared on a going concern basis.

The Company prepares individual financial statements as it has no subsidiaries and incorporated the entities associated, entities over which the Company has a significant influence, by equity accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. When necessary, adjustments are made to the financial statements of associates to bring their accounting policies into line with those used by the Company.

These individual financial statements are prepared for general purposes, for users familiar with the International Financial Reporting Standards as adopted by EU; these are not special purpose financial statements, prepared for listing purposes or other specific purposes. Consequently, these individual financial statements must not be used as sole source of information by a potential investor or other users interested in a specific transaction.

***Associated entities***

An associate is a company over which the Company exercises significant influence through participation in decision making on financial and operational policies of the entity invested in. The results, assets and liabilities of associates are incorporated in the individual financial statements using the equity method.

***Joint ventures***

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control, i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint venture arrangements directly, the Company's share of jointly controlled assets and liabilities incurred jointly with other venturers are recognized in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Company's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Company and their amount can be measured reliably.

***Standards and Interpretations effective in the current period***

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendments to IFRS 7 "Financial Instruments: Disclosures" - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011),

The adoption of these amendments to the existing standards has not led to any changes in the Company's accounting policies

***Standards and Interpretations issued by IASB and adopted by the EU but not yet effective***

At the date of authorization of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012****2. SIGNIFICANT ACCOUNTING POLICIES (continued)****Standards and Interpretations issued by IASB and adopted by the EU but not yet effective (continued)**

- IFRS 10 “Consolidated Financial Statements”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 11 “Joint Arrangements”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 12 “Disclosures of Interests in Other Entities”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 13 “Fair Value Measurement”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- IAS 27 (revised in 2011) “Separate Financial Statements”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IAS 28 (revised in 2011) “Investments in Associates and Joint Ventures”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IFRS 1 “First-time Adoption of IFRS” - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 “First-time Adoption of IFRS” - Government Loans, adopted by the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 7 “Financial Instruments: Disclosures” - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities” - Transition Guidance, adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 1 “Presentation of financial statements” - Presentation of Items of Other Comprehensive Income, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012),
- Amendments to IAS 12 “Income Taxes” - Deferred Tax: Recovery of Underlying Assets, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 19 “Employee Benefits” - Improvements to the Accounting for Post-employment Benefits, adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 32 “Financial instruments: presentation” - Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to various standards “Improvements to IFRSs (2012)” resulting from the annual improvement project of IFRS published on 17 May 2012 (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 27 March 2013 (amendments are to be applied for annual periods beginning on or after 1 January 2013),

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Standards and Interpretations issued by IASB and adopted by the EU but not yet effective (continued)**

- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013).

**Standards and Interpretations issued by IASB but not yet adopted by the EU**

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB) except from the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at date of publication of the individual financial statements:

- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2015),
- Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” – Mandatory Effective Date and Transition Disclosures,
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 “Separate Financial Statements” - Investment Entities (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 36 “Impairment of assets” - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014),
- IFRIC 21 “Levies” (effective for annual periods beginning on or after 1 January 2014).

The Company anticipates that the adoption of these standards, amendments to the existing standards and interpretations will have no material impact on the individual financial statements of the Company in the period of initial application.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

According to the Company's estimates, application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement”, would not significantly impact the individual financial statements, if applied as at the balance sheet date.

**Revenue recognition**

Revenues refer to goods sold (gas) and services supplied.

Revenue from the sale of goods is recognized when all of the following conditions are met:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Revenue recognition (continued)**

Revenue from rendering of services is based on the stage of completion as a percentage from total revenues from service contract, the percentage being determined by the fraction between the performed services until the balance sheet date and the total services to be performed.

Revenue arising from royalties is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Interest revenue is recognized periodically and proportionally as the respective revenue is generated on accrual basis.

Dividends are recognized as revenue when the legal right to receive payment is established.

**Foreign currencies**

The functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. The Company operates in Romania and it has the Romanian Leu (RON) as its functional currency.

In preparing the individual financial statements of the Company, transactions in currencies other than functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise.

**Employee benefits**

(1) Benefits granted upon retirement

In the normal course of business, the Company makes payments to the Romanian State on behalf of its employees, at statutory rates. All employees of the Company are members of the Romanian State pension plan. These costs are recognized in the statement of comprehensive income together with the related salary costs.

Based on the Collective Labor Agreement, the Company is liable to pay to its employees at retirement a number of gross salaries, according to the years worked for the Company, work conditions etc. To this purpose, the Company recorded a provision for benefits upon retirement. This provision was computed according to actuary methods based on estimates of the average salary, the average number of salaries payable upon retirement, on the estimate of the period when they shall be paid and it was brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation in respect of pensions.

(2) Employee participation to profit

For the years 2012, 2011 and 2010, the Company recorded an expense with a liability related to the fund for employee participation to profit in compliance with legislation in force.

Liabilities related to the fund for employee participation to profit will be settled in less than a year and are measured as the amounts to be paid at the time of settlement.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

*Provisions for decommissioning of wells and restoration of lands damaged by the activity of exploiting natural gas resources*

Liabilities for decommissioning costs are recognized when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

The Company recorded a provision for decommissioning wells and restoring lands used in the activity of exploiting natural resources and returning them to the economic circuit. This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognized. The item of property, plant and equipment is subsequently depreciated as part of the asset.

The Company applies IFRIC 1 related to Changes in existing decommissioning, restoration and similar liabilities.

The change in the decommissioning provision for wells is recorded as follows:

- a. subject to (b), changes in the liability shall be added to, or deducted from, the cost of the related asset in the current period.
- b. the amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in profit or loss.
- c. if the adjustment results in an addition to the cost of an asset, the Company shall consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the entity shall test the asset for impairment by estimating its recoverable amount, and shall account for any impairment loss.

Once the related asset has reached the end of its useful life, all subsequent changes of debt shall be recognised in the income statement in the year when they occur.

The periodical unwinding of the discount is recognised annually in profit or loss as a finance cost as it occurs.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.



NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Taxation (continued)*

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the individual financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

***Property, plant and equipment***

(1) Cost

(i) *Property, plant and equipment*

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of any decommissioning obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property, plant and equipment (continued)***

*(ii) Development expenditure*

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including service and unsuccessful development or delineation wells, is capitalized within property, plant and equipment and is depreciated from the commencement of production as described below in the accounting policy for property, plant and equipment.

*(iii) Maintenance and repairs*

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programmes are capitalized and amortized over the period to the next inspection. Overhaul costs for major maintenance programmes, and all other maintenance costs are expensed as incurred.

**(2) Depreciation**

For indirectly productive tangible assets, depreciation is computed using the straight-line method over the estimated useful life of assets, as follows:

<b><u>Asset</u></b>	<b><u>Years</u></b>
Specific buildings and constructions	10 - 50
Technical installations and machines	3 - 20
Other plant, tools and furniture	3 - 30

Land is not depreciated as it is considered to have an indefinite useful life.

For directly productive tangible assets (assets related to natural gas extraction), the Company applies the depreciation method based on the unit of production in order to reflect in the profit or loss an expense proportionate with income realized from sale of production obtained from the total natural gas reserve certified at the beginning of the period. According to this method the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the proved developed reserves at the beginning of the period.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at historical cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Items of tangible fixed assets that are retired or otherwise disposed of are eliminated from the statement of financial position along with the corresponding accumulated depreciation. Any gain or loss resulting from such retirement or disposal is included in the current year's result.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Intangible assets*

(1) Cost

Natural gas exploration, appraisal and development expenditure is accounted for using the principles of the successful efforts method of accounting.

(i) *Exploration and appraisal expenditure*

Costs directly associated with an exploration well are initially capitalized as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. Costs directly associated with appraisal activity, undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an intangible asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of natural gas are determined and development is approved by management, the relevant expenditure is transferred to property, plant and equipment.

(ii) *Other intangible assets*

Licenses for software, patents and other intangible assets are recognized at acquisition cost. Exploitation and storage licenses issued by the National Authority for Energy Regulation ("ANRE") and concessions for natural gas fields from the National Agency for Mineral Resources ("ANRM") are recognized at cost from the moment they are obtained by the Company.

Intangible assets are not revalued.

(2) Amortization

(i) *Development expenses*

Capitalized development expenses are amortized on a straight-line basis starting with the date when production is launched for the period the asset is expected to generate economic benefits.

(ii) *Other intangible assets*

Patents, trademarks and other intangible assets are amortized using the straight-line method over their useful life, but not exceeding 20 years. Licenses related to the right of use of computer software are amortized over a period of 3 years. Exploitation, respectively storage licenses, are amortized over the period for which they were issued.

*Inventories*

Inventories are stated at the lower of cost and net realizable value. Cost is generally determined using the specific identification method. The cost of finished goods and production in progress includes materials, labour, expense incurred for bringing the finished goods at the location and in the existent form and the related indirect production costs. Write down adjustments are booked against slow moving, damaged and obsolete inventory, when necessary. The net realizable value is estimated based on the selling price less any completion and selling expenses.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Financial assets and liabilities*

Company's financial assets include cash and cash equivalents, trade receivables, other receivables, loans and other investments. Financial liabilities include interest-bearing bank loans and overdrafts and trade and other payables, accruals. For each item the accounting policies on recognition and measurement are disclosed in this note. Management believes that the estimated fair values of these instruments approximate their carrying amounts.

Financial assets are classified into the following categories: 'held-to-maturity investments' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables, including trade and other receivables, bank balances and cash and other receivables, are initially recognized at fair value, net of transaction costs. Subsequently these are recorded at amortized cost using the effective interest method, less any impairment. Any difference between the initial recognition and repayable amount is recognized in profit and loss over the period of the loan, using the effective interest rate method.

*Held-to-maturity investments* are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

*The effective interest method* is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities, other than financial liabilities at fair value through profit or loss, are deducted from the fair value of financial liabilities on initial recognition.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

The classification of investment depends on the nature and purpose and is determined at the time of initial recognition.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Financial assets and liabilities (continued)*

*Available for sale (AFS) financial assets*

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables or held-to-maturity investments.

Shares held in unquoted equity instrument are classified as being AFS and are stated at fair value where it can be measured. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

*Impairment of financial assets*

Financial assets, other than those at fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

*De-recognition of financial assets and liabilities*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Reserves**

Reserves include:

- legal reserves, which are used annually to transfer profits from retained profits, up to 5% of the statutory profit being transferred each year, but not to exceed 20% of the Company's statutory share capital;
- other reserves, which represent allocations from profit in accordance with Government Ordinance no. 64/2001, paragraph (g) for the Company's development fund.

**Use of estimates**

The preparation of the financial information requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the reporting period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, that the management has made in the process of applying the Company's accounting policies, and that have the most significant effect on the amounts recognized in the individual financial statements.

Estimates related to revenue recognition

As of December 31, 2012 the Company recorded an estimate on invoices to be issued of thousand RON 388,109 (2011: thousand RON 598,288; 2010: thousand RON 354,552) related to goods delivered in the financial year for which no invoice was yet issued. In making its judgment, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed analysis, the management is satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate.

Estimates related to allowance for doubtful debts

One of the largest customer balance (S.C. ELECTROCENTRALE BUCURESTI S.A.) was assumed to be recoverable due to an in-kind settlement agreement whereby S.C. ELECTROCENTRALE BUCURESTI S.A. was to transfer one of its power units (CET IERNUT) to S.N.G.N. Romgaz S.A. An independent valuation report rendered this assumption invalid. Receivable balances were fully provided when preparing these financial statements (see also Note 17).

The Company recorded allowances for other bad debts related to receivables from various customers due to existing litigating cases related to these receivables. The estimated recoverability of the related receivables is nil.

The rest of the allowance for bad debt recorded relates to the effect of loss of value as a result of the exceeding of the maturity by more than 1 year. The estimate was performed based on prior history.



NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Use of estimates (continued)*

Estimates related to the exploration expenditure on undeveloped fields

If field works prove that the geological structures are not exploitable from an economic point of view or that they do not have hydrocarbon resources available, capitalised expenses are written off. The write off is performed based on geological experts technical expertise.

Estimates related to the developed proven reserves

The Company applies the depreciation method based on the unit of production in order to reflect in the income statement an expense proportionate with income realized from sale of production obtained from the total natural gas reserve certified at the beginning of the period. According to this method the value of each production well is depreciated according to the ratio of the natural gas quantity extracted during the period compared to the gas reserve certified at the beginning of the period. The gas reserves are updated on an annual basis starting 2011 (in the previous years, the gas reserves were updated every five years) based on internal assessment approved by ANRM (the national authority).

Estimates related to the decommissioning provision

Liabilities for decommissioning costs are recognized when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made.

The Company recorded a provision for decommissioning wells and restoring lands used in the activity of exploiting natural resources and returning them to the economic circuit. This provision was computed based on the estimated future expenditure determined in accordance with local conditions and requirements and it was brought to present value using a discount factor based on interest related to a maximum degree of security investments (government securities).

Estimates related to the retirement benefit obligation

Under the Collective Labor Contract, the Company is obliged to pay to its employees when they retire a multiplier of the gross salary, depending on the length within the Company, working conditions etc. This provision was calculated based on actuarial methods to estimate the average wage, the average number of employees to pay at retirement, the estimate of the period when they will be paid and was brought to this value using a discount factor based on interest on investments with the highest degree of safety (government bonds).

The Company does not operate any other pension plan or retirement benefits, and therefore has no other obligations relating to pensions.

Estimates regarding the environment provision

The Company records a provision for the restoration of land and for the redemption of the land to the agricultural circuit, based on management's estimate of the necessary costs to be incurred in order to restore the land to its original state. The estimate is based on previous experience and based on budgeted well drilling and exploration.

**Comparative information**

For each item of the statement of financial position, the statement of comprehensive income, and, where is the case, for the statement of changes in equity and for the statement of cash flows, for comparative information purposes is presented the value of the corresponding item for the previous year ended.

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 3. ADOPTION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

These individual financial statements for the year ended December 31, 2012, are the first individual financial statements that the Company has prepared in accordance with IFRS as endorsed by the EU. For periods up to and including the year ended December 31, 2012, the Company prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP, being the Ministry of Finance Order 3055/2009 for the years 2012, 2011 and 2010). Accordingly, the Company has prepared individual financial statements which comply with IFRS as endorsed by the EU applicable for annual periods ending on or after December 31, 2012, together with the comparative period data as at and for the year ended December 31, 2012.

In preparing these individual financial statements, the Company's opening individual financial position was prepared as at January 1, 2010 (date of transition).

This note explains the reconciliation of the individual statement of financial position and equity reported in accordance with previous GAAP to equity in accordance with IFRS for both the date of transition to IFRS (January 1, 2010) and the end of the latest period presented in the Company's most recent annual financial statements in accordance with previous GAAP (December 31, 2012) as well as a reconciliation to its total comprehensive income in accordance with IFRS for the latest period in the Company's most recent annual financial statements (for the year 2012).

	<b>As at Dec 31, 2012</b>		
	<b>(end of last period presented under previous GAAP)</b>		
	<b>Previous GAAP</b>	<b>Effect of transition to IFRSs</b>	<b>IFRSs</b>
	<b>'000 RON</b>	<b>'000 RON</b>	<b>'000 RON</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property plant and equipment	5,624,939	255,831	5,880,770
Other intangible assets	230,704	-	230,704
Associates	7,614	-	7,614
Trade and other receivables	-	52,646	52,646
Other financial assets	1,646	-	1,646
Other assets	22,749	(5,823)	16,926
<b>Total non-current assets</b>	<b>5,887,652</b>	<b>302,654</b>	<b>6,190,306</b>
<b>Current assets</b>			
Inventories	507,854	(5)	507,849
Trade and other receivables	1,603,745	(696,939)	906,806
Other financial assets	2,500,060	(1,571,825)	928,235
Other assets	377,957	(245,523)	132,434
Cash and cash equivalents	167,173	1,572,157	1,739,330
<b>Total current assets</b>	<b>5,156,789</b>	<b>(942,135)</b>	<b>4,214,654</b>
<b>Total assets</b>	<b>11,044,441</b>	<b>(639,481)</b>	<b>10,404,960</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 3. ADOPTION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

	As at Dec 31, 2012 (end of last period presented under previous GAAP)		
	Previous GAAP	Effect of transition to IFRSs	IFRSs
	'000 RON	'000 RON	'000 RON
<b>Equity and liabilities</b>			
<i>Capital and reserves</i>			
Issued capital	383,038	1,507,259	1,890,297
Reserves	8,363,254	(6,589,603)	1,773,651
Retained earnings	1,235,692	4,445,120	5,680,812
<b>Total equity</b>	<b>9,981,984</b>	<b>(637,224)</b>	<b>9,344,760</b>
<i>Non-current liabilities</i>			
Retirement benefit obligation	63,785	-	63,785
Deferred tax liabilities	-	257,835	257,835
Provisions	181,676	(17,161)	164,515
<b>Total non-current liabilities</b>	<b>245,461</b>	<b>240,674</b>	<b>486,135</b>
<i>Current liabilities</i>			
Trade and other payables	114,564	178,121	292,685
Current tax liabilities	-	68,044	68,044
Provisions	-	28,735	28,735
Deferred revenue	1,588	(1,588)	-
Other liabilities	700,844	(516,243)	184,601
<b>Total current liabilities</b>	<b>816,996</b>	<b>(242,931)</b>	<b>574,065</b>
<b>Total liabilities</b>	<b>1,062,457</b>	<b>(2,257)</b>	<b>1,060,200</b>
<b>Total equity and liabilities</b>	<b>11,044,441</b>	<b>(639,481)</b>	<b>10,404,960</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 3. ADOPTION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Assets	As at Jan 1, 2010 (date of transition)		Opening IFRS statement of financial position  '000 RON
	Previous GAAP  '000 RON	Effect of transition to IFRSs  '000 RON	
<b>Non-current assets</b>			
Property plant and equipment	5,341,523	1,371,024	6,712,547
Other intangible assets	159,458	-	159,458
Associates	7,537	(900)	6,637
Trade and other receivables	-	8,635	8,635
Other financial assets	-	900	900
Other assets	7,338	(7,338)	-
<b>Total non-current assets</b>	<b>5,515,856</b>	<b>1,372,321</b>	<b>6,888,177</b>
<b>Current assets</b>			
Inventories	1,076,185	(18,358)	1,057,827
Trade and other receivables	1,277,755	(387,134)	890,621
Other financial assets	388,971	(223,719)	165,252
Other assets	27,927	93,467	121,394
Cash and cash equivalents	773,766	227,057	1,000,823
<b>Total current assets</b>	<b>3,544,604</b>	<b>(308,687)</b>	<b>3,235,917</b>
<b>Total assets</b>	<b>9,060,460</b>	<b>1,063,634</b>	<b>10,124,094</b>
<b>Equity and liabilities</b>			
<i>Capital and reserves</i>			
Issued capital	383,038	1,507,259	1,890,297
Reserves	7,348,003	(5,745,982)	1,602,021
Retained earnings	577,451	4,854,231	5,431,682
<b>Total equity</b>	<b>8,308,492</b>	<b>615,508</b>	<b>8,924,000</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 3. ADOPTION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

	As at Jan 1, 2010 (date of transition)		
	Previous GAAP	Effect of transition to IFRSs	Opening IFRS statement of financial position
	'000 RON	'000 RON	'000 RON
<b><i>Non-current liabilities</i></b>			
Borrowings	11,966	-	11,966
Retirement benefit obligation	44,590	-	44,590
Deferred tax liabilities	-	463,533	463,533
Provisions	235,866	(44,353)	191,513
<b>Total non-current liabilities</b>	<b>292,422</b>	<b>419,180</b>	<b>711,602</b>
<b><i>Current liabilities</i></b>			
Trade and other payables	195,015	39,897	234,912
Borrowings	5,856	-	5,856
Current tax liabilities	-	61,037	61,037
Provisions	-	13,087	13,087
Deferred revenue	4,564	-	4,564
Other liabilities	254,111	(85,075)	169,036
<b>Total current liabilities</b>	<b>459,546</b>	<b>28,946</b>	<b>488,492</b>
<b>Total liabilities</b>	<b>751,968</b>	<b>448,126</b>	<b>1,200,094</b>
<b>Total equity and liabilities</b>	<b>9,060,460</b>	<b>1,063,634</b>	<b>10,124,094</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 3. ADOPTION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

*Equity reconciliation*

	As at Jan 1, 2010 (date of transition)	As at Dec 31, 2012 (end of last period presented under previous GAAP)
	'000 RON	'000 RON
<b>Total equity under previous GAAP</b>	<b>8,308,492</b>	<b>9,981,984</b>
Correction of errors – carrying value of receivables (i)	(382,503)	(644,081)
Revaluation reserve (ii)	-	(995,451)
Correction of errors - decommissioning provision (iii)	(13,998)	(82,327)
Deferred tax (iv)	(428,187)	(257,835)
Property, plant and equipment (ii)	1,440,811	1,342,470
Others	(615)	-
<b>Total adjustments to equity</b>	<b>615,508</b>	<b>(637,224)</b>
<b>Total equity under IFRS</b>	<b>8,924,000</b>	<b>9,344,760</b>

Some of the most important effects of transition to IFRS are described below:

*(i) Correction of errors – carrying value of receivables*

One of the largest customer balance (S.C. ELECTROCENTRALE BUCURESTI S.A.) was assumed to be recoverable due to an in-kind settlement agreement whereby S.C. ELECTROCENTRALE BUCURESTI S.A. was to transfer one of its power units (CET IERNUT) to S.N.G.N. Romgaz S.A. An independent valuation report rendered this assumption invalid. Receivable balances were fully provided when preparing these financial statements (see also Note 17).

*(ii) Revaluation reserve and property, plant and equipment*

At the date of first time adoption of IFRS (date of transition being January 1, 2010), the Company adopted the fair value of tangible assets as deemed cost. Under local GAAP, the Company presented items of property, plant and equipment at revalued amounts. In the year ended December 31, 2011 the Company revalued its property, plant and equipment for local GAAP purposes. As in its individual IFRS financial statements the Company uses the cost model for property, plant and equipment, the results of the statutory revaluation were reversed. The fair value report resulted in an increase of thousand RON of 1,440,811 of the Company's property, plant and equipment. Subsequently, the individual financial statements were adjusted to reflect the new deemed cost in the movement and depreciation of its property, plant and equipment.

*(iii) Correction of errors - decommissioning provision*

The Company reanalyzed the concession terms used and total wells in its computation of the decommissioning provision, identifying errors in the terms used and wells for which a decommissioning obligation existed. Hence, it recalculated the decommissioning provision in accordance with legislation in force as of each year end date.



## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 3. ADOPTION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

*(iv) Deferred tax*

Under local GAAP, the deferred tax concept was not recognized. As per IAS 12 "Income Taxes", taxable temporary differences, which are temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled, and deductible temporary differences, which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled, should generate deferred tax liabilities or deferred tax assets.

An adjustment for recognition of deferred tax liability was booked against retained earnings in the Company's opening individual financial statements as of the date of transition to IFRS, and subsequently in each year's profit or loss.

*Effect of IFRS adoption for the individual statement of comprehensive income for the year ended December 31, 2012*

	Year ended Dec 31, 2012 (the latest period presented under previous GAAP)		
	Previous GAAP	Effect of transition to IFRSs	IFRSs
	'000 RON	'000 RON	'000 RON
Revenue	3,837,941	-	3,837,941
Cost of commodities sold	(904,580)	-	(904,580)
Investment income	148,326	-	148,326
Other gains and losses	25,619	(75,425)	(49,806)
Changes in inventory of finished goods and work in progress	110,852	-	110,852
Raw materials and consumables used	(151,783)	33,419	(118,364)
Depreciation and amortization expenses	(694,138)	88,024	(606,114)
Employee benefit expense	(503,092)	48	(503,044)
Finance cost	(561)	(23,672)	(24,233)
Exploration expense	-	(193,304)	(193,304)
Other expenses	(724,286)	288,581	(435,705)
Other income	384,535	(250,863)	133,672
<b>Profit before tax</b>	<b>1,528,833</b>	<b>(133,192)</b>	<b>1,395,641</b>
Income tax expense	(284,786)	8,324	(276,462)
<b>Profit for the year</b>	<b>1,244,047</b>	<b>(124,868)</b>	<b>1,119,179</b>
<b>Total comprehensive income for the year</b>	<b>1,244,047</b>	<b>(124,868)</b>	<b>1,119,179</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 3. ADOPTION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

	Year ended Dec 31, 2012 (the latest period presented under previous GAAP)
	<u>'000 RON</u>
<b>Reconciliation of profit</b>	
<b>Previous GAAP</b>	<b><u>1,244,047</u></b>
Geological quota (v)	(53,740)
Correction of errors – see (i) above	(106,393)
Decommissioning provision – see (iii) above	9,588
Deferred tax – see (iv) above	(27,023)
Property, plant and equipment – see (ii) above	<u>52,700</u>
<b>Total adjustment to profit or loss</b>	<b><u>(124,868)</u></b>
Profit or loss under IFRSs	<u>1,119,179</u>
<b>Total comprehensive income under IFRSs</b>	<b><u>1,119,179</u></b>

## (v) Geological quota

Geological quota included in the Company's statutory financial statements amounts to thousand RON 3,317,187 as of December 31, 2012 (thousand RON 3,370,583 as of December 31, 2011; thousand RON 3,362,272 as of December 31, 2010). The Company benefits from the geological quota facility whereby it can charge up to 35% of the value of gas sold and collected during the year. This facility was recognized in reserves for statutory purposes. Currently, this quota is restricted to investment purposes. The quota is recorded as an expense in the Company's statutory financial statements prepared in accordance with Romanian Accounting Standards and is non-deductible for fiscal purposes since 2004.

Of the total amount of thousand RON 3,317,187 as of December 31, 2012 (thousand RON 3,370,583 as of December 31, 2011; thousand RON 3,362,272 as of December 31, 2010), an amount of thousand RON 486,388 represents geological quota as of December 31, 2004. The Company has decided to maintain this as permanent reserves and not to be used anymore for investments. The geological quota and its use are subject to changes in legal requirements. The amount of thousand RON 486,388 is included in other reserves, the remaining balance being recorded in retained earnings.

Exploration expenses are recorded in the statutory financial statements as a reduction of the reserve related to the quota. For IFRS purposes, for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 all transactions involving the geological quota were adjusted through profit or loss.

In accordance with Ministry of Public Finance Order No. 881/2012, companies listed on a regulated stock market must prepare IFRS financial statements. Following Romgaz's listing in 2013, for the year ended December 31, 2013 the Company will prepare financial statements in accordance with IFRS, which will be then subject to statutory audit. Those financial statements will be the basis for profit appropriation decisions by the Company's shareholders. Ministry of Public Finance Order no. 1286/2012 regulates the transition to IFRS. Following IFRS related restatements to the Company's financial statements, the structure of these financial statements will change significantly. The retained earnings following the transition to IFRS are not fully realised, hence it will not be subject to full distribution to shareholders as dividends.

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 3. ADOPTION OF THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation of profit starts with profit under previous GAAP.

*Effect of IFRS adoption to the individual statement of cash flows*

Year ended Dec 31, 2012  
(the latest period presented under previous GAAP)

	Previous GAAP	Effect of transition to IFRSs	IFRSs
	'000 RON	'000 RON	'000 RON
Net cash flow from operating activities	1,219,505	232,149	1,451,654
Net cash flow from investing activities	720	(196,941)	(196,221)
Net cash flow from financing activities	(944,751)	(1)	(944,752)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>275,474</b>	<b>35,207</b>	<b>310,681</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,441,391</b>	<b>(12,742)</b>	<b>1,428,649</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,716,865</b>	<b>22,465</b>	<b>1,739,330</b>

*Analysis of cash and cash equivalents under IFRSs*

	Jan 1, 2010	Dec 31, 2012
	'000 RON	'000 RON
Cash and cash equivalents consist of:		
Current bank accounts in RON	772,539	165,130
Current bank accounts in foreign currency	778	1,956
Petty cash	26	38
Short-term deposits	-	1,288,204
Treasury bonds with maturity below three months	227,478	283,983
Amounts under settlement	2	19
<b>Total</b>	<b>1,000,823</b>	<b>1,739,330</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 4. REVENUE AND OTHER INCOME

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Revenue from gas sold - internal production	2,507,522	2,466,162	2,350,601
Revenue from gas acquired for resale	1,053,431	1,353,944	859,369
Revenue from sale of goods	447	675	328
Revenue from services	270,167	368,274	277,792
Other operating revenues	140,046	88,496	115,743
<b>Total</b>	<b>3,971,613</b>	<b>4,277,551</b>	<b>3,603,833</b>

Revenue from gas sold recorded in 2012 includes discounts granted of thousand RON 5,042 for early payment (2011: thousand RON 15,673, 2010: thousand RON thousand 76,755).

## 5. INVESTMENT INCOME

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Interest revenue	148,326	106,797	94,287
<b>Total</b>	<b>148,326</b>	<b>106,797</b>	<b>94,287</b>

## 6. COST OF COMMODITIES SOLD AND RAW MATERIALS AND CONSUMABLES USED

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Consumables used	115,699	125,109	120,977
Cost of gas sold	904,580	1,168,545	715,785
Other consumables	2,665	6,366	4,891
<b>Total</b>	<b>1,022,944</b>	<b>1,300,020</b>	<b>841,653</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 7. OTHER GAINS AND LOSSES

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Forex gain	10,823	8,432	20,317
Forex loss	(26,005)	(12,926)	(21,486)
Gain/(Loss) on disposal of property, plant and equipment	(15,741)	(4,866)	21,178
Allowances and write offs, net	(134,707)	81,390	(56,926)
Write down allowances for inventory, net	-	8,434	494
Reactivated receivables	115,824	100	1
Impairment of financial assets	-	(3,391)	-
Other losses	-	(577)	(224)
<b>Total</b>	<b>(49,806)</b>	<b>76,596</b>	<b>(36,646)</b>

## 8. DEPRECIATION, AMORTIZATION AND IMPAIRMENT EXPENSE

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Depreciation	642,340	675,194	699,644
Out of which:			
Depreciation of property plant and equipment	623,177	653,068	678,548
Amortization of intangible assets	19,163	22,126	21,096
Impairment of fixed assets	(36,226)	28,190	140,362
<b>Total depreciation, amortization and impairment</b>	<b>606,114</b>	<b>703,384</b>	<b>840,006</b>

## 9. EMPLOYEE BENEFITS AND SOCIAL CHARGES

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Wages and salaries	379,946	360,364	363,193
Social security charges	112,154	106,755	103,600
Meal tickets	10,944	11,203	10,962
<b>Total</b>	<b>503,044</b>	<b>478,322</b>	<b>477,755</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 10. FINANCE COSTS

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Interest expense	562	1,097	1,673
Unwinding of the decommissioning provision	23,671	23,608	25,790
<b>Total Interest</b>	<b>24,233</b>	<b>24,705</b>	<b>27,463</b>

## 11. OTHER EXPENSES

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Electricity	107,082	86,876	80,151
Protocol and advertising	486	4,374	4,495
Logistic expenses	15,776	19,124	23,512
Taxes and duties	260,074	260,801	267,459
Bank commissions and similar charges	711	1,078	1,139
Insurance expenses	3,406	4,531	5,240
Compensations, fines and penalties	61	6,167	2,785
Provision expenses	(7,037)	(11,336)	3,028
Other operating expenses	55,146	134,113	518,380
<b>Total</b>	<b>435,705</b>	<b>505,728</b>	<b>906,189</b>

In 2010, the Company recorded an expense, in amount of thousand RON 400,000 representing a donation to the Romanian State as per Shareholders' decision. This was consequent upon the Government Ordinance 18/2010, where Romgaz could donate up to thousand RON 400,000.



## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 12. INCOME TAXES

Income tax	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
Current year tax expense	284,786	288,918	240,962
Deferred income tax expense/(revenue)	(8,324)	(134,151)	(63,223)
<b>Income tax expense</b>	<b>276,462</b>	<b>154,767</b>	<b>177,739</b>

The tax rate used for the 2012, 2011 and 2010 reconciliations above is the corporate tax rate of 16% payable by corporate entities in Romania on taxable profits under tax law in that jurisdiction.

The total charge for the year can be reconciled to the accounting profit as follows:

Deferred tax reconciliation	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
<b>Accounting profit before tax</b>	<b>1,395,641</b>	<b>1,342,462</b>	<b>522,206</b>
Income tax expense calculated at 16%	223,303	214,794	83,553
Effect of income exempt of taxation	(44,295)	(105,893)	(7,109)
Effect of expenses that are not deductible in determining taxable profit	105,778	180,017	164,518
Effect of temporary differences	(8,324)	(134,151)	(63,223)
<b>Income tax</b>	<b>276,462</b>	<b>154,767</b>	<b>177,739</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 12. INCOME TAXES (continued)

Components of deferred tax (asset)/liability:

Components of deferred tax	Dec 31, 2012		Dec 31, 2011		Dec 31, 2010	
	Cumulative temporary differences	Deferred tax (asset)/liability	Cumulative temporary differences	Deferred tax (asset)/liability	Cumulative temporary differences	Deferred tax (asset)/liability
Provisions	(261,640)	(41,862)	(330,751)	(52,920)	(298,692)	(47,792)
Other liabilities	-	-	-	-	(596)	(95)
Property, plant and equipment	2,101,600	336,256	2,304,338	368,694	3,089,140	494,262
<b>Total</b>	<b>1,611,470</b>	<b>257,835</b>	<b>1,663,491</b>	<b>266,159</b>	<b>2,501,946</b>	<b>400,310</b>
<b>Charged to income</b>		<b>(8,324)</b>		<b>(134,151)</b>		<b>(63,223)</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 13. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage Assets	Tangible exploration assets - WIP	Capital work in progress - other	Total
	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON	'000RON
<b>Cost</b>									
<b>As of Jan 1, 2012</b>	89,021	360,665	4,266,532	791,656	153,141	1,370,645	650,503	211,008	7,893,171
Additions, of which:									
- transfers	2,923	8,247	274,104	57,582	747	139,932	28,406	289,784	801,725
- decommissioning	1,343	7,662	245,500	48,133	543	139,932	-	12,467	455,580
Disposals, of which:									
- transfers	-	(13,511)	(110,342)	(2,262)	(282)	(6,471)	(141,926)	(301,506)	(576,300)
- exploration expenditure written-off	-	(12,465)	-	-	-	-	(141,581)	(301,267)	(455,313)
- decommissioning	-	-	(99,713)	-	-	-	(345)	-	(345)
	-	-	-	-	-	-	-	-	(99,713)
<b>As of Dec 31, 2012</b>	91,944	355,401	4,430,294	846,976	153,606	1,504,106	536,983	199,286	8,118,596
<b>Accumulated depreciation</b>									
<b>As of Jan 1, 2012</b>	-	26,739	921,082	204,463	46,755	137,319	-	-	1,336,358
Charge for the period	-	13,969	395,492	109,199	23,755	80,762	-	-	623,177
Depreciation charged to JV	-	-	3,865	-	-	-	-	-	3,865
Disposals	-	(92)	(923)	(1,423)	(103)	(1,883)	-	-	(4,424)
<b>As of Dec 31, 2012</b>	-	40,616	1,319,516	312,239	70,407	216,198	-	-	1,958,976
<b>Impairment</b>									
<b>As of Jan 1, 2012</b>	-	12,465	-	-	-	-	166,343	13,536	192,344
Charge for the period	-	-	43,726	-	-	-	42,064	1,871	87,661
Transfers	-	(12,338)	-	-	-	-	-	12,338	-
Release during the period	-	(127)	-	-	-	-	(1,028)	-	(1,155)
<b>As of Dec 31, 2012</b>	-	-	43,726	-	-	-	207,379	27,745	278,850
<b>Carrying value as of Jan 1, 2012</b>	89,021	321,461	3,345,450	587,193	106,386	1,233,326	484,160	197,472	6,364,469
<b>Carrying value as of Dec 31, 2012</b>	91,944	314,785	3,067,052	534,737	83,199	1,287,908	329,604	171,541	5,880,770

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage Assets	Tangible exploration assets - WIP	Capital work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
<b>Cost</b>									
As of Jan 1, 2011	84,846	324,946	4,030,295	650,334	150,719	1,296,944	674,469	272,918	7,485,471
Additions, of which:									
- transfers	4,175	35,878	265,388	143,182	3,023	74,908	52,923	321,002	900,479
- decommissioning	2,176	35,752	200,048	142,790	3,023	74,908	-	-	458,697
Disposals, of which:									
- transfers	-	(159)	(29,151)	(1,860)	(601)	(1,207)	(76,889)	(382,912)	48,835
- decommissioning	-	-	(25,442)	-	-	-	(76,889)	(382,829)	(492,779)
	-	-	-	-	-	-	-	-	(459,718)
	-	-	(25,442)	-	-	-	-	-	(25,442)
<b>As of Dec 31, 2011</b>	<b>89,021</b>	<b>360,665</b>	<b>4,266,532</b>	<b>791,656</b>	<b>153,141</b>	<b>1,370,645</b>	<b>650,503</b>	<b>211,008</b>	<b>7,893,171</b>
<b>Accumulated depreciation</b>									
As of Jan 1, 2011	-	13,206	483,421	98,463	23,798	63,085	-	-	681,973
Charge for the period	-	13,694	433,805	107,005	24,114	74,450	-	-	653,068
Depreciation charged to JV	-	-	4,157	-	-	-	-	-	4,157
Disposals	-	(161)	(301)	(1,005)	(1,157)	(216)	-	-	(2,840)
<b>As of Dec 31, 2011</b>	<b>-</b>	<b>26,739</b>	<b>921,082</b>	<b>204,463</b>	<b>46,755</b>	<b>137,319</b>	<b>-</b>	<b>-</b>	<b>1,336,358</b>
<b>Impairment</b>									
As of Jan 1, 2011	-	-	-	-	-	-	249,029	20,000	269,029
Charge for the period	-	-	-	-	-	-	45,964	6,001	51,965
Transfers	-	12,465	-	-	-	-	-	(12,465)	-
Release during the period	-	-	-	-	-	-	(128,650)	-	(128,650)
<b>As of Dec 31, 2011</b>	<b>-</b>	<b>12,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>166,343</b>	<b>13,536</b>	<b>192,344</b>
Carrying value as of Jan 1, 2011	84,846	311,740	3,546,874	551,871	126,921	1,233,859	425,440	252,918	6,534,469
Carrying value as of Dec 31, 2011	89,021	321,461	3,345,450	587,193	106,386	1,233,326	484,160	197,472	6,364,469

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and land improvements	Buildings	Gas properties	Plant, machinery and equipment	Fixtures, fittings and office equipment	Storage Assets	Tangible exploration assets - WIP	Capital work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
<b>Cost</b>									
As of Jan 1, 2010	80,869	298,822	3,708,851	536,971	143,263	1,011,428	615,258	469,784	6,865,246
Additions, of which:									
- transfers	3,977	27,775	341,699	115,327	7,744	303,071	175,011	451,547	1,426,151
- decommissioning	2,363	27,758	308,769	113,995	7,882	303,071	-	-	763,838
Disposals, of which:									
- transfers	-	(1,651)	(20,255)	(1,964)	(288)	(17,555)	(115,800)	(648,413)	(805,926)
- decommissioning	-	-	(14,101)	-	-	-	(115,800)	(647,883)	(763,683)
	-	-	-	-	-	-	-	-	(14,101)
<b>As of Dec 31, 2010</b>	<b>84,846</b>	<b>324,946</b>	<b>4,030,295</b>	<b>650,334</b>	<b>150,719</b>	<b>1,296,944</b>	<b>674,469</b>	<b>272,918</b>	<b>7,485,471</b>
<b>Accumulated depreciation</b>									
As of Jan 1, 2010	-	-	-	-	-	-	-	-	-
Charge for the period	-	13,554	478,949	98,867	23,866	63,312	-	-	678,548
Depreciation charged to JV	-	-	4,586	-	-	-	-	-	4,586
Disposals	-	(348)	(114)	(404)	(68)	(227)	-	-	(1,161)
<b>As of Dec 31, 2010</b>	<b>-</b>	<b>13,206</b>	<b>483,421</b>	<b>98,463</b>	<b>23,798</b>	<b>63,085</b>	<b>-</b>	<b>-</b>	<b>681,973</b>
<b>As of Jan 1, 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,936</b>	<b>13,763</b>	<b>152,699</b>
Charge for the period	-	-	-	-	-	-	110,093	6,237	116,330
Release during the period	-	-	-	-	-	-	-	-	-
<b>As of Dec 31, 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249,029</b>	<b>20,000</b>	<b>269,029</b>
Carrying value as of Jan 1, 2010	80,869	298,822	3,708,851	536,971	143,263	1,011,428	476,322	456,021	6,712,547
Carrying value as of Dec 31, 2010	84,846	311,740	3,546,874	551,871	126,921	1,233,859	425,440	252,918	6,534,469

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 14 EXPLORATION FOR NATURAL GAS RESOURCES

The following financial information represents the amounts included within S.N.G.N. Romgaz S.A. totals relating to activity associated with the exploration for and evaluation of natural gas resources. All such activity is recorded within the Upstream segment.

	<u>Dec 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Dec 31, 2010</u>
	'000 RON	'000 RON	'000 RON
Exploration expenditure written off	193,304	186,868	126,209
Net movement in exploration assets' impairment	(81,696)	22,189	134,125
Exploration assets	532,863	566,108	569,015
Liabilities	(27,245)	(5,378)	(2,786)
Net assets	505,618	560,730	566,229
Capital expenditure	227,709	292,121	361,486
Net cash used in investing activities	(214,439)	(292,549)	(367,927)



## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 15. OTHER INTANGIBLE ASSETS

	Development expenses	Licenses	Intangible exploration assets - WIP	Intangible work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
<b>Cost</b>					
<b>As of Jan 1, 2012</b>	<b>3,910</b>	<b>142,394</b>	<b>225,701</b>	<b>445</b>	<b>372,450</b>
Additions, of which:	236	12,624	199,303	4,881	217,044
- transfers	230	12,296	-	-	12,526
Disposals, of which:	-	(10,043)	(200,724)	(5,326)	(216,093)
- transfers	-	-	(7,467)	(5,326)	(12,793)
- exploration expenditure written-off	-	-	(192,959)	-	(192,959)
<b>As of Dec 31, 2012</b>	<b>4,146</b>	<b>144,975</b>	<b>224,280</b>	<b>-</b>	<b>373,401</b>
<b>Accumulated amortization</b>					
<b>As of Jan 1, 2012</b>	<b>3,815</b>	<b>107,378</b>	<b>-</b>	<b>-</b>	<b>111,193</b>
Charge for the period	137	19,026	-	-	19,163
Disposals	-	(8,680)	-	-	(8,680)
<b>As of Dec 31, 2012</b>	<b>3,952</b>	<b>117,724</b>	<b>-</b>	<b>-</b>	<b>121,676</b>
<b>Impairment</b>					
<b>As of Jan 1, 2012</b>	<b>-</b>	<b>-</b>	<b>143,753</b>	<b>-</b>	<b>143,753</b>
Charge for the period	-	-	-	-	-
Release during the period	-	-	(122,732)	-	(122,732)
<b>As of Dec 31, 2012</b>	<b>-</b>	<b>-</b>	<b>21,021</b>	<b>-</b>	<b>21,021</b>
<b>Carrying value as of Jan 1, 2012</b>	<b>95</b>	<b>35,016</b>	<b>81,948</b>	<b>445</b>	<b>117,504</b>
<b>Carrying value as of Dec 31, 2012</b>	<b>194</b>	<b>27,251</b>	<b>203,259</b>	<b>-</b>	<b>230,704</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 15. OTHER INTANGIBLE ASSETS (continued)

	Development expenses	Licenses	Intangible exploration assets - WIP	Intangible work in progress - other	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
<b>Cost</b>					
<b>As of Jan 1, 2011</b>	<b>3,910</b>	<b>121,814</b>	<b>182,453</b>	<b>10,587</b>	<b>318,764</b>
Additions, of which:	-	25,665	239,198	4,518	269,381
- transfers	-	24,491	-	-	24,491
Disposals, of which:	-	(5,085)	(195,950)	(14,660)	(215,695)
- transfers	-	-	(8,810)	(14,660)	(23,470)
- exploration expenditure written-off	-	-	(186,868)	-	(186,868)
<b>As of Dec 31, 2011</b>	<b>3,910</b>	<b>142,394</b>	<b>225,701</b>	<b>445</b>	<b>372,450</b>
<b>Accumulated amortization</b>					
<b>As of Jan 1, 2011</b>	<b>3,308</b>	<b>87,269</b>	<b>-</b>	<b>-</b>	<b>90,577</b>
Charge for the period	507	21,619	-	-	22,126
Disposals	-	(1,510)	-	-	(1,510)
<b>As of Dec 31, 2011</b>	<b>3,815</b>	<b>107,378</b>	<b>-</b>	<b>-</b>	<b>111,193</b>
<b>Impairment</b>					
<b>As of Jan 1, 2011</b>	<b>-</b>	<b>-</b>	<b>38,878</b>	<b>-</b>	<b>38,878</b>
Charge for the period	-	-	107,937	-	107,937
Release during the period	-	-	(3,062)	-	(3,062)
<b>As of Dec 31, 2011</b>	<b>-</b>	<b>-</b>	<b>143,753</b>	<b>-</b>	<b>143,753</b>
<b>Carrying value as of Jan 1, 2011</b>	<b>602</b>	<b>34,545</b>	<b>143,575</b>	<b>10,587</b>	<b>189,309</b>
<b>Carrying value as of Dec 31, 2011</b>	<b>95</b>	<b>35,016</b>	<b>81,948</b>	<b>445</b>	<b>117,504</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 15. OTHER INTANGIBLE ASSETS (continued)

	Development expenses	Licenses	Intangible exploration assets - WIP	Intangible work in progress - other	Total
	'000RON	'000RON	'000RON	'000RON	'000RON
<b>Cost</b>					
<b>As of Jan 1, 2010</b>	<b>3,853</b>	<b>109,749</b>	<b>130,032</b>	<b>1,362</b>	<b>244,996</b>
Additions, of which:	57	13,280	186,475	11,154	210,966
- transfers	57	9,224	-	-	9,281
Disposals, of which:	-	(1,215)	(134,054)	(1,929)	(137,198)
- transfers	-	-	(7,507)	(1,929)	(9,436)
- exploration expenditure written-off	-	-	(126,209)	-	(126,209)
<b>As of Dec 31, 2010</b>	<b>3,910</b>	<b>121,814</b>	<b>182,453</b>	<b>10,587</b>	<b>318,764</b>
<b>Accumulated amortization</b>					
<b>As of Jan 1, 2010</b>	<b>2,772</b>	<b>67,920</b>	<b>-</b>	<b>-</b>	<b>70,692</b>
Charge for the period	536	20,560	-	-	21,096
Disposals	-	(1,211)	-	-	(1,211)
<b>As of Dec 31, 2010</b>	<b>3,308</b>	<b>87,269</b>	<b>-</b>	<b>-</b>	<b>90,577</b>
<b>Impairment</b>					
<b>As of Jan 1, 2010</b>	<b>-</b>	<b>-</b>	<b>14,846</b>	<b>-</b>	<b>14,846</b>
Charge for the period	-	-	57,470	-	57,470
Release during the period	-	-	(33,438)	-	(33,438)
<b>As of Dec 31, 2010</b>	<b>-</b>	<b>-</b>	<b>38,878</b>	<b>-</b>	<b>38,878</b>
<b>Carrying value as of Jan 1, 2010</b>	<b>1,081</b>	<b>41,829</b>	<b>115,186</b>	<b>1,362</b>	<b>159,458</b>
<b>Carrying value as of Dec 31, 2010</b>	<b>602</b>	<b>34,545</b>	<b>143,575</b>	<b>10,587</b>	<b>189,309</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 16. INVENTORIES

	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Spare parts and materials	121,399	108,139	113,282
Work in progress	258	74	622
Finished goods	211,024	132,339	81,227
Residual products	64	59	18
Inventories at third parties	35,231	74,500	68,227
Commodities (gas from import)	148,928	145,185	838,573
Packaging	4	4	5
Impairment for slow moving inventory	(9,059)	(9,059)	(17,493)
<b>Total</b>	<b>507,849</b>	<b>451,241</b>	<b>1,084,461</b>

## 17. ACCOUNTS RECEIVABLE

## a) Trade and other receivables

	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Trade receivables - short term	1,286,212	963,989	1,071,078
Bad debt allowances - short term (17 c)	(767,515)	(631,517)	(565,293)
Trade receivables - long term	104,078	198,074	292,396
Bad debt allowances - long term (17 c)	(51,432)	(52,724)	(200,343)
Accrued receivables	388,109	598,288	354,552
<b>Total trade receivables</b>	<b>959,452</b>	<b>1,076,110</b>	<b>952,390</b>

## b) Other assets

	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Advance paid to suppliers	32,185	125,192	64,350
Joint venture receivables	7,125	3,093	3,101
Loans to associates	16,466	8,347	-
Interest on loan to associates	460	225	-
Other receivables	89,344	34,081	19,226
Prepayments	1,934	2,823	4,807
VAT not yet due	1,865	518	2,315
Bad debt allowances for other receivables (17 c)	(19)	(18)	(13)
<b>Total other assets</b>	<b>149,360</b>	<b>174,261</b>	<b>93,786</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 17. ACCOUNTS RECEIVABLE (continued)

## c) Changes in the allowance for doubtful debts

	2012	2011	2010
	'000 RON	'000 RON	'000 RON
<b>At Jan 1</b>	<b>684,259</b>	<b>765,649</b>	<b>709,052</b>
Charge during the period	134,724	415,753	56,597
Releases during the period	(17)	(497,143)	-
<b>At Dec 31</b>	<b>818,966</b>	<b>684,259</b>	<b>765,649</b>

The Company concluded an agreement with one of its customers (S.C. Electrocentrale Bucuresti S.A.) to accept settlement of its receivables against transfer of a electricity production unit, assuming that the carrying value of this in kind settlement is sufficient to compensate the receivable. Based on an independent appraiser assessment the value is insufficient to recover the receivable. To reflect this, the Company has made corrections to the receivable balances and recorded a bad debt allowance of thousand RON 466,328 in its opening financial statements at the date of transition to IFRS, i.e. January 1, 2010. Subsequently, the cumulative allowance recorded for this receivable was of thousand RON 504,776 as of December 31, 2010, and thousand RON 537,689 as of December 31, 2011.

As of December 31, 2012, the Company recorded also allowances for bad debts related to receivables from GHCL Upsom of thousand RON 60,842 (2011: thousand RON 58,383; 2010: thousand RON 58,226), Interagro of thousand RON 48,188 (2011: thousand RON 52,723; 2010: thousand RON 185,568) and CET Iasi of thousand RON 46,271 (2011: thousand RON 27,204; 2010: thousand RON 14,775) due to existing financial conditions of these customers as well as ongoing litigating cases related to these receivables.

The rest of the allowance for bad debt recorded as of December 31, 2012, relates to the effect of loss of value as a result of the exceeding of the maturity by more than 1 year.

	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Current and not impaired	282,597	168,844	331,418
<b>Overdue receivables but not impaired</b>			
less than 30 days overdue	11,971	12,040	25,395
30 to 90 days overdue	1,350	11,170	6,274
90 to 360 days overdue	63,274	24,700	16,774
over 360 days overdue	212,151	261,068	217,977
<b>Total past due but not impaired</b>	<b>288,746</b>	<b>308,978</b>	<b>266,420</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 18. SHARE CAPITAL

	Share capital		
	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
38,303,828 fully paid ordinary shares – nominal value	383,038	383,038	383,038
Hyperinflation adjustment	1,507,259	1,507,259	1,507,259
<b>Total</b>	<b>1,890,297</b>	<b>1,890,297</b>	<b>1,890,297</b>

The hyperinflation adjustment was recorded against retained earnings, in accordance with the provisions of IAS 29 Financial Reporting in Hyperinflationary Economies.

The shareholding structure as at December 31, 2012, December 31, 2011 and December 31, 2010 is as follows:

	Number of shares	Amount	Percentage (%)
		'000 RON	
Romanian State through the Ministry of Economy, Commerce and Business Environment ("M.E.C.M.A.")	32,560,984	325,610	85,01
„Proprietatea” Fund	5,742,854	57,428	14,99
<b>Total</b>	<b>38,303,838</b>	<b>383,038</b>	<b>100,00</b>

All shares are ordinary and were subscribed and fully paid as at December 31, 2012. All shares carry equal voting rights and have a nominal value of RON 10/share. (December 31, 2011 and December 31, 2010: RON 10/share).

*“Proprietatea” Fund*

Based on Law 247- 2005 title VII art. 6 and art. 12 of Government Decision no.1481/ 2005, S.C “Fondul Proprietatea” S.A was incorporated, its initial share capital being created from assets stated under art.3 par. (1) let. a) – e) of title VII of Law 247/ 2005.

According to legal provisions in force, M.E.C.M.A. participated in 2005 to the creation of the initial capital of Fondul Proprietatea with shares in several trading companies in its portfolio. According to provisions 1.2 of Annex to Title VII of Law no.247/2005, M.E.C.M.A. contributed to the creation of capital of S.C. Fondul Proprietatea S.A. with shares representing 14.99% of Romgaz share capital as at that date.



## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 19. RESERVES

Description and nature of the Company's reserves is as follows:

	<u>Dec 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Dec 31, 2010</u>
	'000 RON	'000 RON	'000 RON
Legal reserves	76,607	76,607	76,607
Other reserves	<u>1,697,044</u>	<u>1,603,940</u>	<u>1,525,414</u>
<b>Total reserves</b>	<b><u>1,773,651</u></b>	<b><u>1,680,547</u></b>	<b><u>1,602,021</u></b>

The legal reserves are made annually according to local requirements from the statutory profit of the Company, as per the quotas and within the limits set by the law (up to 20% of the issued capital). The legal reserves can be used only under the conditions stated by the law.

Other reserves represent allocations from profit in accordance with Government Ordinance no. 64/2001, paragraph (g) for the Company's development fund.

## 20. BORROWINGS

	<u>Dec 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Dec 31, 2010</u>
	'000 RON	'000 RON	'000 RON
<b>Current portion</b>			
Current portion of long-term loans	-	6,714	13,060
Interest related to long-term borrowings	-	89	170
	-	6,803	13,230
<b>Long-term portion</b>			
Long-term portion of long-term loans	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total borrowings</b>	<b><u>-</u></b>	<b><u>6,803</u></b>	<b><u>13,230</u></b>

Long-term borrowing: loan from IBRD

The loan from the International Bank for Reconstruction and Development ("IBRD" – RO 3723) was granted with a view to rehabilitate the oil and gas sector in Romania, within a Loan Agreement signed on 1 June 1994.

The loan was denominated in USD (balance as at December 31, 2011: USD 2,010,348 the equivalent of thousand RON 6,714, balance as at December 31, 2010: USD 4,075,312 the equivalent of thousand RON 13,060) and was subject to an interest rate of 0.5% over the cost of Qualified Borrowings as provided by IBRD. The interest rate applicable in 2011 was approximately 7.97% (2010: approximately 7.67%).

As at December 31, 2010 the Company has not fulfilled all the financial covenants as per the contract concluded and the loan has been presented on short term.

As at December 31, 2012 the loan has been fully reimbursed.

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 20. BORROWINGS (continued)

## Interest rate

Exposure to interest rates variance and effective interest rate are disclosed as follows:

	<u>Year ended Dec 31, 2012</u>	<u>Year ended Dec 31, 2011</u>	<u>Year ended Dec 31, 2010</u>
	'000 RON	'000 RON	'000 RON
Floating interest rate	-	6.713	13.059
	<u>Year ended Dec 31, 2012</u>	<u>Year ended Dec 31, 2011</u>	<u>Year ended Dec 31, 2010</u>
	(%)	(%)	(%)
<b>Effective interest rate:</b>	8.03	7.97	7.67
Long-term borrowings – foreign currency			

## 21. PROVISIONS

	<u>Dec 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Dec 31, 2010</u>
	'000 RON	'000 RON	'000 RON
Decommissioning provision - long term portion	164,515	253,387	211,573
Decommissioning provision - short term portion	11,001	12,615	23,723
Retirement benefit obligation	63,785	53,627	52,773
Other provisions	17,734	7,515	3,409
<b>Total</b>	<u>257,035</u>	<u>327,144</u>	<u>291,478</u>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 21. PROVISIONS (continued)

**Decommissioning provision**

At each balance sheet date, the Company revises estimates regarding future decommissioning liabilities, using best estimates considering the applicable legislation. In determining those provisions management of the Company considers existing and future technologies that are expected to be used in the period when it is expected that the costs will be incurred.

**Decommissioning provision movement**

	2012	2011	2010
	'000 RON	'000 RON	'000 RON
<b>At Jan 1</b>	<b>266,002</b>	<b>235,296</b>	<b>199,695</b>
Additional provision recorded against non-current assets	12,970	48,835	27,571
Unwinding effect	23,671	23,608	25,790
Recorded in profit or loss	(27,414)	(16,296)	(3,659)
Release against non-current assets	(99,713)	(25,441)	(14,101)
<b>At Dec 31</b>	<b>175,516</b>	<b>266,002</b>	<b>235,296</b>

The Company makes full provision for the future cost of decommissioning natural gas wells on a discounted basis upon installation. The provision for the costs of decommissioning these wells at the end of their economic lives has been estimated using existing technology, at current prices or future assumptions, depending on the expected timing of the activity, and discounted using a real discount rate of 11% (2011 12.26%; 2010: 15.12%). The average period over which these costs are generally expected to be incurred is estimated to be approximately 17 years. While the provision is based on the best estimate of future costs and the economic lives of the wells, there is uncertainty regarding both the amount and timing of these costs.

**Retirement benefit obligation**

In the ordinary course of business, the Company make payments from health funds, state pensions and unemployment benefits on behalf of its employees at statutory rates. All Company's employees are members of the Romanian state pension plan. These costs are recognized in profit or loss in the same time with the wages recognition.

Under the Collective Labor Contract, the Company is obliged to pay to its employees when they retire a multiplier of the gross salary, depending on their seniority within the Company, working conditions etc. This provision was calculated based on actuarial methods to estimate the average wage, the average number of employees to pay at retirement, the estimate of the period when they will be paid and was brought to this value using a discount factor based on interest on investments with the highest degree of safety (government bonds).

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 21. PROVISIONS (continued)

**Retirement benefit obligation (continued)**

The Company does not operate any other pension plan or retirement benefits, and therefore has no other obligations relating to pensions.

The provision for pensions and similar obligations amounting to thousand RON 63,785 was established for the benefits that employees will be granted at the time of retirement according to seniority in the gas industry under the collective labour agreement signed by employees of the Company. Increase of thousand RON 10,158 in the provision is due to change in the calculation assumptions regarding discount rate and wage growth rate.

**Other provisions**

As of December 31, 2012, the Company recorded a provision for environment restoration of thousand RON 17,734. The provision was recorded for the restoration of land and for the redemption of the land to the agricultural use, based on management's estimate of the necessary costs to be incurred in order to restore the land to its original state.

## 22. TRADE AND OTHER CURRENT LIABILITIES

	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Accruals	36,379	18,134	23,150
Payables related to employees	42,138	41,366	36,912
Trade payables	19,277	25,071	21,803
Payables to fixed assets suppliers	58,909	20,422	35,763
Gas royalty	55,476	59,180	55,901
Social security taxes	13,254	14,944	14,058
Other current liabilities	17,029	7,508	8,251
Joint venture payables	2,594	4,214	3,886
Advances from customers	178,121	575,060	205,428
VAT	50,611	97,586	22,599
Other taxes payable	3,498	3,976	4,215
<b>Total</b>	<b>477,286</b>	<b>867,461</b>	<b>431,966</b>

## 23. FINANCIAL INSTRUMENTS

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, inflation risk interest rate risk), credit risk, liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance within certain limits. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements. The Company does not use derivative financial instruments to hedge certain risk exposures.

Management reviews financial risks periodically, with the objective of ascertaining whether they are likely to exceed certain limits. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

23. FINANCIAL INSTRUMENTS (continued)

Financial risk factors (continued)

(a) Market risk

(i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and euro. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Company imports gas from European countries, has foreign currency denominated trade payables.

Due to the high costs associated, the Company's policy is not to use derivative financial instruments to reduce this risk.

The official exchange rates were RON 3.3575 to USD 1 and RON 4.4287 to EUR 1 (December 31, 2011: RON 3.3393 to USD 1 and RON 4.3197 to EUR 1; December 31, 2010: RON 3.2045 to USD 1 and RON 4.2848 to USD 1).

(ii) Inflation risk

The official inflation rate in Romania, during the year ended December 31 2012 was under 10% as provided by the National Commission for Statistics of Romania. The cumulative inflation rate for the last 3 years was under 100%. This factor, among others, led to the conclusion that Romania is not a hyperinflationary economy starting with January 1, 2004.

(iii) Interest rate risk

The Company was exposed in the past to interest rate risk due to loans from the International Bank for Reconstruction and Development. In 2012 the Company had repaid all its loans.

As of December 31, 2012, the Company had granted variable interest bearing loans of thousand RON 16,466 (December 31, 2011: thousand RON 8,347; December 31, 2010: 0).

Bank deposits and treasury bills bear a fixed interest rate.

(b) Credit risk

Financial assets, which potentially subject the Company to credit risk, consist principally of cash and cash equivalents, deposits with banks, trade receivables and loans. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. The carrying amount of accounts receivable, net of impairment provision, cash and cash equivalents and loans, represent the maximum amount exposed to credit risk. The Company has a concentration of credit risk in respect of its top 4 clients, which together amount to 75% of trade receivable balance at December 31, 2012. Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Company beyond the bad debt allowance already recorded.

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012**

**23. FINANCIAL INSTRUMENTS (continued)**

**Financial risk factors (continued)**

**(c) Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's policy is to only resort to borrowing if investment needs cannot be financed internally.

**(d) Fair value estimation**

Carrying amount of financial assets and liabilities are assumed to approximate their fair values.

Financial instruments in the balance sheet include trade receivables and other receivables, cash and cash equivalents, short-term loans and trade and other payables. The estimated fair values of these instruments approximate their carrying amounts. The carrying amounts represent the Company's maximum exposure to credit risk for existing receivables.



## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 23. FINANCIAL INSTRUMENTS (continued)

Dec 31, 2012	EUR	GBP	USD	RON	Total
	1 EUR = 4.4287 '000 RON	1 GBP = 5.4297 '000 RON	1 USD = 3.3575 '000 RON	1 RON '000 RON	'000 RON
<b>Financial assets</b>					
Available for sale financial assets	-	-	-	1,646	1,646
Cash at bank and cash equivalents	24,071	14	366	1,714,879	1,739,330
Held-to-maturity investments	-	-	-	890,834	890,834
Interest on investments	-	-	-	37,401	37,401
Trade and other receivables	-	-	-	1,094,712	1,094,712
Loans granted	16,926	-	-	-	16,926
<b>Total financial assets</b>	<b>40,997</b>	<b>14</b>	<b>366</b>	<b>3,739,472</b>	<b>3,780,849</b>
<b>Financial liabilities</b>					
Trade and other payables	(39)	-	(27,985)	(267,661)	(295,685)
<b>Total financial liabilities</b>	<b>(39)</b>	<b>-</b>	<b>(27,985)</b>	<b>(267,661)</b>	<b>(295,685)</b>
<b>Net</b>	<b>40,958</b>	<b>14</b>	<b>(27,619)</b>	<b>3,471,811</b>	<b>3,485,164</b>
<b>Dec 31, 2011</b>	<b>EUR</b>	<b>GBP</b>	<b>USD</b>	<b>RON</b>	<b>Total</b>
	1 EUR = 4.3197 '000 RON	1 GBP = 5.1545 '000 RON	1 USD = 3.3393 '000 RON	1 RON '000 RON	'000 RON
<b>Financial assets</b>					
Available for sale financial assets	-	-	-	900	900
Cash at bank and cash equivalents	540	17	116	1,427,976	1,428,649
Held-to-maturity investments	-	-	-	1,070,839	1,070,839
Interest on investments	-	-	-	19,262	19,262
Trade and other receivables	-	-	-	1,191,762	1,191,762
Loans granted	8,572	-	-	-	8,572
<b>Total financial assets</b>	<b>9,112</b>	<b>17</b>	<b>116</b>	<b>3,710,739</b>	<b>3,719,984</b>
<b>Financial liabilities</b>					
Trade and other payables	(2,674)	-	(60)	(287,382)	(290,116)
Loans and accrued interest	-	-	(6,803)	-	(6,803)
<b>Total financial liabilities</b>	<b>(2,674)</b>	<b>-</b>	<b>(6,863)</b>	<b>(287,382)</b>	<b>(296,919)</b>
<b>Net</b>	<b>6,438</b>	<b>17</b>	<b>(6,747)</b>	<b>3,423,357</b>	<b>3,423,065</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 23. FINANCIAL INSTRUMENTS (continued)

Dec 31, 2010	EUR	GBP	USD	RON	Total
	1 EUR = 4.2848 '000 RON	1 GBP = 4.9673 '000 RON	1 USD = 3.2045 '000 RON	1 RON '000 RON	'000 RON
<b>Financial assets</b>					
Available for sale financial assets	-	-	-	900	900
Cash at bank and cash equivalents	161	2	88	808,084	808,335
Held-to-maturity investments	-	-	-	198,558	198,558
Interest on investments	-	-	-	5,135	5,135
Trade and other receivables	-	-	-	984,874	984,874
<b>Total financial assets</b>	<b>161</b>	<b>2</b>	<b>88</b>	<b>1,997,551</b>	<b>1,997,802</b>
<b>Financial liabilities</b>					
Trade and other payables	(3,924)	-	(9,884)	(208,438)	(222,246)
Loans and accrued interest	-	-	(13,230)	-	(13,230)
<b>Total financial liabilities</b>	<b>(3,924)</b>	<b>-</b>	<b>(23,114)</b>	<b>(208,438)</b>	<b>(235,476)</b>
<b>Net</b>	<b>(3,763)</b>	<b>2</b>	<b>(23,026)</b>	<b>1,789,113</b>	<b>1,762,326</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 23. FINANCIAL INSTRUMENTS (continued)

The Company is mainly exposed in respect of the exchange rate of the EUR and USD vs. RON. The following table details the Company's sensitivity to a 5% increase/decrease in EUR and USD against RON. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	<u>Dec 31,</u> <u>2012</u>	<u>Dec 31,</u> <u>2011</u>	<u>Dec 31,</u> <u>2010</u>
	'000 RON	'000 RON	'000 RON
Weakening of RON Profit/(loss)	668	(14)	(1,339)

**Liquidity and interest risk**

As of December 31, 2012, the Company's exposure to interest risk is limited, due to the fact that it has no borrowings and financial assets bear a fixed interest rate, except for the loans granted by the Company. However, these loans do not pose significant interest risk.

**Maturity analysis for non-derivative financial assets and financial liabilities**

Dec 31, 2012	Due in less than a month	Due in 1 - 3 months	Due in 3 months to 1 year	Due in 1 - 5 years	Due in over 5 years	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Trade receivables	778,038	16,207	112,561	52,646	-	959,452
Treasury bills	-	-	890,834	-	-	890,834
<b>Total</b>	<b>778,038</b>	<b>16,207</b>	<b>1,003,395</b>	<b>52,646</b>	<b>-</b>	<b>1,850,286</b>
Trade payables	(292,685)	-	-	-	-	(292,685)
<b>Total</b>	<b>(292,685)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(292,685)</b>
<b>Net</b>	<b>485,353</b>	<b>16,207</b>	<b>1,003,395</b>	<b>52,646</b>	<b>-</b>	<b>1,557,601</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 23. FINANCIAL INSTRUMENTS (continued)

Dec 31, 2011	Due in less than a month	Due in 1 - 3 months	Due in 3 months to 1 year	Due in 1 - 5 years	Due in over 5 years	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Trade receivables	863,283	16,748	50,729	145,350	-	1,076,110
Treasury bills and bank deposits	-	-	1,070,839	-	-	1,070,839
<b>Total</b>	<b>863,283</b>	<b>16,748</b>	<b>1,121,568</b>	<b>145,350</b>	<b>-</b>	<b>2,146,949</b>
Trade payables	(638,688)	-	-	-	-	(638,688)
<b>Total</b>	<b>(638,688)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(638,688)</b>
<b>Net</b>	<b>224,595</b>	<b>16,748</b>	<b>1,121,568</b>	<b>145,350</b>	<b>-</b>	<b>1,508,261</b>

Dec 31, 2010	Due in less than a month	Due in 1 - 3 months	Due in 3 months to 1 year	Due in 1 - 5 years	Due in over 5 years	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Trade receivables	789,278	12,647	58,412	92,053	-	952,390
Treasury bills	-	-	198,558	-	-	198,558
<b>Total</b>	<b>789,278</b>	<b>12,647</b>	<b>256,970</b>	<b>92,053</b>	<b>-</b>	<b>1,150,948</b>
Trade payables	(264,661)	-	-	-	-	(264,661)
<b>Total</b>	<b>(264,661)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(264,661)</b>
<b>Net</b>	<b>524,617</b>	<b>12,647</b>	<b>256,970</b>	<b>92,053</b>	<b>-</b>	<b>886,287</b>

**Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Company's management, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 24. RELATED PARTY TRANSACTIONS

The main transactions and balances with related parties are detailed below.

## (i) Sales of goods and services

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
<i>Sales of services</i>			
Romgaz SA's associates	21,392	19,013	15,724
<i>Sales of goods</i>			
Romgaz SA's associates	-	-	9,531
<b>Total</b>	<b>21,392</b>	<b>19,013</b>	<b>25,255</b>

## (ii) Purchases of goods and services

	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
<i>Purchases of services</i>			
Romgaz SA's associates	-	3,345	2,160
<b>Total</b>	<b>-</b>	<b>3,345</b>	<b>2,160</b>

## (iii) Balances arising from the sale/purchase of goods/services

	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
<i>Receivables from related parties</i>			
Romgaz SA's associates	-	2,856	-
<b>Total</b>	<b>-</b>	<b>2,856</b>	<b>-</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 25. INFORMATION REGARDING THE EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATIVE BODIES, MANAGEMENT AND SUPERVISORY

## The remuneration of directors and managers

The Company has no contractual obligations on pensions to former executives and directors of the Company.

During the year, no loans and advances were granted to directors and managers of the Company, except for work related travel advances, and they do not owe any amounts to the Company from such advances.

	<u>Year ended Dec 31, 2012</u> '000 RON	<u>Year ended Dec 31, 2011</u> '000 RON	<u>Year ended Dec 31, 2010</u> '000 RON
Salaries paid to directors	8,985	7,413	8,853
	<u>Dec 31, 2012</u> '000 RON	<u>Dec 31, 2011</u> '000 RON	<u>Dec 31, 2010</u> '000 RON
Salaries payable to directors	465	605	729

## 26. ASSOCIATES

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held (%)		
			<u>Dec 31, 2012</u>	<u>Dec 31, 2011</u>	<u>Dec 31, 2010</u>
SC Amgaz SA Medias	gas production	Romania	35	35	35
SC Depomures SA Tg.Mures	storage of natural gas	Romania	40	40	40
Energia Torzym Polonia	gas production	Poland	30	30	30
Cybinka Polonia	gas production	Poland	30	30	30
SC Agri LNG Project Company SRL	Feasibility projects	Romania	25	25	-
			<u>Dec 31, 2012</u> '000 RON	<u>Dec 31, 2011</u> '000 RON	<u>Dec 31, 2010</u> '000 RON
Investments in associates			12,409	9,878	8,740
Impairment			(4,795)	(2,794)	(1,403)
<b>Total</b>			<u>7,614</u>	<u>7,084</u>	<u>7,337</u>



## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 27. OTHER FINANCIAL ASSETS

*Other financial Investments*

Company	Activity	Percentage held	Value as of Dec 31, 2012 '000 RON	Impairment as of Dec 31, 2012 '000 RON	Carrying value as of Dec 31, 2012 '000 RON
MKB Romexterra Bank S.A.	other activities - financial intermediations	0.12%	840	-	840
Mi Petrogas Services S.A.	services related to oil and natural gas extraction, excluding field work	10%	60	-	60
Black Sea LPG Romania S.A.	foreign trade, oil products trading and maritime transportation	6.30%	50	50	-
S.C. GHCL Upsom	manufacture of other chemical, anorganic base products	4.21%	17,100	17,100	-
Vanco Int Ltd		10%	149	-	149
Lukoil Oil Company		10%	597	-	597
<b>Total</b>			<b>18,796</b>	<b>17,150</b>	<b>1,646</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 27. OTHER FINANCIAL ASSETS (continued)

*Other financial  
Investments*

Company	Activity	Percentage held	Value as of Dec 31, 2011 '000 RON	Impairment as of Dec 31, 2011 '000 RON	Carrying value as of Dec 31, 2011 '000 RON
MKB Romexterra Bank S.A.	other activities - financial intermediations	0.43%	840	-	840
Mi Petrogas Services S.A.	services related to oil and natural gas extraction, excluding field work	10%	60	-	60
Black Sea LPG Romania S.A.	foreign trade, oil products trading and maritime transportation	6.30%	50	50	-
S.C. GHCL Upsom	manufacture of other chemical, anorganic base products	4.21%	17,100	17,100	-
<b>Total</b>			<b>18,050</b>	<b>17,150</b>	<b>900</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 27. OTHER FINANCIAL ASSETS (continued)

<i>Other financial Investments</i>	Company	Activity	Percentage held	Value as of Dec 31, 2010 '000 RON	Impairment as of Dec 31, 2010 '000 RON	Carrying value as of Dec 31, 2010 '000 RON
	MKB Romexterra Bank S.A.	other activities - financial intermediations	0.43%	840	-	840
	Mi Petrogas Services S.A.	services related to oil and natural gas extraction, excluding field work	10%	60	-	60
	Black Sea LPG Romania S.A.	foreign trade, oil products trading and maritime transportation	6.30%	50	50	-
	S.C. GHCL Upsom	manufacture of other chemical, anorganic base products	4.21%	17,100	17,100	-
	<b>Total</b>			<b>18,050</b>	<b>17,150</b>	<b>900</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 28. SEGMENT INFORMATION

## a) Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the upstream segment, storage services and others, including headquarters. The Directors of the Company have chosen to organize the Company around difference in activities performed.

Specifically, the Company is organized in the following segments:

- upstream, which includes exploration activities, natural gas production and gas trade; these activities are performed by Medias, Mures and Bratislava branches.
- storage activities, performed by the Ploiesti branch;
- other activities, such as technological transport, well operations and corporate activities.

## b) Segment assets and liabilities

Dec 31, 2012	Upstream '000 RON	Storage '000 RON	Other '000 RON
Property plant and equipment	4,005,412	1,368,467	506,891
Other intangible assets	210,276	885	19,543
Trade and other receivables	934,017	24,429	1,006
Other non-current assets	-	-	16,926
Inventories	410,297	80,971	16,581
Other financial assets	432	504	936,559
Other assets	28,526	17,410	86,498
Cash and cash equivalents	229,941	47,208	1,462,181
<b>Total assets</b>	<b>5,818,901</b>	<b>1,539,874</b>	<b>3,046,185</b>
Retirement benefit obligation	-	-	63,785
Deferred tax liabilities	-	-	257,835
Provisions	193,250	-	-
Other liabilities	28,610	1,562	222,473
Trade and other payables	245,645	4,909	42,131
<b>Total liabilities</b>	<b>467,505</b>	<b>6,471</b>	<b>586,224</b>

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 28. SEGMENT INFORMATION (continued)

Dec 31, 2011	Upstream '000 RON	Storage '000 RON	Other '000 RON
Property plant and equipment	4,393,512	1,284,874	686,083
Other intangible assets	91,347	853	25,304
Trade and other receivables	1,055,710	19,702	698
Other non-current assets	-	-	8,572
Inventories	354,216	74,031	22,994
Other financial assets	545	-	1,097,540
Other assets	17,623	37,628	110,438
Cash and cash equivalents	194,026	42,066	1,192,557
<b>Total assets</b>	<b>6,106,979</b>	<b>1,459,154</b>	<b>3,144,186</b>
Retirement benefit obligation	-	-	53,627
Deferred tax liabilities	-	-	266,159
Provisions	273,517	-	-
Other liabilities	25,387	1,291	281,228
Trade and other payables	601,784	4,722	32,182
Borrowings	-	-	6,803
<b>Total liabilities</b>	<b>900,688</b>	<b>6,013</b>	<b>639,999</b>
Dec 31, 2010	Upstream '000 RON	Storage '000 RON	Other '000 RON
Property plant and equipment	4,497,468	1,288,343	748,658
Other intangible assets	169,497	1,349	18,463
Trade and other receivables	925,313	26,407	670
Inventories	976,756	93,789	13,916
Other financial assets	1,236	-	210,694
Other assets	44,931	26,957	21,898
Cash and cash equivalents	141,498	19,261	647,576
<b>Total assets</b>	<b>6,756,699</b>	<b>1,456,106</b>	<b>1,661,875</b>
Retirement benefit obligation	-	-	52,773
Deferred tax liabilities	-	-	400,310
Provisions	238,705	-	-
Other liabilities	25,359	2,326	173,173
Trade and other payables	236,827	6,432	42,885
Borrowings	-	-	13,230
<b>Total liabilities</b>	<b>500,891</b>	<b>8,758</b>	<b>682,371</b>

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012**
**28. SEGMENT INFORMATION (continued)**

The Company's main clients are identified in the table below. All sales are revenue recorded in the upstream segment.

Client	Year ended Dec 31, 2012	Year ended Dec 31, 2011	Year ended Dec 31, 2010
	'000 RON	'000 RON	'000 RON
E.ON GAZ ROMANIA SA TG.MURES	955,507	605,978	456,130
SC GDF SUEZ SA	731,126	743,846	459,992
ELECTROCENTRALE BUCURESTI	332,981	300,453	229,335
AZOMURES	322,626	486,748	332,543
SC CONEF SRL	230,214	200,458	200,343
ARELCO BUCURESTI	207,617	140,384	61,842
ELECTROCENTRALE GALATI	191,729	167,863	164,269
TRANSGAZ	118,201	143,588	134,384
TEN GAZ (former AMGAZ)	101,293	200,953	132,560
INTERAGRO	-	336,103	594,750

**c) Segment revenues, results and other segment information**

Year ended Dec 31, 2012	Upstream	Storage	Other	Adjustment and eliminations	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Sales and other operating revenues	3,594,986	245,075	342,852	(344,972)	3,837,941
Less: sales and other operating revenues between segments	(4,550)	-	(340,422)	344,972	-
<b>Third party sales and other operating revenues</b>	<b>3,590,436</b>	<b>245,075</b>	<b>2,430</b>	<b>-</b>	<b>3,837,941</b>
Interest income	8,208	4,164	135,954	-	148,326
Interest expense	(23,904)	(329)	-	-	(24,233)
Depreciation and amortisation	(431,443)	(88,372)	(86,299)	-	(606,114)
<b>Segment profit/(loss) before tax</b>	<b>1,348,685</b>	<b>(4,678)</b>	<b>51,634</b>	<b>-</b>	<b>1,395,641</b>



## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 28. SEGMENT INFORMATION (continued)

## c) Segment revenues, results and other segment information (continued)

Year ended Dec 31, 2011	Upstream	Storage	Other	Adjustment and eliminations	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Sales and other operating revenues	3,853,607	344,583	348,538	(351,251)	4,195,477
Less: sales and other operating revenues between segments	(5,020)	-	(346,231)	351,251	-
<b>Third party sales and other operating revenues</b>	<b>3,848,587</b>	<b>344,583</b>	<b>2,307</b>	<b>-</b>	<b>4,195,477</b>
Interest income	7,963	1,457	97,377	-	106,797
Interest expense	(23,856)	(849)	-	-	(24,705)
Depreciation and amortisation	(528,212)	(71,466)	(103,706)	-	(703,384)
<b>Segment profit/(loss) before tax</b>	<b>1,209,137</b>	<b>121,457</b>	<b>11,868</b>	<b>-</b>	<b>1,342,462</b>
Year ended Dec 31, 2010	Upstream	Storage	Other	Adjustment and eliminations	Total
	'000 RON	'000 RON	'000 RON	'000 RON	'000 RON
Sales and other operating revenues	3,240,744	295,879	355,255	(394,417)	3,497,461
Less: sales and other operating revenues between segments	(4,774)	(50,267)	(339,376)	394,417	-
<b>Third party sales and other operating revenues</b>	<b>3,235,970</b>	<b>245,612</b>	<b>15,879</b>	<b>-</b>	<b>3,497,461</b>
Interest income	11,929	2,766	79,592	-	94,287
Interest expense	(26,164)	(1,299)	-	-	(27,463)
Depreciation and amortisation	(683,370)	(67,355)	(89,281)	-	(840,006)
<b>Segment profit/(loss) before tax</b>	<b>701,101</b>	<b>120,706</b>	<b>(299,601)</b>	<b>-</b>	<b>522,206</b>

## 29. OTHER NON-CURRENT ASSETS

During 2011, Romgaz S.A. signed two loan contracts with Energia Torzym Spolka and Energia Cybinka Spolka, each with a maximum amount of EUR 5,000,000. Both agreements will terminate on December 31, 2015. Interest will be calculated on the balance of the loan drawn down on an annual basis rate equivalent to ECB Euro base interest rate plus 1% per annum. The applicable ECB Euro base interest rate will be used as at the last working day of a calendar year. Interest is not to be capitalized.

As of December 31, 2012, Romgaz S.A. has a receivable balance of thousand EUR 840/thousand RON 3,721 (2011: thousand EUR 945/thousand RON 4,082) and related interest of thousand RON 180 from Energia Cybinka Spolka and a receivable balance of thousand EUR 2,878/thousand RON 12,745 (2011: thousand EUR 1,039/thousand RON 4,490) and related interest of thousand RON 279 from Energia Torzym

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,  
2012**

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## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 30. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks, short term deposits and treasury bonds with maturity under 3 months. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

<i>Cash and cash equivalents</i>	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Current bank accounts in RON	165,130	82,888	62,472
Current bank accounts in foreign currency	1,956	673	251
Petty cash	38	38	31
Short-term deposits	1,288,204	1,336,896	745,580
Treasury bonds with maturity under 3 months	283,983	8,146	-
Amounts under settlement	19	8	1
<b>Total</b>	<b>1,739,330</b>	<b>1,428,649</b>	<b>808,335</b>

## 31. OTHER FINANCIAL ASSETS

Other financial assets represent mainly treasury bonds with a maturity of over 3 months.

	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Shares in unquoted entities	1,646	900	900
Held-to-maturity investments	928,235	1,090,101	203,693
<b>Total</b>	<b>929,881</b>	<b>1,091,001</b>	<b>204,593</b>

## 32. COMMITMENTS UNDERTAKEN

	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Commitments for purchase of import gas	283,642	612,786	864,574
Capital commitments	27,888	29,209	37,491
Other commitments	2,812	3,587	-
<b>Total</b>	<b>314,342</b>	<b>645,582</b>	<b>902,065</b>

From the facility of million USD 29 given by RBS Bank for opening letters of credit in favor of suppliers, as at December 31, 2012 are available for utilization thousand USD 20,694 (2011: thousand USD 20,253; 2010:thousand USD 28,300).

## NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 33. COMMITMENTS RECEIVED

	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	'000 RON	'000 RON	'000 RON
Endorsements and collaterals received	966	636	389

Endorsements and collateral received represent letters of guarantee and restricted bank deposits held with banks as performance guarantees and advance return from tangible asset and production suppliers.

## 34. CONTINGENCIES

(a) *Litigations*

The Company is subject to several legal actions arisen in the normal course of business. The management of the Company considers that they will have no material adverse effect on the results and the financial position of the Company.

(b) *Ongoing judicial procedures for which Romgaz SA is not claimant or defendant*

On December 28, 2011, 27 former and current employees were notified by DIICOT (Direction for Investigation of Crimes of Organized Criminal Activity and Terrorism) regarding an investigation related to sale contracts signed with one of the Company's clients which are suspected to have been granted unauthorized discounts to this client during the period 2005-2010. The Direction mentioned that this may have resulted in a loss of USD 92 million for the Company. The internal analysis carried out by the Company's specialized departments concluded that the agreement was in compliance with legal provisions and all discounts were granted based on approvals from the Ministry of Economy and Finance and decisions of the General Shareholders' Board and Board of Directors. The management of the Company believes the investigation will not have a negative impact on the individual financial statements.

Also, during 2013 the National Agency for Integrity has initiated an investigation against a former general manager of the Company, as a result of identifying some indications of conflict of interest in awarding contracts to companies in which he has been administrator before becoming general manager of the Company. The management of the Company carried out an analysis and concluded that the investigation is ungrounded and that it will not have a negative impact over the Company's individual financial statements.

We mention that the risk assessment carried out by the Company was performed without having access to the investigation files prepared by the National Agency for Integrity and the Direction for Investigation of Crimes of Organized Criminal Activity and Terrorism. The Company is fully cooperating with DIICOT and ANI in providing all information necessary.

(c) *Taxation*

The Romanian taxation system is undergoing a process of consolidation and harmonization with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (0.1% per day). In Romania, tax periods remain open for fiscal verification for 5 years. The Company's management considers that the tax liabilities included in these individual financial statements are fairly stated.

(d) *Environmental contingencies*

Environmental regulations are developing in Romania and the Company has not recorded any liability at December 31, 2010, and December 31, 2011 for any anticipated costs, including legal and consulting fees, impact studies, the design and implementation of remediation plans, related to environmental matters. As of December 31, 2012 the Company has recorded a provision for land restoration of thousand RON 17,734.

**NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012**

**34. CONTINGENCIES (continued)**

(e) *Licenses for operation in the gas production field*

The Company operates natural gas fields based on the license issued by the National Agency for Mineral Resources (ANRM). Licenses for the extraction of hydrocarbons (natural gas and condensate) expire between 2011 and 2028 and may be extended upon request.

(f) *Insurance policies*

As at the end of 2012, 2011 and 2010, the Company has concluded insurance policies for tangible assets.

**35. EVENTS AFTER THE BALANCE SHEET DATE**

In January, 2013 the Company signed a protocol with Electrocentrale Bucuresti for the takeover of a unit of assets, "CTE Iernut" from Electrocentrale Bucharest able to produce energy separately to offset the receivables from Electrocentrale Bucuresti. Based on a revaluation report issued in 2013 by an independent appraiser, the plant is worth mil. RON 40, value that could be obtained if the plant's activity is discontinued.

In 2013, the share capital of the Company was increased by in-kind contribution of the shareholders with thousand RON 2,384, representing the value of land for which the Company obtained ownership deeds.

Based on General Meeting of Shareholders' decision no. 6/24.05.2013, in May and June 2013, S.N.G.N. Romgaz S.A. paid its shareholders dividends of thousand RON 1,060,114, as follows: thousand RON 901,172 to the Ministry of Economy and thousand RON 158,942 to S.C. Fondul Proprietatea S.A.

On February 13, 2013, S.N.G.N. Romgaz S.A. signed an Option Agreement with OMV Petrom SA and Exxon Mobil Exploration and Production Romania Limited Nassau (Bahamas) Bucharest Branch, regarding the exploitation of new gas fields in Pelican XIII and Midia XV perimeters located in the Black Sea. The agreement is conditional upon:

- Completion of the transfer from the current titleholders (Sterling Resources Ltd. and Petro Ventures Europe BV) to ExxonMobil and OMV Petrom S.A., and
- A commercial discovery of hydrocarbons in the Relevant Portion has to be notified to National Agency for Mineral Resources.

**36. APPROVAL OF INDIVIDUAL FINANCIAL STATEMENTS**

The individual financial statements were approved by the board of directors and authorized for issue on August 22, 2013.

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**Virgil Metea**  
General Manager

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**Lucia Ionascu**  
Economic Director

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## ANNEX A: D&M REPORT

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DEGOLYER AND MACNAUGHTON  
5001 SPRING VALLEY ROAD  
SUITE 800 EAST  
DALLAS, TEXAS 75244

October 8, 2013

S.N.G.N. Romgaz S.A.  
P-ta C. I. Motas, No. 4  
551130, Medias, Jud. Sibiu  
Romania

Ladies and Gentlemen:

Pursuant to your request, we have prepared estimates, as of June 30, 2013, of the extent of the proved, probable, and possible gas and condensate reserves, the value of the proved and proved-plus-probable reserves, the extent of the 1C, 2C, and 3C contingent resources, and the extent of the prospective resources for certain fields in Romania. S.N.G.N. Romgaz S.A. (Romgaz) has represented that it owns interests as noted herein in the fields.

Estimates of proved, probable, and possible reserves, contingent resources, and prospective resources have been prepared according to the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. PRMS is a referenced standard in published guidance of the United Kingdom Listing Authority. The reserves definitions are discussed in detail under the Definition of Reserves heading of this report. The contingent resources definitions are discussed in detail under the Definition of Contingent Resources heading of this report. The prospective resources definitions are discussed in detail under the Definition of Prospective Resources heading of this report.

Reserves estimated in this report are expressed as gross and net reserves. Gross reserves are defined as the total estimated petroleum to be produced from these properties after June 30, 2013. Net reserves are defined as that portion of the gross reserves to be produced from the properties attributable to the interests owned by Romgaz after deducting interests owned by others.

This report presents values for proved and proved-plus-probable reserves that were estimated using initial prices and costs specified by Romgaz. All monetary values shown in this report are expressed in United States dollars (U.S.\$). An explanation of the future price and cost assumptions is included in the Valuation of Reserves heading of this report.

Values for reserves shown in this report are expressed in terms of future gross revenue, future net revenue, and present worth. Future gross revenue is defined as the revenue to be realized from the sale of the net reserves. Future net revenue is defined as the future gross revenue less direct operating expenses, capital costs, royalty, host government taxes, and abandonment costs where applicable. Operating expenses include field operating expenses, transportation expenses, compression charges, and an allocation of overhead that directly relates to production activities. Present worth is defined as future net revenue discounted at a specified arbitrary discount rate compounded monthly over the expected period of realization. In this report, present worth values using discount rates of 8, 10, 12, and 15 percent are reported as totals.

The contingent resources estimated in this report are expressed as gross contingent resources and net contingent resources. Gross contingent resources are defined as the total estimated petroleum that is potentially recoverable from known accumulations after June 30, 2013. Net contingent resources are defined as that portion of the gross contingent resources that might potentially be produced from the properties attributable to the interests evaluated herein after deducting interests owned by others.

The contingent resources estimated herein are those quantities of oil or gas that are potentially recoverable from known accumulations but which are not currently considered to be commercially recoverable because of such contingencies as lack of commitment to develop, lack of product sales agreements, and/or lack of defined infrastructure, among other contingencies. The contingent resources estimated in this report have an economic status of "Undetermined."

Contingent resources quantities should not be confused with those quantities or values associated with reserves due to the additional risk involved. The quantities that might actually be recovered should they be developed may differ significantly from the estimates presented herein. There is no certainty that it will be commercially viable to produce any portion of the contingent resources evaluated herein.



The prospective resources estimated in this report are expressed as gross prospective resources. Gross prospective resources are defined as the total estimated petroleum that is potentially recoverable after June 30, 2013. Romgaz has represented that it owns 100 percent of the interests in the blocks containing prospective resources evaluated herein.

The prospective resources estimated herein are those quantities of petroleum that are potentially recoverable from accumulations yet to be discovered. Because of the uncertainty of commerciality and the lack of sufficient exploration drilling, the prospective resources estimated herein cannot be classified as contingent resources or reserves. The prospective resources estimates in this report are not comparable to contingent resources or reserves.

A possibility exists that the prospects evaluated herein will not result in successful discoveries and development, in which case there could be no future revenue. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

Prospective resources quantities should not be confused with those quantities associated with contingent resources or reserves due to the additional risk involved. The quantities that might actually be recovered, should they be discovered and developed, may differ significantly from the estimates presented herein.

Estimates of petroleum reserves, future net revenue, contingent resources, and prospective resources should be regarded only as estimates that may change as additional information becomes available. Not only are such reserves, revenue, contingent resources, and prospective resources estimates based on that information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

In this report, key information has been provided by Romgaz on the fields evaluated herein. As far as we are aware, there are no special factors that would affect the interests owned by Romgaz that would require additional information for the proper evaluation of these fields. All evaluations herein are considered in the context of current agreements and regulations and do not consider uncertainties that might be associated with political conditions.

Information used in the preparation of this report was obtained from Romgaz. In the preparation of this report we have relied upon information furnished by Romgaz with respect to the property interests to be evaluated, production from such properties, current costs of operation and development, current prices for production, agreements relating to current and future operations and sales of production, concession expiration dates, and various other information and data that were accepted as represented. Although we have not had independent verification, the information used in this report appears reasonable. The technical staff of Romgaz involved with the assessment and implementation of development of Romgaz's petroleum assets are represented as adherent to the generally accepted practices of the petroleum industry. The staff members appear to be experienced and technically competent in their fields of expertise. Some limited site visits to the producing fields evaluated herein were made by DeGolyer and MacNaughton. However, existing production data, reports from third parties, and photographic evidence of the fields were considered adequate because the fields are in an established producing venue.

### **Executive Summary**

Romgaz has represented that it owns interests in properties that include 177 discovered fields and 9 exploration license areas in Romania. This report includes estimates of reserves in 140 producing fields and 6 gas storage fields, contingent resources in 21 fields, and prospective resources in 4 prospects. For this report, technical and commercial uncertainties have been considered in each case exclusive of ongoing political events in a given venue. All contracts, regulations, and agreements in place on June 30, 2013, have been considered to be valid for their stated terms, as represented by Romgaz.

### **Reserves**

Estimates of the gross and net proved, probable, and possible gas and condensate reserves attributable to Romgaz evaluated herein, as of June 30, 2013, are summarized as follows, expressed in millions of cubic feet ( $10^6\text{ft}^3$ ), thousands of barrels ( $10^3\text{bbl}$ ), millions of cubic meters ( $10^6\text{m}^3$ ), and thousands of cubic meters ( $10^3\text{m}^3$ ):



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	Reserves Summary – English Units					
	Gas			Condensate		
	Proved (10 <sup>6</sup> ft <sup>3</sup> )	Probable (10 <sup>6</sup> ft <sup>3</sup> )	Possible (10 <sup>6</sup> ft <sup>3</sup> )	Proved (10 <sup>3</sup> bbl)	Probable (10 <sup>3</sup> bbl)	Possible (10 <sup>3</sup> bbl)
Gross	2,207,363	467,389	418,266	0	18	13
Net	2,192,425	464,634	416,007	0	18	13

Note: Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

	Reserves Summary – Metric Units					
	Gas			Condensate		
	Proved (10 <sup>6</sup> m <sup>3</sup> )	Probable (10 <sup>6</sup> m <sup>3</sup> )	Possible (10 <sup>6</sup> m <sup>3</sup> )	Proved (10 <sup>3</sup> m <sup>3</sup> )	Probable (10 <sup>3</sup> m <sup>3</sup> )	Possible (10 <sup>3</sup> m <sup>3</sup> )
Gross	62,506	13,235	11,844	0	3	2
Net	62,083	13,157	11,780	0	3	2

Note: Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

Estimates of future net revenue and present worth of the reserves in this report were prepared using a Base Case scenario. Sales gas prices consist of weighted average residential and non-residential rates that are in the process of being deregulated over the next 6 years and 2 years, respectively, so reserves are based on a range of prices. The Base Case scenario sales gas prices ranged from U.S.\$168.55 per thousand cubic meters currently to U.S.\$363.08 per thousand cubic meters in future years and an initial price of U.S.\$618.74 per cubic meter of condensate. Product prices were held constant after the deregulation period throughout the remaining life of the field without any escalation due to inflation.

Estimated future net revenue and present worth at 10 percent of the future net revenue from Romgaz's interest in the proved and proved-plus-probable reserves, as of June 30, 2013, utilizing the Base Case scenario, expressed in thousands of United States dollars (10<sup>3</sup> U.S.\$), are summarized as follows:

	Valuation Summary			
	Proved		Proved plus Probable	
	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)	Future Net Revenue (10 <sup>3</sup> U.S.\$)	Present Worth at 10 Percent (10 <sup>3</sup> U.S.\$)
Base Case	13,575,930	6,321,875	16,771,957	7,539,622

Note: Values for probable reserves have not been risk adjusted to make them comparable to values for proved reserves.

Two price and cost sensitivity scenarios were evaluated in this report: Low Case and High Case.

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The underlying market gas price for the Low Case was set initially 20 percent lower than the Base Case and held constant. Due to the regulations in place, the Low Case gas price used for calculated revenue was the same as the Base Case gas price during the years before deregulation. Once prices are deregulated in 2019 for residential customers and in 2015 for non-residential customers, the gas price is pegged to the underlying forecasted market gas price. Costs are not inflated.

The underlying market gas price for the High Case was set initially 20 percent higher than the Base Case and escalated 2 percent per year beginning in 2014 and was then held constant from 2019 forward. Due to the regulations in place, the High Case gas price used for calculated revenue was the same as the Base Case gas price during the years before deregulation. Once prices are deregulated in 2019 for residential customers and in 2015 for non-residential customers, the gas price is pegged to the underlying forecasted market gas price. Costs are inflated at 2 percent per year beginning in 2014.

Reserves estimates herein are based on the Base Case scenario, and quantities in the sensitivity cases are those included prior to the limit of projected production under the Base Case scenario or when an annual economic limit is reached, whichever comes first. Details of the annual pricing and cost assumptions are presented under the Valuation of Reserves heading of this report.

Estimated future net revenue and present worth of the future net revenue from Romgaz's interest in the proved and proved-plus-probable quantities, as of June 30, 2013, for the sensitivity cases, expressed in thousands of United States dollars ( $10^3$  U.S.\$), are summarized as follows:

	<b>Valuation Summary – Sensitivity Cases</b>			
	<b>Proved</b>		<b>Proved plus Probable</b>	
	<b>Future Net Revenue (<math>10^3</math> U.S.\$)</b>	<b>Present Worth at 10 Percent (<math>10^3</math> U.S.\$)</b>	<b>Future Net Revenue (<math>10^3</math> U.S.\$)</b>	<b>Present Worth at 10 Percent (<math>10^3</math> U.S.\$)</b>
Low Case	10,612,560	5,120,792	13,100,517	6,093,527
High Case	17,633,796	8,010,043	21,845,435	9,587,814

Note: Values for probable quantities have not been risk adjusted to make them comparable to values for proved quantities. Reserves have been estimated using the Base Case scenario, and quantities in the sensitivity cases should not be confused with reserves.



Other Resources

Estimates of the gross and net 1C (low), 2C (best), and 3C (high) gas and condensate contingent resources attributable to Romgaz for the fields evaluated herein, as of June 30, 2013, are summarized as follows, expressed in millions of cubic feet ( $10^6\text{ft}^3$ ), thousands of barrels ( $10^3\text{bbl}$ ), millions of cubic meters ( $10^6\text{m}^3$ ), and thousands of cubic meters ( $10^3\text{m}^3$ ):

	<b>Contingent Resources - English Units</b>			
	<b>Gas</b>		<b>Condensate</b>	
	<b>Gross (<math>10^6\text{ft}^3</math>)</b>	<b>Net (<math>10^6\text{ft}^3</math>)</b>	<b>Gross (<math>10^3\text{bbl}</math>)</b>	<b>Net (<math>10^3\text{bbl}</math>)</b>
1C	144,754	144,754	0	0
2C	300,242	300,242	0	0
3C	502,631	502,631	0	0

## Notes:

1. Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves.
2. There is no certainty that it will be commercially viable to produce any portion of the contingent resources evaluated herein.
3. All contingent resources in this report have an economic status of Undetermined.

	<b>Contingent Resources - Metric Units</b>			
	<b>Gas</b>		<b>Condensate</b>	
	<b>Gross (<math>10^6\text{m}^3</math>)</b>	<b>Net (<math>10^6\text{m}^3</math>)</b>	<b>Gross (<math>10^3\text{m}^3</math>)</b>	<b>Net (<math>10^3\text{m}^3</math>)</b>
1C	4,099	4,099	0	0
2C	8,502	8,502	0	0
3C	14,233	14,233	0	0

## Notes:

1. Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves.
2. There is no certainty that it will be commercially viable to produce any portion of the contingent resources evaluated herein.
3. All contingent resources in this report have an economic status of Undetermined.

The estimated gross  $P_r$ -adjusted prospective resources, as of June 30, 2013, in the Romgaz prospects evaluated herein are summarized as follows, expressed in thousands of barrels ( $10^3$ bbl), millions of cubic feet ( $10^6$ ft<sup>3</sup>), thousands of cubic meters ( $10^3$ m<sup>3</sup>), and millions of cubic meters ( $10^6$ m<sup>3</sup>):

	Prospective Resources	
	English Units	
	$P_r$ -Adjusted Mean Estimate Oil ( $10^3$ bbl)	$P_r$ -Adjusted Mean Estimate Marketable Gas ( $10^6$ ft <sup>3</sup> )
Gross	2,488	127,194

## Notes:

1. Mean estimates follow the PRMS guidelines for prospective resources.
2.  $P_r$  is defined as the probability of discovering reservoirs which flow at a measurable rate.
3. Application of any geological or economic chance factor does not equate prospective resources with contingent resources or reserves.
4. Recovery efficiency is applied to prospective resources in this table.
5. The prospective resources presented above are based on the statistical aggregation method.
6. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

	Prospective Resources	
	Metric Units	
	$P_r$ -Adjusted Mean Estimate Oil ( $10^3$ m <sup>3</sup> )	$P_r$ -Adjusted Mean Estimate Marketable Gas ( $10^6$ m <sup>3</sup> )
Gross	396	3,602

## Notes:

1. Mean estimates follow the PRMS guidelines for prospective resources.
2.  $P_r$  is defined as the probability of discovering reservoirs which flow at a measurable rate.
3. Application of any geological or economic chance factor does not equate prospective resources with contingent resources or reserves.
4. Recovery efficiency is applied to prospective resources in this table.
5. The prospective resources presented above are based on the statistical aggregation method.
6. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

## Ownership

Romgaz has represented that it holds certain licenses for exploration, production, and development in Romania. The fields evaluated herein and the interests represented by Romgaz as their ownership in those fields are shown below.

Properties Evaluated		
Field	Working Interest (%)	License Expiration
Acatari	100.00	2033
Agnita	100.00	2013
Alamor	100.00	2024
Alma	100.00	2015
Altana	100.00	2015
Alunu	100.00	2028
Armeni	100.00	2028
Axente Sever	100.00	2043
Bacau	100.00	N.A.
Baia	100.00	2028
Balaceanca	100.00	2028
Balta Alba	50.00	2016
Barcut	100.00	2014
Barghis	100.00	2038
Bazna	100.00	2034
Beia	100.00	2020
Berbiceni	100.00	2020
Bibesti Sardanesti	50.00	2024
Bilciuresti	100.00	2028
Bilciuresti North	100.00	2028
Bilciuresti South	100.00	2028
Boarta	100.00	2013
Bogata de Mures	100.00	2028
Bogatu Roman	100.00	2028
Boldu	100.00	2012
Bozed	100.00	2038
Bozed West	100.00	2015
Bratesti	100.00	2025
Bunesti	100.00	2013
Bungard	100.00	2018
Buza	100.00	2035
Cadaciu	100.00	2013
Caragele	100.00	2019
Caragele East	100.00	2028
Ceshesti	100.00	2017
Cetatea de Balta	100.00	2029
Cetatea de Balta (Gas Storage)	100.00	N.A.
Chedea	100.00	2021
Chedea East	100.00	2025
Chirpar	100.00	2030
Cloasterf	100.00	2015
Cojocna	100.00	2028
Comanesti	100.00	2013
Copsa Mica	100.00	2043

<b>Properties Evaluated – (Continued)</b>		
<b>Field</b>	<b>Working Interest (%)</b>	<b>License Expiration</b>
Corunca North	100.00	2036
Corunca South	100.00	2043
Craiesti-Ercea	100.00	2028
Cris	100.00	N.A.
Cristur North	100.00	2031
Cristur South	100.00	2028
Cucerdea South	100.00	2016
Cusmed	100.00	2026
Daia Telina	100.00	2024
Damieni	100.00	2019
Davideni	100.00	2028
Deleni Haranglab	100.00	2043
Delureni	100.00	2050
Dobra	100.00	2013
Dragomiresti	100.00	2015
Dumbravioara	100.00	2043
Eliseni Sacel	100.00	2027
Enciu	100.00	2027
Eremieni	100.00	2032
Ernei	100.00	2043
Fantanele	100.00	2043
Faurei	100.00	2028
Fierbinti Targ	50.00	2021
Filitelnic	100.00	2043
Finta Gheboia	50.00	2017
Florica	100.00	2011
Frasin Brazi	50.00	2018
Frasin Gura Humorului	100.00	2015
Frasini-Albian	100.00	2015
Gaiceana	100.00	2019
Galateni	100.00	2025
Garbovi	100.00	2013
Ghindari	100.00	2019
Ghinesti Trei Sate	100.00	2028
Glavanesti	100.00	2024
Gradistea	100.00	2024
Grebenis	100.00	2043
Greci	100.00	2027
Gura Sutii	50.00	2023
Herepea	100.00	2028
Hurezani Piscu Stejari	100.00	2021
Huruiesti Negulesti Maldaresti	100.00	2015
Icland	100.00	2028
Iclanzel-Vaidei	100.00	2043
Iernut	100.00	2014
Ilimbav	100.00	2018
Jibert	100.00	2028
Laslau Mare	100.00	2028
Lechinta	100.00	2023
Lipia Fulga	100.00	2028
Livezeni	100.00	2028
Loamnes	100.00	2013



Properties Evaluated – (Continued)		
Field	Working Interest (%)	License Expiration
Ludus	100.00	2043
Lunca Tecii	100.00	2021
Lupeni	100.00	2016
Madaras	100.00	2017
Magherani	100.00	2043
Margineni	100.00	2018
Mecea	100.00	2025
Medisorul Mare	100.00	2023
Merii	100.00	2028
Miercurea Nirajului	100.00	2026
Nades Prod Seleus	100.00	2033
Nades West	100.00	2028
Nocrich	100.00	2022
Nocrich West	100.00	2015
North Faurei	100.00	2028
Noul Sasese	100.00	2034
Ocnita	100.00	2018
Padina Jugureanu	100.00	2013
Paingeni	100.00	2023
Palatca	100.00	2028
Paltin	100.00	2028
Peris	100.00	2028
Petea	100.00	2028
Petis	100.00	2024
Petrilaca-Teleac	100.00	2030
Pocoleni	100.00	2023
Porumbenii Mici	100.00	2017
Puini	100.00	2028
Raman	100.00	2028
Retis	100.00	2016
Romanesti	100.00	2017
Rosioru	50.00	2015
Rusi	100.00	2015
Sabed	100.00	2021
Sadinca	100.00	2043
Salcii	100.00	2028
Sancel	100.00	2026
Sangeorgiu de Padure	100.00	2028
Sanmartinul de Campie	100.00	2037
Sapunari	100.00	2024
Sarmasel	100.00	2038
Sarmasel (Gas Storage)	100.00	N.A.
Sasausi	100.00	2026
Saschiz	100.00	2015
Sausa	100.00	2043
Sighisoara	100.00	2025
Silivasul de Campie	100.00	2023
Siminic-Ghercesti	100.00	2028
Simonesti	100.00	2018
Sincai Raci	100.00	2043
Slatina North Strejesti	100.00	2013
Soala	100.00	2021

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<b>Properties Evaluated – (Continued)</b>		
<b>Field</b>	<b>Working Interest (%)</b>	<b>License Expiration</b>
Soimusul Mare	100.00	2034
Stramba	50.00	2027
Strugureni	100.00	2020
South Batranesti	100.00	2028
Taga	100.00	2028
Tamasesti	100.00	2027
Tapu	100.00	N.A.
Tarcesti	100.00	2018
Targu Mures	100.00	2043
Tauni	100.00	2043
Taxlau Mare	100.00	2028
Tg Neamt East	100.00	2028
Todiresti	100.00	2023
Turdas	100.00	2021
Ulies	100.00	2041
Urziceni	100.00	2028
Urziceni North	100.00	2022
Vaida	100.00	2028
Valea Moldovei	100.00	2028
Valea Seaca	100.00	2019
Valea Seaca East	100.00	2028
Varvata	100.00	2028
Velt	100.00	2022
Visa	100.00	2028
Vladeni	50.00	2013
Voivodeni	100.00	2026
Vulcan	100.00	2020
Zatreni Tetsiu	50.00	2017
Zau de Campie-Saulia	100.00	2029

## Notes:

1. N.A. = not applicable.
2. License expiration dates were not applied to the gas storage fields.

In addition to these fields, Romgaz owns interests in nine exploration license areas. Four prospects within license areas RG-02 and RG-03 are evaluated herein: Boin North, Deleni Deep, Laslau Deep, and Cibu.

These interests are held through contractual instruments that are common in the petroleum industry. We had an opportunity to review certain segments of pertinent agreements; however, we, as engineers, cannot express an opinion as to the accounting or legal aspects of those agreements.

For this report, technical and commercial uncertainties have been considered in each case exclusive of ongoing political events in a given venue. All contracts,

regulations, and agreements in place on June 30, 2013, have been considered to be valid for their stated terms, as represented by Romgaz.

There are certain environmental considerations in any venue of petroleum production. We are not aware of any extraordinary environmental elements associated with the properties evaluated herein. As such, we have included abandonment costs, as appropriate, to accomplish routine and safe removal of subsurface and surface equipment at a given field site. Reclamation costs, if any, are not included in the evaluation herein, unless specifically referenced.

### **Definition of Reserves**

The proved, probable, and possible reserves presented in this report have been prepared in accordance with the PRMS approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. The petroleum reserves are defined as follows:

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

*Proved Reserves* – Proved Reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90-percent probability that the quantities actually recovered will equal or exceed the estimate.



*Unproved Reserves* – Unproved Reserves are based on geoscience and/or engineering data similar to that used in estimates of Proved Reserves, but technical or other uncertainties preclude such reserves being classified as Proved. Unproved Reserves may be further categorized as Probable Reserves and Possible Reserves.

*Probable Reserves* – Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50-percent probability that the actual quantities recovered will equal or exceed the 2P estimate.

*Possible Reserves* – Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible Reserves (3P), which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10-percent probability that the actual quantities recovered will equal or exceed the 3P estimate.

*Reserves Status Categories* – Reserves status categories define the development and producing status of wells and reservoirs.

*Developed Reserves* – Developed Reserves are expected quantities to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

*Developed Producing Reserves* – Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

*Developed Non-Producing Reserves* – Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals which are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future recompletion prior to the start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

*Undeveloped Reserves* – Undeveloped Reserves are quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

The extent to which probable and possible reserves ultimately may be reclassified as proved reserves is dependent upon future drilling, testing, and well performance. The degree of risk to be applied in evaluating probable and possible reserves is influenced by economic and technological factors as well as the time element. Probable and possible reserves in this report have not been adjusted in consideration of these additional risks to make them comparable to proved reserves.



### **Estimation of Reserves**

Estimates of reserves were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry and in accordance with definitions established by the PRMS. The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

Where applicable, the volumetric method was used to determine the original quantities of petroleum in place. Estimates were made by using various types of logs, core analyses, and other available data. Formation tops, gross thickness, and representative values for net pay thickness, porosity, and interstitial fluid saturations were used to prepare structural maps to delineate each reservoir and isopachous maps to estimate reservoir volumes. Where adequate data were available and where circumstances justified, material-balance and other engineering methods were used to estimate the original petroleum in place.

Estimates of ultimate recovery were obtained by applying recovery efficiency factors to the original quantities of petroleum in place. These factors were based on consideration of the type of energy inherent in the reservoir, analysis of the fluid and rock properties, the structural position of the properties, and the production history. In some instances, comparisons were made with similar producing reservoirs in the area where more complete data were available.

Where adequate data were available and where circumstances justified, material-balance and other engineering methods were used to estimate oil recovery factors. In these instances, reservoir performance parameters such as cumulative production, producing rate, reservoir pressure, gas-oil ratio behavior, and water production were considered in estimating recovery efficiencies used in determining gross ultimate recovery.

For depletion-type reservoirs or other reservoirs where performance has disclosed a reliable decline in producing-rate trends or other diagnostic characteristics, reserves were estimated by the application of appropriate decline curves or other performance relationships. In analyzing decline curves, reserves were estimated only to the limits of economic production or license expirations, whichever occurs first.



In certain cases where the previously named methods could not be used, reserves were estimated by analogy with similar reservoirs where more complete data were available.

The reserves estimates presented herein were based on consideration of daily or monthly production data to June 2013. Other data available to June 30, 2013, were used to prepare estimates for this report. Where applicable, cumulative production, as of June 30, 2013, was deducted from the gross ultimate recovery to determine the estimated gross reserves.

Gas quantity estimates reported herein are expressed as sales gas at a pressure base of 14.7 pounds per square inch absolute (psia) and a temperature base of 60 degrees Fahrenheit (°F). Sales gas reserves are defined as the total gas produced from the reservoir after reduction for shrinkage resulting from field separation, processing, flare, fuel usage, and other losses.

Condensate reserves reported herein are to be recovered by normal field separation. In the estimates of condensate, 1 barrel equals 42 U.S. gallons.

For this report, technical and commercial uncertainties have been considered in each case exclusive of ongoing political events in a given venue. All contracts, regulations, and agreements in place on June 30, 2013, are considered to be valid for their stated terms, as represented by Romgaz.

#### Procedure and Methodology

Romgaz has represented that it owns an interest in multiple fields, discoveries, gas storage fields, and prospects in Romania, which have been evaluated in this report. Oil and gas extraction activities have been ongoing in Romania for more than 150 years. During that time, approximately 800 oil and/or gas accumulations have been discovered.

The Carpathian Mountains are the dominant surface geologic feature in Romania. They are part of an east-west regional orogenic belt extending across the southern portion of the Eurasian continent from the Pyrenees and Alps in the west to the Caucasus and Himalayas in the east. Deposition and uplift of this orogenic belt is largely controlled by the opening and closing of the Tethys Ocean during the Triassic to Cretaceous period and the Cretaceous to Miocene period, respectively.

The Carpathians Mountains are a sigmoidal-shaped up-lift situated mostly in Romania. They extend north into Ukraine and Slovakia as an eastern extension of the Alps and south into Serbia and Bulgaria where they merge with the Balkans. In Romania, the Carpathians form an open-to-the-northwest, arcuate-shaped feature. The majority of the uplift occurred between the Cretaceous and Miocene as a result of the subduction of the Tethys plate and collision with older cratonic blocks from the south. Formed as a result of compression, the predominant structural style is characterized by numerous en echelon thrust faults and nappes. The inner Carpathians are composed of Precambrian and early Paleozoic metamorphic rocks. The outer Carpathians are Cretaceous to Miocene flysch that was thrust over relatively undeformed European margin and accreted continental crust.

The majority of the gas production comes from three areas: the Transylvanian Basin (Figure 1), the Moesian Platform (Figure 2), and the Moldavia Platform (Figure 3).



The Transylvanian Basin is a roughly circular-shaped depression situated entirely within Romania and covering approximately 20,000 square kilometers. It is located between the arcuate-shaped Carpathian uplift to the south, east, and north and the Apuseni Mountains to the west.

The Transylvanian Basin can be divided into two vertical sequences based on structural style and rock type. These two sequences, which are separated by a regional layer of Miocene salt, are designated sub-salt and post-salt. The sub-salt

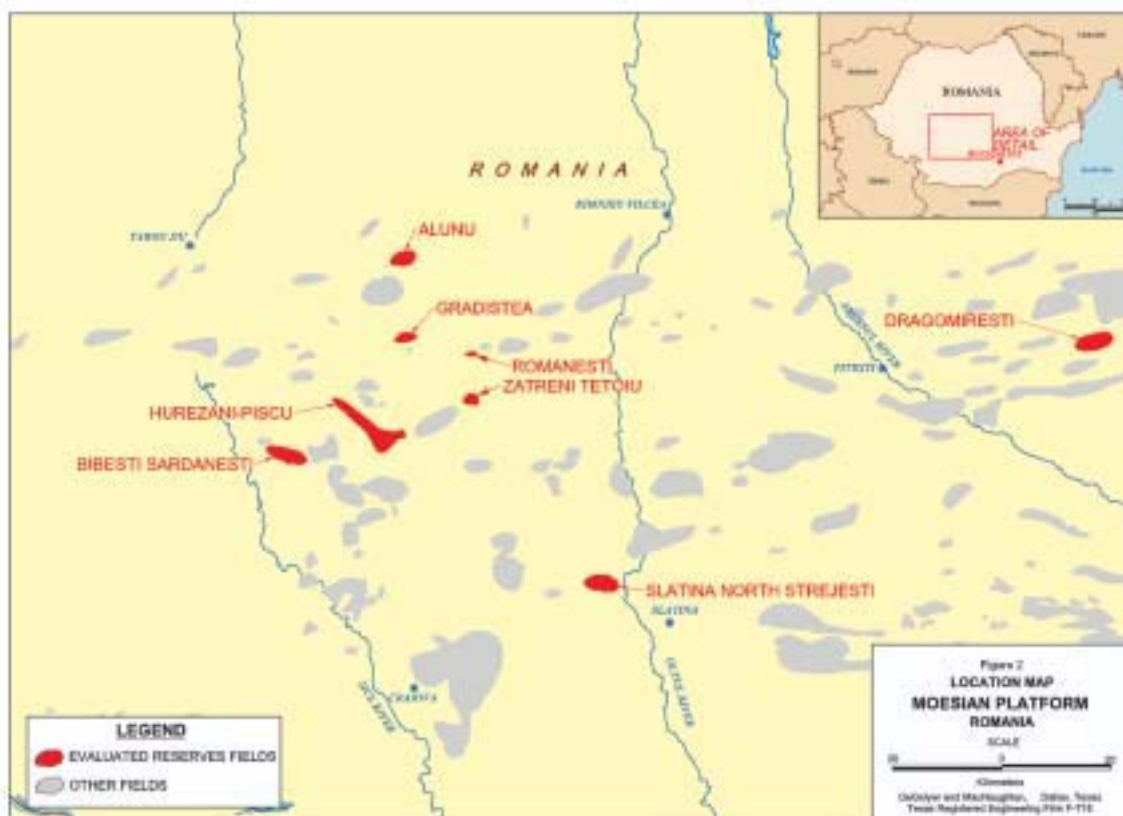


interval is characterized by numerous basement-involved grabens that are bounded by normal faults. These grabens are filled with Triassic ophiolites that are overlain by marine clastics and carbonates. Based on the described structural style and rock types, this sequence is typical of rift basins and is likely related to the opening of the Tethys Ocean. The extent of oil and gas accumulations in the sub-salt sequence is not well known due to few well penetrations. The post-salt sequence consists of relatively undeformed middle Miocene flysch that is overlain by younger molasse derived from the adjacent Carpathian uplift. These post-salt sediments mostly thicken towards the central portion of the basin indicating subsidence became important during this time. Most of the known oil and gas accumulations in the Transylvanian Basin are found in the post-salt sequence.

According to published estimates, the Transylvanian Basin, with more than half of the country's reserves, is the primary source for natural gas in Romania. Most gas production comes from low relief structural traps that are supported by upward movement of the underlying salt. Stratigraphically trapped natural gas is also found in the Transylvania Basin. Because it is unlikely that hydrocarbons could migrate very far given the nature of the post-salt sedimentary section, it is thought that most source-rocks are situated in close proximity to the reservoir interval.

Reservoirs are laminated, post-salt clastics whose thickness can be underestimated using conventional logging tools. Because of the uncertainty associated with estimating reservoir properties in laminated reservoirs using open-hole logs, flow tests are commonly used to help evaluate reservoir quality. Reservoir intervals are discontinuous and can be correlated only over short distances, usually within a field or accumulation. Correlating reservoirs over larger distances can be problematic. Average reservoir porosities are between 11 and 24 percent.

Most natural gas in the Transylvanian Basin is biogenic rather than thermogenic in origin. Its composition is almost 100 percent methane with minor amounts of carbon dioxide (CO<sub>2</sub>) and nitrogen (N<sub>2</sub>). There are a small number of fields that are in close proximity to Neogene volcanics that contain much higher concentrations of CO<sub>2</sub> and N<sub>2</sub>. The origin of the natural gas in these fields is at least partly thermogenic.



The Moesian Platform is situated to the south and southeast of the southern Carpathian uplift and extends southward into northern Bulgaria. It represents an accreted cratonic block that was emplaced onto the southern margin of the European craton during the Cretaceous by the subduction of the Tethys plate.

Based on different tectonic styles, the Moesian Platform can be divided, at the late Cretaceous, into older and younger vertical sequences. Older strata are mostly flat-lying with numerous grabens that are delineated by normal faults. This is characteristic of extensional tectonics associated with rifting and is concurrent with the opening of the Tethys Ocean. The frequency of these normal faults and associated grabens is independent of the distance from the Carpathians. Oil and gas reservoirs exhibiting extensional tectonics are found in the Mesozoic and late Paleozoic. These are marine carbonates and clastics. Traps are either stratigraphic or low relief structures. Average reservoir porosities are between 16 and 28 percent.



The younger strata sequence exhibits a change to compressional tectonics associated with the closing of the Tethys Ocean. This can be seen in the areas of the Moesian Platform adjacent to the Carpathian uplift. These areas are dominated by a series of late Cretaceous (and younger) thrust-faulted nappes. However, as the distance from the Carpathians increases, the platform becomes more stable and the strata take on a flat-lying and less-faulted geometry. This younger sequence was thrust over the older strata during the Carpathian orogeny. Oil and gas reservoirs exhibiting compressional tectonics are mostly found in proximity to the Carpathians. These are thrust nappes consisting of Miocene molasse derived from the adjacent uplift. Traps are structural and the accumulations are compartmentalized due to faulting. Average reservoir porosities are between 16 and 28 percent.

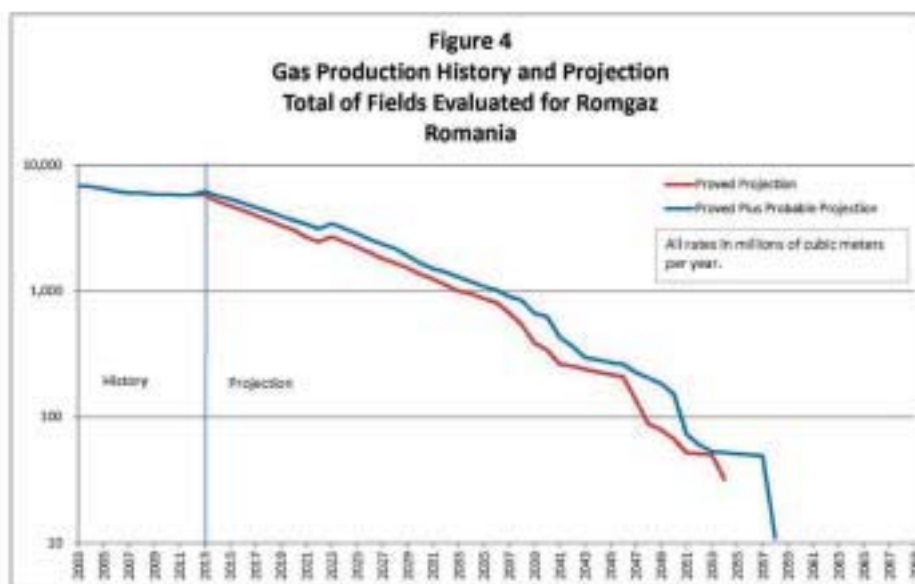




The Moldavia Platform is situated between the eastern Carpathian Mountains to the west and the Ukraine Shield to the northeast. Unlike the Transylvanian Basin and the Moesian Platform, basement is not composed of accreted crust but represents the original margin of the European plate. Cretaceous and older strata are characterized by grabens bounded by normal faults indicating proximity to rifting concurrent with the opening of the Tethys Ocean. Younger strata consist of thrust-faulted nappes originating in the Carpathian Mountains. The frequency of thrust faults decreases away from the uplift. This configuration is similar to the Moesian Platform. Average reservoir porosities are between 14 and 21 percent.

Reserves estimates for the Romgaz fields have been primarily based on performance analysis and analogy, augmented with volumetric analysis where possible. Condensate is produced in a very limited number of fields, so the primary reserves are gas. Compression has been considered where installed or planned for installation. Field development typically includes recompletion and drilling in a select number of fields.

Performance analysis consisted of decline curve analysis and material-balance calculations where sufficient data exists. The decline curve analysis was typically applied at the field or reservoir level; however, individual well analysis was reviewed and, in some limited instances, was the more indicative approach. Separation of underlying reservoir performance, without the drilling and recompletion activity, was important to understand the performance trends. The basic annual decline rates ranged from 4 percent up to 13 percent. Deliverability estimates were important to understand plateau uncertainty ranges where fields were not yet declining. Limited pressure data were available, but extrapolated and actual bottomhole shut-in pressures were used in combination with known flowing surface pressures to estimate recovery factors using material balance, where possible.



For planned drilling and recompletions, statistical analysis of historical performance, emphasizing more recent activity, was utilized to develop expectation ranges of outcomes for reserves estimates. Where data were available, volumetric analysis of reservoirs was used to restrain boundaries of performance and recovery for future development.

Proved developed reserves were generally based on the underlying reservoir performance of existing wells as projected from performance analysis. Proved undeveloped reserves include estimated additional recovery from planned compression, recompletions in existing wells, and drilling wells. Probable reserves include the consideration of expectations that are greater than those for proved reserves in regard to production performance of shallower declines in existing wells, higher initial rates in new recompletions and drilled wells, and volumetric recovery that is in the range of the better performing wells. Figure 4 depicts the proved and proved-plus-probable projections while summaries of the gross total proved and proved-plus-probable reserves are presented in Tables A-1 and A-2. Possible reserves include broad performance in the range seen in the better wells, as well as a higher level of activity throughout the life a field.

Overall, gas recovery factors approach 90 percent in the more mature fields, and range from 55 percent to 85 percent in most fields. A significant majority of the reserves for the fields are developed, with less than 10 percent of reserves associated



with drilling, recompletions, and compression. The Filitelnic field is the largest field evaluated, and almost 90 percent of the field's reserves are developed in the existing wells. The Tauni field is an example of a limited number of fields in which the undeveloped reserves are a more significant component, at about 25 percent, of the overall field reserves. There are 17 fields with over 1 billion cubic meters of proved gas reserves per field, and the average field has about 450 million cubic meters of proved gas reserves per field.

There are six gas storage fields evaluated. In those fields, the native gas, which acts as cushion gas in the storage process, are the only reserves in those fields. The stored quantities do not qualify as reserves. These reserves quantities are estimated based on the available pressure data, discovery information, and historical removal and injection information.

Estimated proved, probable, and possible gross and net gas and condensate reserves attributable to Romgaz evaluated herein, as of June 30, 2013, are summarized as follows, expressed in millions of cubic feet ( $10^6\text{ft}^3$ ), thousands of barrels ( $10^3\text{bbl}$ ), millions of cubic meters ( $10^6\text{m}^3$ ), and thousands of cubic meters ( $10^3\text{m}^3$ ):

	Reserves Summary - English Units					
	Gas			Condensate		
	Proved ( $10^6\text{ft}^3$ )	Probable ( $10^6\text{ft}^3$ )	Possible ( $10^6\text{ft}^3$ )	Proved ( $10^3\text{bbl}$ )	Probable ( $10^3\text{bbl}$ )	Possible ( $10^3\text{bbl}$ )
Gross	2,207,363	467,389	418,266	0	18	13
Net	2,192,425	464,634	416,007	0	18	13

Note: Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

	Reserves Summary - Metric Units					
	Gas			Condensate		
	Proved ( $10^6\text{m}^3$ )	Probable ( $10^6\text{m}^3$ )	Possible ( $10^6\text{m}^3$ )	Proved ( $10^3\text{m}^3$ )	Probable ( $10^3\text{m}^3$ )	Possible ( $10^3\text{m}^3$ )
Gross	62,506	13,235	11,844	0	3	2
Net	62,083	13,157	11,780	0	3	2

Note: Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

### **Definition of Contingent Resources**

Petroleum resources included in this report are classified as contingent resources and have been prepared in accordance with the PRMS approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. Because of the lack of commerciality or sufficient development drilling, the contingent resources estimated herein cannot be classified as reserves. The petroleum resources are classified as follows:

*Contingent Resources* – Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Based on assumptions regarding future conditions and their impact on ultimate economic viability, projects currently classified as Contingent Resources may be broadly divided into three economic status groups:

*Marginal Contingent Resources* – Those quantities associated with technically feasible projects that are either currently economic or projected to be economic under reasonably forecasted improvements in commercial conditions but are not committed for development because of one or more contingencies.

*Sub-Marginal Contingent Resources* – Those quantities associated with discoveries for which analysis indicates that technically feasible development projects would not be economic and/or other contingencies would not be satisfied under current or reasonably forecasted improvements in commercial conditions. These projects nonetheless should be retained in the inventory of discovered resources pending unforeseen major changes in commercial conditions.

*Undetermined Contingent Resources* – Where evaluations are incomplete such that it is premature to clearly define ultimate



chance of commerciality, it is acceptable to note that project economic status is “undetermined.”

The estimation of resources quantities for an accumulation is subject to both technical and commercial uncertainties and, in general, may be quoted as a range. The range of uncertainty reflects a reasonable range of estimated potentially recoverable volumes. In all cases, the range of uncertainty is dependent on the amount and quality of both technical and commercial data that are available and may change as more data become available.

*1C (Low), 2C (Best), and 3C (High) Estimates* – Estimates of petroleum resources in this report are expressed using the terms 1C (low) estimate, 2C (best) estimate, and 3C (high) estimate to reflect the range of uncertainty.

### **Estimation of Contingent Resources**

Estimates of contingent resources were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry and in accordance with definitions established by the PRMS. The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

The volumetric method was used to estimate the original quantities of petroleum in place. Structure maps were prepared to delineate each reservoir, and isopach maps were constructed to estimate reservoir volume. Electrical logs, radioactivity logs, core analyses, and other available data were used to prepare these maps as well as to estimate representative values for porosity and water saturation. When adequate data were available and when circumstances justified, material-balance and other engineering methods were used to estimate original petroleum in place.

Estimates of ultimate recovery were obtained after applying recovery factors to original quantities of petroleum in place. These recovery factors were based on consideration of the type of energy inherent in the reservoir, analyses of the fluid and rock properties, and the structural position of the properties.

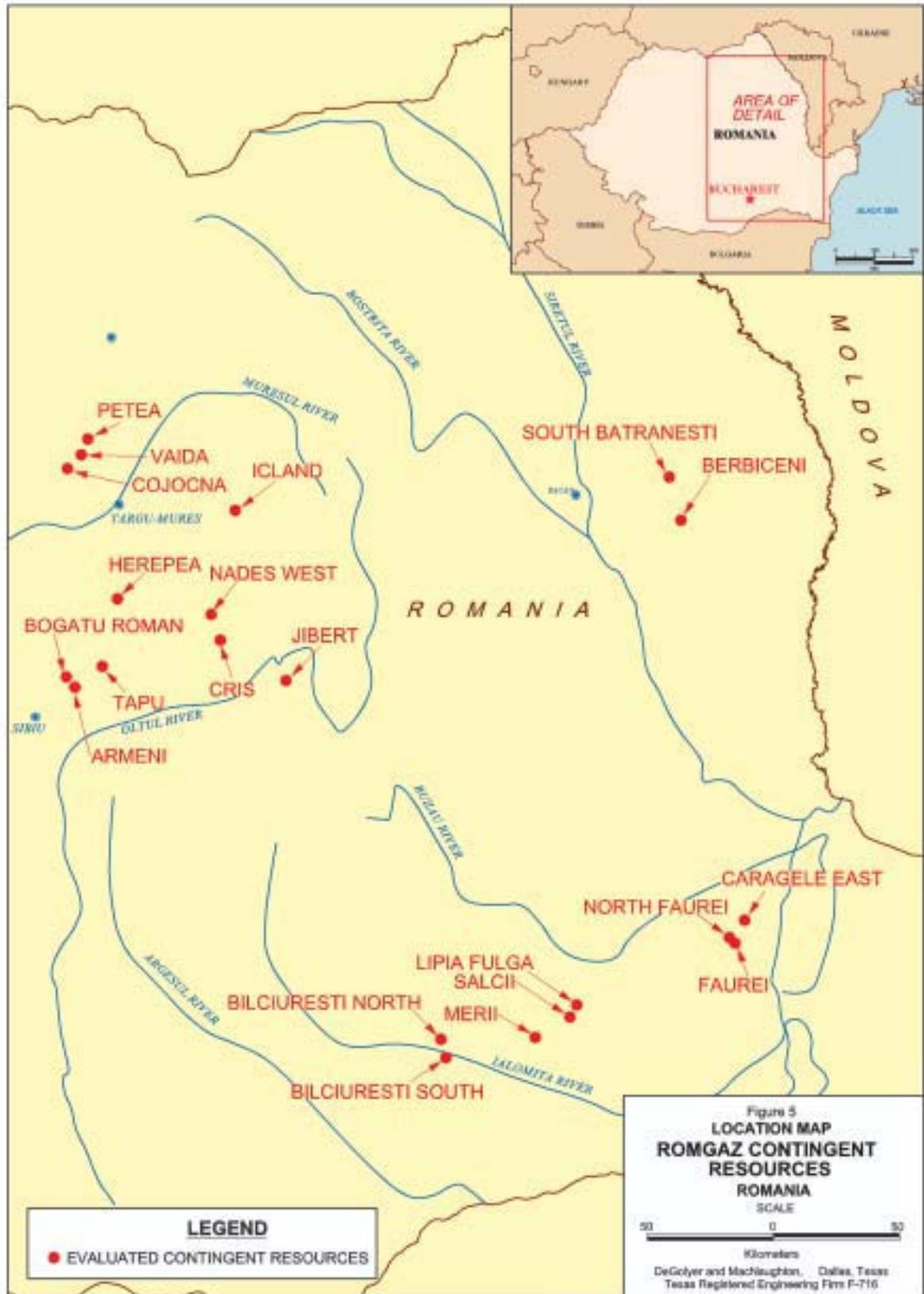
In certain cases, when the previously named methods could not be used, contingent resources were estimated by analogy with similar wells or reservoirs for which more complete data were available.

The contingent resources estimates presented herein are generally based on consideration of drilling results, analyses of available geological data, well test results, pressures, and other data available through June 30, 2013. The development and economic status represents the status applicable on June 30, 2013.

Gas quantity estimates reported herein are expressed as sales gas at a pressure base of 14.7 psia and a temperature base of 60 °F. Sales gas contingent resources are defined as the total gas produced from the reservoir after reduction for shrinkage resulting from field separation, processing, flare, fuel usage, and other losses.

Condensate contingent resources reported herein are to be recovered by normal field separation. In the estimates of condensate, 1 barrel equals 42 U.S. gallons. The condensate contingent resources are estimated as zero for the discoveries evaluated herein.



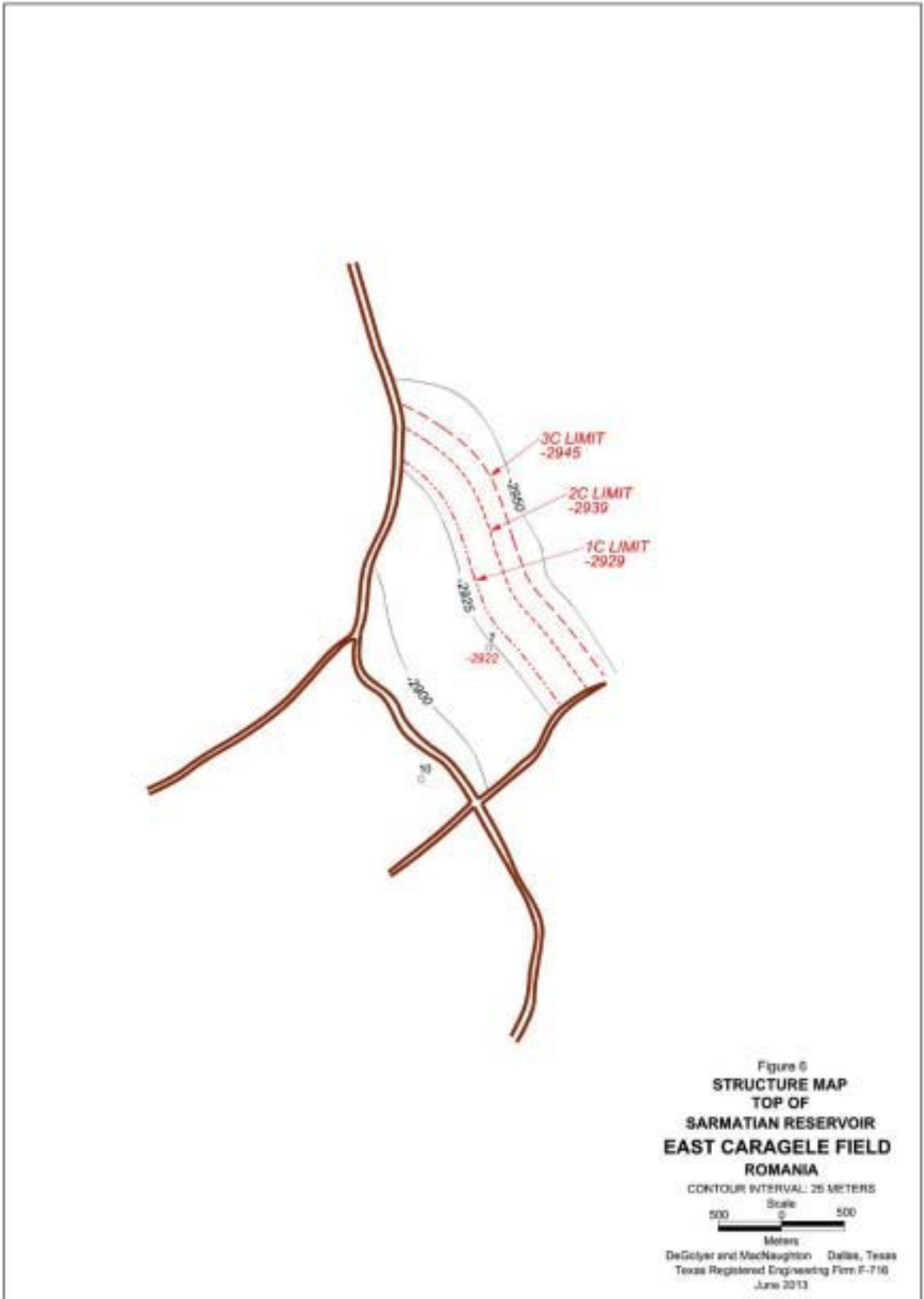


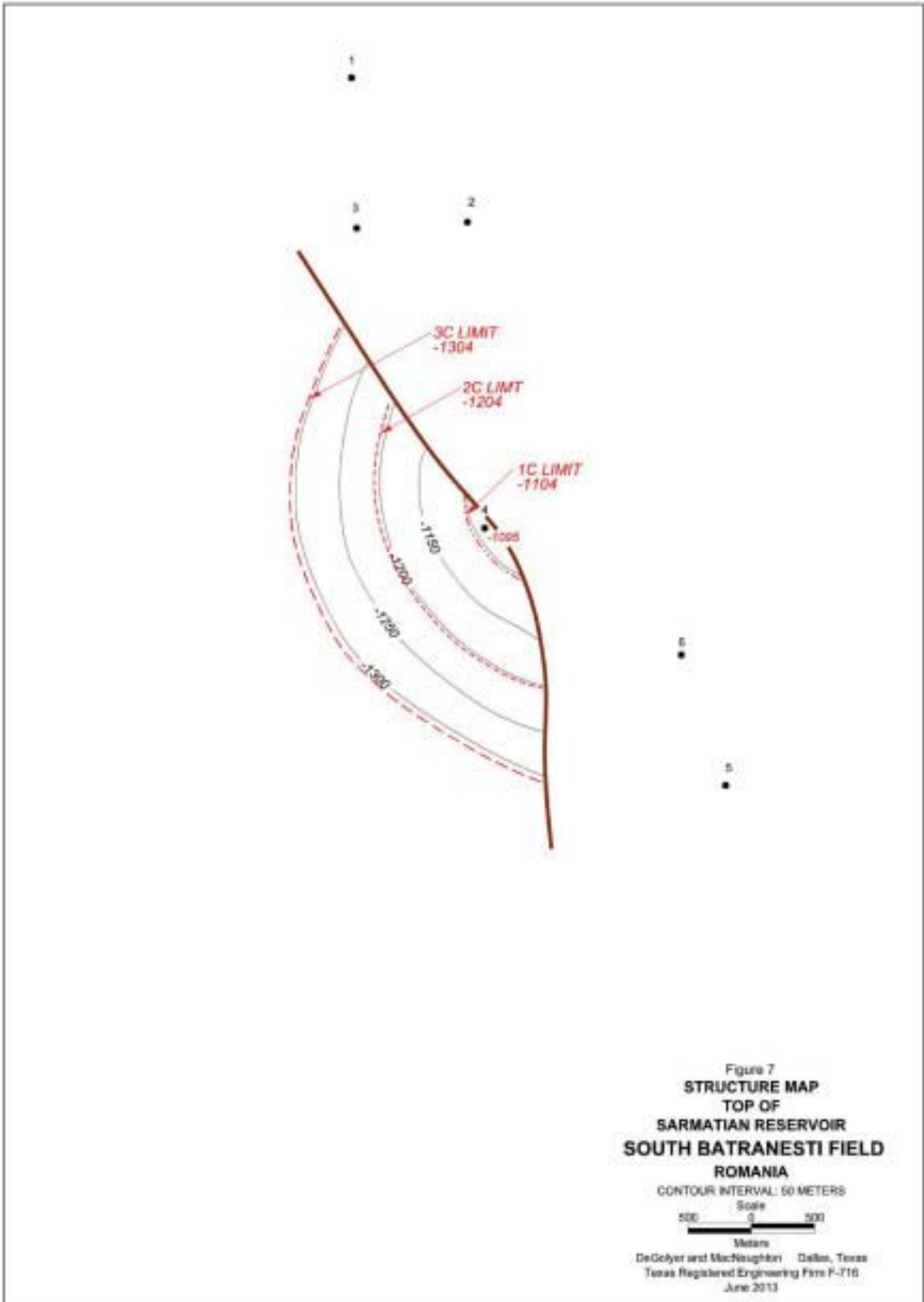
### Procedure and Methodology

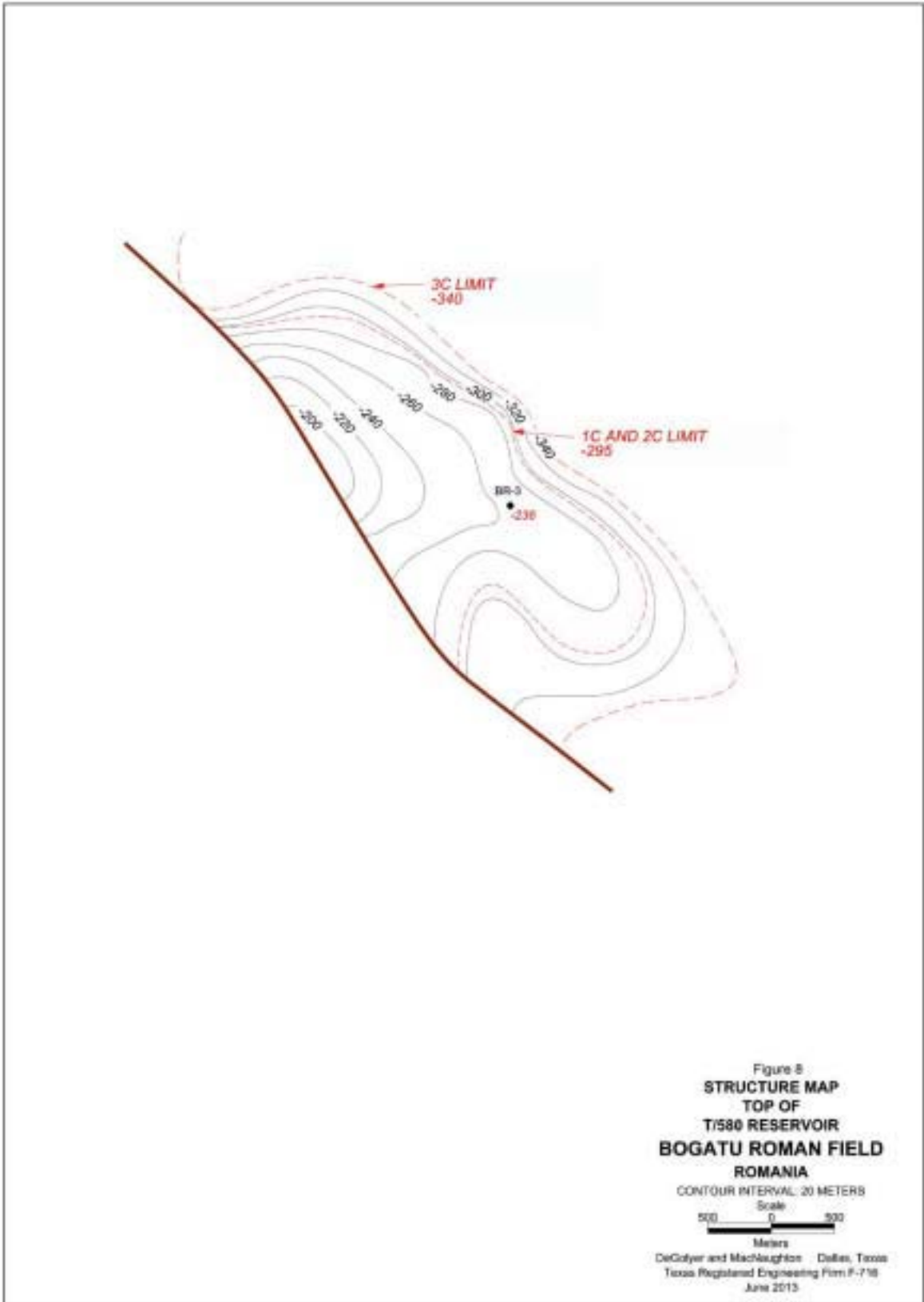
Quantities in 21 discoveries being considered for development (Figure 5) have been classified as contingent resources based on multiple contingencies, including a lack of commitment to development, uncertain timing of development, and immaturity of transportation and marketing infrastructure. The contingent resources estimates are based on volumetric analysis of the fields, incorporating structural and isopachous mapping, as well as recovery expectations based on the rock properties and geological setting. Estimated gas in place for the contingent resources fields ranged from 15 million cubic meters to as high as 2,433 million cubic meters. Estimated recoveries ranged from 45 to 85 percent of the original gas in place for the 21 evaluated discoveries. 1C estimates were based on the low case volume in place and recovery factor, and 2C estimates were based on the mid-range estimate of original gas in place and recovery. 3C estimates were based on the higher expectation of recovery and volume in place.

Maps for three of the fields, one in each basin or platform, are included herein. The East Caragele field is in the Moesian Platform (Figure 6). The original gas in place was estimated to be between 492 million cubic meters and 655 million cubic meters in two subsets of the Sarmatian Formation. Recovery was estimated to be 70 to 80 percent of the original gas in place. The South Batranesti field is in the Moldavia Platform (Figure 7). The original gas in place was estimated to range from 58 to 613 million cubic meters, and the recovery to range from 75 to 85 percent. The Bogatu Roman field is in the Transylvanian Basin (Figure 8) and is one of the largest undeveloped discoveries with a range of original gas in place from 1,087 million cubic meters to 2,433 million cubic meters. Recovery has been estimated to be as low as 50 percent up to 60 percent.

All of the contingent resources in this report have an economic status of Undetermined, since the evaluation of those contingent resources is at a stage such that it is premature to clearly define the ultimate chance of commerciality.









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Estimated gross and net gas and condensate contingent resources attributable to Romgaz evaluated herein, as of June 30, 2013, are summarized as follows, expressed in millions of cubic feet ( $10^6\text{ft}^3$ ), thousands of barrels ( $10^3\text{bbl}$ ), millions of cubic meters ( $10^6\text{m}^3$ ), and thousands of cubic meters ( $10^3\text{m}^3$ ):

	<b>Contingent Resources – English Units</b>			
	<b>Gas</b>		<b>Condensate</b>	
	<b>Gross (<math>10^6\text{ft}^3</math>)</b>	<b>Net (<math>10^6\text{ft}^3</math>)</b>	<b>Gross (<math>10^3\text{bbl}</math>)</b>	<b>Net (<math>10^3\text{bbl}</math>)</b>
1C	144,754	144,754	0	0
2C	300,242	300,242	0	0
3C	502,631	502,631	0	0

Notes:

1. Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves.
2. There is no certainty that it will be commercially viable to produce any portion of the contingent resources evaluated herein.
3. All contingent resources in this report have an economic status of Undetermined.

	<b>Contingent Resources – Metric Units</b>			
	<b>Gas</b>		<b>Condensate</b>	
	<b>Gross (<math>10^6\text{m}^3</math>)</b>	<b>Net (<math>10^6\text{m}^3</math>)</b>	<b>Gross (<math>10^3\text{m}^3</math>)</b>	<b>Net (<math>10^3\text{m}^3</math>)</b>
1C	4,099	4,099	0	0
2C	8,502	8,502	0	0
3C	14,233	14,233	0	0

Notes:

1. Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves.
2. There is no certainty that it will be commercially viable to produce any portion of the contingent resources evaluated herein.
3. All contingent resources in this report have an economic status of Undetermined.

### **Valuation of Reserves**

Revenue values in this report have been prepared using initial prices and costs and future price and cost assumptions specified by Romgaz. Estimates of future net revenue and present worth of proved and proved-plus-probable reserves have been prepared in accordance with PRMS. A Base Case was evaluated with future prices and costs without escalation. A High Case and Low Case were



evaluated with future prices and costs that vary. Gross and net reserves estimated herein are based on the Base Case assumptions.

In this report, values for proved and proved-plus-probable reserves are based on projections of estimated future production and revenue prepared for these properties with no risk adjustment applied to the probable reserves. Probable reserves involve substantially higher risks than proved reserves. Revenue values for proved-plus-probable reserves have not been adjusted to account for such risks; this adjustment would be necessary in order to make the values for the probable reserves comparable with values for proved reserves.

Revenue values of the proved and proved-plus-probable reserves were developed utilizing methods generally accepted by the petroleum industry. Production forecasts of the proved and proved-plus-probable reserves were based on development plan information provided by Romgaz for each field.

The following assumptions were used for estimating future prices and costs under the Base Case:

#### *Gas and Condensate Prices*

Gas and condensate price information was furnished by Romgaz. Sales gas prices consist of weighted average residential and non-residential rates that are in the process of being deregulated over the next 6 years and 2 years, respectively. The residential portion makes up 30 percent of the sales price and the non-residential portion makes up 70 percent of the sales price. Consequently, the gas sales price ranged from U.S.\$168.55 per thousand cubic meters currently to U.S.\$363.08 per thousand cubic meters in future years. Product prices were held constant after the deregulation period throughout the remaining life of the field. No general escalation was applied to account for inflation. Details of the product prices follow:

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Year	Residential Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Non-Residential Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Gas Sales Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Windfall Gas Trigger Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Condensate (U.S.\$/m <sup>3</sup> )
2013	144.71	178.76	168.55	144.14	618.74
2014	160.36	295.89	255.23	151.20	618.74
2015	183.77	363.08	309.28	N.A.	618.74
2016	223.77	363.08	321.28	N.A.	618.74
2017	273.07	363.08	336.08	N.A.	618.74
2018	334.79	363.08	354.59	N.A.	618.74
2019 Forward	363.08	363.08	363.08	N.A.	618.74

N.A. = not applicable.

### *Fiscal Terms*

Romanian exploration and production activities operate under a royalty/tax regime. The Romanian fields are subject to a sliding-scale royalty based on the production level. The royalty varies from 3.5 to 13.5 percent and is based on each field's production. The royalty is determined on a field basis and is deductible for corporate tax purposes. Corporation tax is paid at a rate of 16 percent on the taxable income. In addition to corporation tax, there is a "windfall profit tax" or additional profit tax of 60 percent on the additional incremental revenue over a windfall trigger gas price set at U.S.\$144.14 and U.S.\$151.20 per thousand cubic meters that applies to 2013 and 2014, respectively. The "windfall profit tax" is also deductible for corporate tax purposes.

### *Operating Expenses, Capital Costs, and Abandonment Costs*

Estimates of operating expenses, capital costs, and abandonment costs were made using data provided by Romgaz, which consisted of, but were not limited to, the work program and budget for each field and/or a near-term development plan. In certain situations, future expenses, either higher or lower than current expenses, may have been used because of anticipated changes in operating conditions. There has been no general escalation applied to operating expenses, capital costs, or abandonment costs to account for inflation.



*Development Quota*

By government decree a "Development Quota" was established as a non-cash expense, in the amount of 35 percent of revenues obtained from gas sales. As this is a general reinvestment commitment of the corporation as a whole, it was not taken as a deduction to future net revenue for the gas fields evaluated herein.

*Exchange Rates*

All monetary values shown in this report are expressed in U.S. dollars.

Estimated revenue and costs attributable to Romgaz's interests in the proved and proved-plus-probable net reserves as of June 30, 2013, utilizing the Base Case scenario, are summarized as follows, expressed in thousands of United States dollars ( $10^3$  U.S.\$):

	<u>Valuation of Reserves Summary</u>	
	<u>Proved</u> <u>(<math>10^3</math> U.S.\$)</u>	<u>Proved plus</u> <u>Probable</u> <u>(<math>10^3</math> U.S.\$)</u>
Future Gross Revenue	20,832,938	25,431,460
Operating Expenses	2,539,466	2,905,844
Capital Costs	83,676	142,584
Abandonment Costs	239,334	240,753
Royalty	1,501,953	1,834,496
Host Country Taxes	2,892,579	3,535,826
Future Net Revenue	13,575,930	16,771,957
Present Worth at 8 Percent	7,176,218	8,297,701
Present Worth at 10 Percent	6,321,875	7,539,622
Present Worth at 12 Percent	5,623,929	6,424,741
Present Worth at 15 Percent	4,793,043	5,435,222

Note: Values associated with probable reserves have not been risk adjusted to make them comparable to values for proved reserves.

Sensitivities

Two price and cost sensitivity cases were evaluated for this report: Low Case and High Case. These sensitivities were based on prevailing conditions as of June 30, 2013, in order to present alternative outcomes to the future revenue estimates for estimated reserves. Prices and costs vary from initial conditions in the sensitivities. Reserves estimates herein are based on the Base Case scenario, and quantities in the sensitivity cases are those included prior to the limit of projected

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production under the Base Case scenario or when an annual economic limit is reached, whichever comes first. All other components of the evaluation for the sensitivity cases are the same as stated for the Base Case herein.

The underlying market gas price for the Low Case was set initially 20 percent lower than the Base Case and was held constant. Due to the regulations in place, the Low Case gas price used for calculated revenue was the same as the Base Case gas price during the years before deregulation. Once prices are deregulated in 2019 for residential customers and in 2015 for non-residential customers, the gas price is pegged to the underlying forecasted market gas price. Costs are not inflated.

Low Case Prices						
Year	Residential Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Non-Residential Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Gas Sales Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Windfall Gas Trigger Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Condensate (U.S.\$/m <sup>3</sup> )	
2013	144.71	178.76	168.55	144.14	618.74	
2014	160.36	295.89	255.23	151.20	618.74	
2015	183.77	290.46	258.45	N.A.	618.74	
2016	223.77	290.46	270.45	N.A.	618.74	
2017	273.07	290.46	285.24	N.A.	618.74	
2018	334.79	290.46	303.76	N.A.	618.74	
2019 Forward	290.46	290.46	290.46	N.A.	618.74	

N.A. = not applicable.

Estimated revenue and costs attributable to Romgaz's interests in the proved and proved-plus-probable net quantities as of June 30, 2013, utilizing the Low Case scenario are summarized as follows, expressed in thousands of United States dollars (10<sup>3</sup> U.S.\$):

	Valuation Summary - Low Case	
	Proved (10 <sup>3</sup> U.S.\$)	Proved plus Probable (10 <sup>3</sup> U.S.\$)
Future Gross Revenue	17,272,650	21,031,819
Operating Expenses	2,527,548	2,899,861
Capital	83,676	142,584
Abandonment Costs	239,334	240,753
Royalty	1,481,506	1,811,619
Host Country Taxes	2,328,026	2,836,485
Future Net Revenue	10,612,560	13,100,517
Present Worth at 8 Percent	5,775,723	6,806,352
Present Worth at 10 Percent	5,120,792	6,093,527
Present Worth at 12 Percent	4,583,261	5,335,874
Present Worth at 15 Percent	3,939,859	4,552,089

Note: Values for probable quantities have not been risk adjusted to make them comparable to values for proved quantities. Reserves are determined by the Base Case scenario, and quantities in the sensitivity cases should not be confused with reserves.



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The underlying market gas price for the High Case was set initially 20 percent higher than the Base Case and was escalated 2 percent per year beginning in 2014 and was then held constant from 2019 forward. Due to the regulations in place, the High Case gas price used for calculated revenue was the same as the Base Case gas price during the years before deregulation. Once prices are deregulated in 2019 for residential customers and in 2015 for non-residential customers, the gas price is pegged to the underlying forecasted market gas price. Costs are inflated at 2 percent per year beginning in 2014.

High Case Prices					
Year	Residential Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Non-Residential Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Gas Sales Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Windfall Gas Trigger Price (U.S.\$/10 <sup>3</sup> m <sup>3</sup> )	Condensate (U.S.\$/m <sup>3</sup> )
2013	144.71	178.76	168.55	144.14	618.74
2014	160.36	295.89	255.23	151.20	618.74
2015	183.77	453.29	372.44	N.A.	618.74
2016	223.77	462.36	390.78	N.A.	618.74
2017	273.07	471.61	412.05	N.A.	618.74
2018	334.79	481.04	437.17	N.A.	618.74
2019 Forward	490.66	490.66	490.66	N.A.	618.74

N.A. = not applicable.

Estimated revenue and costs attributable to Romgaz's interests in the proved and proved-plus-probable net quantities as of June 30, 2013, utilizing the High Case scenario are summarized as follows, expressed in thousands of United States dollars (10<sup>3</sup> U.S.\$):

	Valuation Summary - High Case	
	Proved (10 <sup>3</sup> U.S.\$)	Proved plus Probable (10 <sup>3</sup> U.S.\$)
Future Gross Revenue	26,774,072	32,816,669
Operating Expenses	3,097,124	3,579,028
Capital Costs	85,478	148,513
Abandonment Costs	353,097	366,401
Royalty	1,917,313	2,350,755
Host Country Taxes	3,687,264	4,526,537
Future Net Revenue	17,633,796	21,845,435
Present Worth at 8 Percent	9,144,138	10,958,990
Present Worth at 10 Percent	8,010,043	9,587,814
Present Worth at 12 Percent	7,084,966	8,396,480
Present Worth at 15 Percent	5,986,659	7,043,871

Note: Values for probable quantities have not been risk adjusted to make them comparable to values for proved quantities. Reserves are determined by the Base Case scenario, and quantities in the sensitivity cases should not be confused with reserves.

### **Definition of Prospective Resources**

Certain of the petroleum resources included in this report are classified as prospective resources and have been prepared in accordance with the PRMS approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers. Because of the lack of commerciality or sufficient drilling, the prospective resources estimated herein cannot be classified as contingent resources or reserves. The petroleum resources are classified as follows:

*Prospective Resources* – Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.

The estimation of resources quantities for a prospect is subject to both technical and commercial uncertainties and, in general, may be quoted as a range. The range of uncertainty reflects a reasonable range of estimated potentially recoverable quantities. In all cases, the range of uncertainty is dependent on the amount and quality of both technical and commercial data that are available and may change as more data become available.

*Low, Best, High, and Mean Estimates* – Estimates of petroleum resources in this report are expressed using the terms low estimate, best estimate, high estimate, and mean estimate to reflect the range of uncertainty.

A detailed explanation of the probabilistic terms used herein and identified with an asterisk (\*) is included in the Glossary of Probabilistic Terms bound with this report. For probabilistic estimates of petroleum resources, the low estimate reported herein is the  $P_{90}^*$  quantity derived from probabilistic analysis. This means that there is at least a 90-percent probability that, assuming the prospect is discovered and developed, the quantities actually recovered will equal or exceed the low estimate. The best (median) estimate is the  $P_{50}^*$  quantity derived from probabilistic analysis. This means that there is at least a 50-percent probability that, assuming the prospect is discovered and developed, the quantities actually recovered will equal or exceed the best (median) estimate. The high estimate is the  $P_{10}^*$  quantity derived from probabilistic analysis. This means that there is at least a 10-percent probability that, assuming the prospect is discovered and developed, the



quantities actually recovered will equal or exceed the high estimate. The expected value\* (EV), an outcome of the probabilistic analysis, is the mean estimate.

*Uncertainties Related to Prospective Resources* – The quantity of petroleum discovered by exploration drilling depends on the number of prospects that are successful as well as the quantity that each success contains. Reliable forecasts of these quantities are, therefore, dependent on accurate predictions of the number of discoveries that are likely to be made if the entire portfolio of prospects is drilled. The accuracy of this forecast depends on the portfolio size, and an accurate assessment of the probability of geologic success\* ( $P_g$ ).

*Probability of Geologic Success ( $P_g$ )* –  $P_g$  is defined as the probability of discovering reservoirs that flow petroleum at a measurable rate.  $P_g$  is estimated by quantifying the probability of each of the following individual geologic factors: trap, source, reservoir, and migration. The product of these four probabilities or chance factors is computed as  $P_g$ .

In this report estimates of prospective resources are presented both before and after adjustment for  $P_g$ . Total prospective resources estimates are based on the probabilistic summation of the quantities for the total inventory of prospects.

Application of  $P_g$  to estimate the  $P_g$ -adjusted prospective resources quantities does not equate prospective resources with reserves or contingent resources.  $P_g$ -adjusted prospective resources quantities cannot be compared directly to or aggregated with either reserves or contingent resources. Estimates of  $P_g$  are interpretive and are dependent on the quality and quantity of data currently made available. Future data acquisition, such as additional drilling or seismic acquisition, can have a significant effect on  $P_g$  estimation. These additional data are not confined to the study area, but also include data from similar geologic settings or technological advancements that could affect the estimation of  $P_g$ .

*Predictability versus Portfolio Size (PPS)* – The accuracy of forecasts of the number of discoveries that are likely to be made is constrained by the number of prospects in the exploration portfolio. The size of the portfolio and  $P_g$  together are helpful in gauging the limits on the reliability of these forecasts. A high  $P_g$ , which indicates a high chance of discovering measurable petroleum, may not require a large portfolio to ensure that at least one discovery will be made (assuming the  $P_g$

does not change during drilling of some of the prospects). By contrast, a low  $P_e$ , which indicates a low chance of discovering measurable petroleum, could require a large number of prospects to ensure a high confidence level of making even a single discovery. The relationship between portfolio size,  $P_e$ , and the probability of a fully unsuccessful drilling program that results in a series of wells not encountering measurable hydrocarbons is referred to herein as the predictability versus portfolio size relationship\* (PPS). It is critical to be aware of PPS, because an unsuccessful drilling program, which results in a series of wells that do not encounter measurable hydrocarbons, can adversely affect any exploration effort, resulting in a negative present worth.

For a large prospect portfolio, the  $P_e$ -adjusted mean estimate of the prospective resources quantity should be a reasonable estimate of the recoverable petroleum quantities found if all prospects are drilled. When the number of prospects in the portfolio is small and the  $P_e$  is low, the recoverable petroleum actually found may be considerably smaller than the  $P_e$ -adjusted mean estimate would indicate. It follows that the probability that all of the prospects will be unsuccessful is smaller when a large inventory of prospects exist.

*Prospect Technical Evaluation Stage* – A prospect can often be subcategorized based on its current stage of technical evaluation. The different stages of technical evaluation relate to the amount of geologic, geophysical, engineering, and petrophysical data as well as the quality of available data.

*Prospect* – A prospect is a potential accumulation that is sufficiently well defined to be a viable drilling target. For a prospect, sufficient data and analyses exist to identify and quantify the technical uncertainties, to determine reasonable ranges of geologic chance factors and engineering and petrophysical parameters, and to estimate prospective resources.

*Lead* – A lead is less well defined and requires additional data and/or evaluation to be classified as a prospect. An example would be a poorly defined closure mapped using sparse regional seismic data in a basin containing favorable source and reservoir(s). A lead may or may not be elevated to prospect status depending on the results of additional



technical work. A lead must have a  $P_r$  equal to or less than 0.05 to reflect the inherent technical uncertainty.

*Play* – A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects.

### **Estimation of Prospective Resources**

Estimates of prospective resources were prepared by the use of standard geological and engineering methods generally accepted by the petroleum industry. The method or combination of methods used in the analysis of the reservoirs was tempered by experience with similar reservoirs, stage of development, and quality and completeness of basic data.

The probabilistic analysis of the prospective resources in this study considered the uncertainty in the amount of petroleum that may be discovered and the  $P_r$ . The uncertainty analysis addresses the range of possibilities for any given volumetric parameter. Low, best, high, and mean estimates of prospective resources were estimated to address this uncertainty. The  $P_r$  analysis addresses the probability that the identified prospect will contain petroleum that flows at a measurable rate.

Standard probabilistic methods were used in the uncertainty analysis. Probability distributions were estimated from representations of porosity, petroleum saturation, net hydrocarbon thickness, geometric correction factor\*, recovery efficiency, fluid properties, and productive area for each prospect. These representations were prepared based on known data, analogy, and other standard estimation methods including experience. Statistical measures describing the probability distributions of these representations were identified and input to a Monte Carlo simulation to produce low estimate, best estimate, high estimate, and mean estimate prospective resources for each prospect.

### **Quantitative Risk Assessment and the Application of $P_r$**

Minimum, modal, and maximum representations of productive area were interpreted from maps, available seismic data, and/or analogy. Low, mean, and high

representations for the petrophysical parameters (porosity, petroleum saturation, and net hydrocarbon thickness), and engineering parameters (recovery efficiency and fluid properties) were also made based on available well data, regional data, analog field data, and global experience. Individual probability distributions for net rock volume and petrophysical and engineering parameters were produced from these representations.

The distributions for the variables were derived from (1) scenario-based interpretations, (2) the geologic, geophysical, petrophysical, and engineering data available, (3) local, regional, and global knowledge, and (4) field and case studies in the literature. The parameters used to model the recoverable quantities were productive area, net hydrocarbon thickness, geometric correction factor, porosity, petroleum saturation, formation volume factor, and recovery efficiency. Minimum, mean, and maximum representations were used to statistically model and shape the input P90, P50, and P10 parameters. Productive area and net hydrocarbon thickness were modeled using truncated lognormal distributions. Truncated normal and triangular distributions were used to model geometric correction factor, formation volume factor, and recovery efficiency. Porosity and petroleum saturation were modeled using truncated normal distributions. Latin hypercube sampling was used to better represent the tails of the distributions.

Each individual volumetric parameter was investigated using a probabilistic approach with attention to variability. Deterministic data were used to anchor and shape the various distributions. The net rock volume parameters had the greatest range of variability, and therefore had the greatest impact on the uncertainty of the simulation. The volumetric parameter variability was based on the structural and stratigraphic uncertainties due to the depositional environment and quality of the seismic data. Analog field data were statistically incorporated to derive uncertainty limits and constraints on the net pore volume. Uncertainty associated with the depth conversion, seismic interpretation, gross sand thickness mapping, and net hydrocarbon thickness assumptions were also derived from studies of analogous reservoirs, multiple interpretative scenarios, and sensitivity analyses.

A  $P_r$  analysis was applied to estimate the quantities that may actually result from drilling these prospects. In the  $P_r$  analysis, the  $P_r$  estimates were made for each prospect from the product of the probabilities of the four geologic chance factors: trap, reservoir, migration, and source.



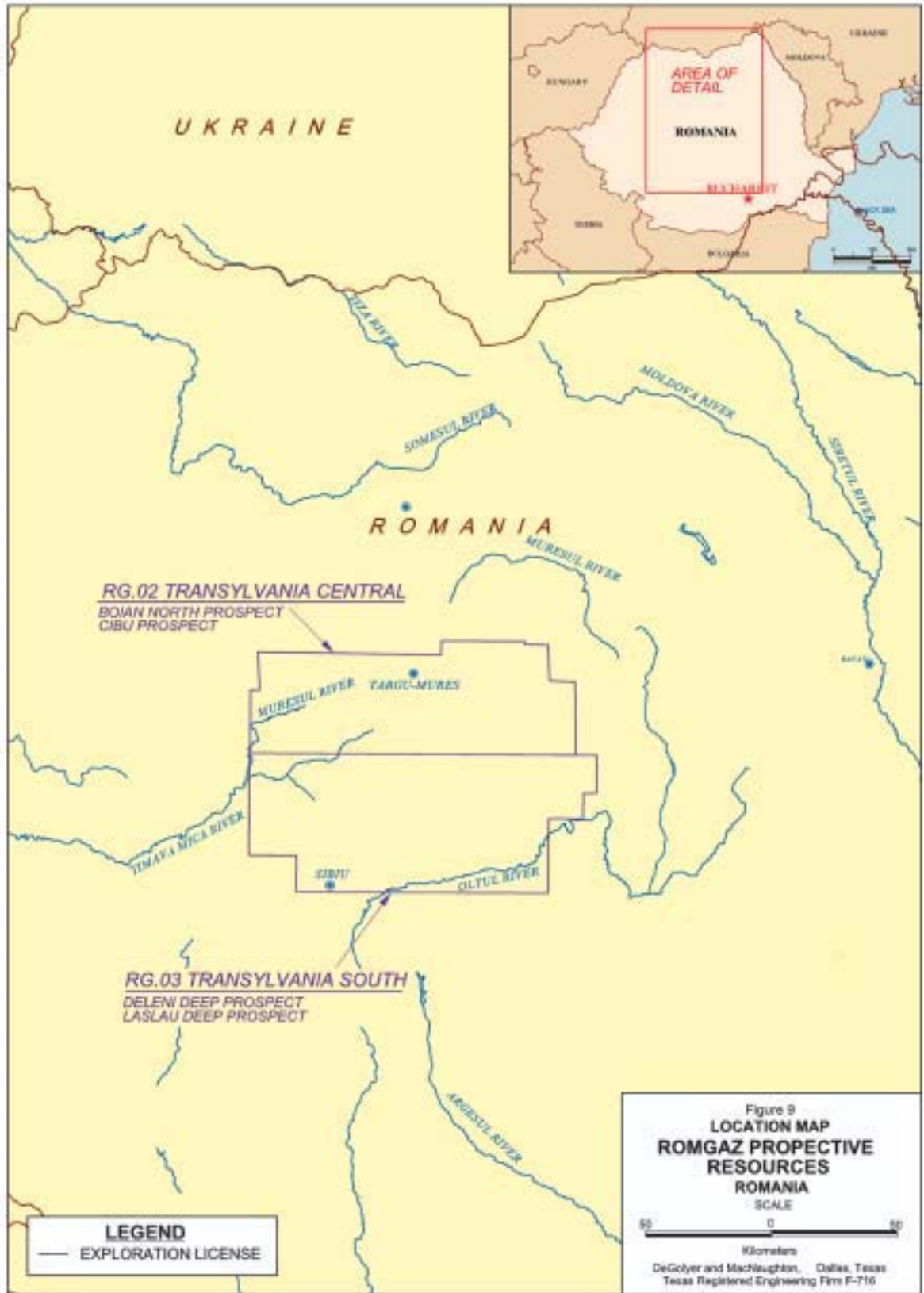
The  $P_x$  -adjusted mean estimate of the prospective resources was then made by the probabilistic product of  $P_x$  and the resources distributions for the prospect. These results were then stochastically summed (zero dependency) to produce the total  $P_x$  -adjusted mean estimate prospective resources.

Application of the  $P_x$  factor to estimate the  $P_x$  -adjusted prospective resources quantities does not equate prospective resources with reserves or contingent resources.  $P_x$ -adjusted estimates of prospective resources quantities cannot be compared directly to or aggregated with either reserves or contingent resources. Estimates of  $P_x$  are interpretive and are dependent on the quality and quantity of data currently available. Future data acquisition, such as additional drilling or seismic acquisition can have a significant effect on  $P_x$  estimation. These additional data are not confined to the area of study, but also include data from similar geologic settings or from technological advancements that could affect the estimation of  $P_x$ .

Romgaz holds interests in nine blocks where exploration is planned. The licenses where prospects have been evaluated herein include the following:

<b>Ownership of Licenses for Prospects Evaluated</b>			
<b>Prospect</b>	<b>Area/Basin</b>	<b>License/Block</b>	<b>Working Interest (%)</b>
Boian North	Transylvania	RG-02	100
Deleni Deep	Transylvania (South)	RG-03	100
Laslau Deep	Transylvania (South)	RG-03	100
Cibu	Transylvania (Central)	RG-02	100

These prospects are planned for drilling in the near future.





A summary of the gross prospective resources attributable to Romgaz estimated herein is shown in the following table, expressed in thousands of barrels ( $10^3$ bbl), thousands of cubic meters ( $10^3$ m<sup>3</sup>), millions of cubic feet ( $10^6$ ft<sup>3</sup>), and millions of cubic meters ( $10^6$ m<sup>3</sup>):

Gross Prospective Oil Resources Summary– English Units						
Prospect	Low Estimate (10 <sup>3</sup> bbl)	Best Estimate (10 <sup>3</sup> bbl)	High Estimate (10 <sup>3</sup> bbl)	Mean Estimate (10 <sup>3</sup> bbl)	Probability of Geologic Success, P <sub>g</sub> (decimal)	P <sub>g</sub> -Adjusted Mean Estimate (10 <sup>3</sup> bbl)
Boian North	2,697	7,147	17,017	8,885	0.280	2,488
<b>Statistical Aggregate</b>	<b>2,697</b>	<b>7,147</b>	<b>17,017</b>	<b>8,885</b>	<b>0.280</b>	<b>2,488</b>
Arithmetic Summation	2,697	7,147	17,017	8,885	0.280	2,488

## Notes:

1. Low, best, high, and mean estimates follow the PRMS guidelines for prospective resources.
2. Low, best, high, and mean estimates in this table are P<sub>50</sub>, P<sub>68</sub>, P<sub>10</sub>, and mean respectively.
3. P<sub>g</sub> is defined as the probability of discovering reservoirs which flow petroleum at a measurable rate.
4. P<sub>g</sub> has been rounded for presentation purposes. Multiplication using this presented P<sub>g</sub> may yield imprecise results. Dividing the P<sub>g</sub>-adjusted mean estimate by the mean estimate yields the precise P<sub>g</sub>.
5. Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
6. Recovery efficiency is applied to prospective resources in this table.
7. Arithmetic summation of probabilistic estimates produces invalid results except for the mean estimate. Arithmetic summation of probabilistic estimates is presented in this table in compliance with PRMS guidelines.
8. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

Gross Prospective Oil Resources Summary – Metric Units						
Prospect	Low Estimate (10 <sup>3</sup> m <sup>3</sup> )	Best Estimate (10 <sup>3</sup> m <sup>3</sup> )	High Estimate (10 <sup>3</sup> m <sup>3</sup> )	Mean Estimate (10 <sup>3</sup> m <sup>3</sup> )	Probability of Geologic Success, P <sub>g</sub> (decimal)	P <sub>g</sub> -Adjusted Mean Estimate (10 <sup>3</sup> m <sup>3</sup> )
Boian North	429	1,136	2,706	1,413	0.280	396
<b>Statistical Aggregate</b>	<b>429</b>	<b>1,136</b>	<b>2,706</b>	<b>1,413</b>	<b>0.280</b>	<b>396</b>
Arithmetic Summation	429	1,136	2,706	1,413	0.280	396

## Notes:

1. Low, best, high, and mean estimates follow the PRMS guidelines for prospective resources.
2. Low, best, high, and mean estimates in this table are P<sub>50</sub>, P<sub>68</sub>, P<sub>10</sub>, and mean respectively.
3. P<sub>g</sub> is defined as the probability of discovering reservoirs which flow petroleum at a measurable rate.
4. P<sub>g</sub> has been rounded for presentation purposes. Multiplication using this presented P<sub>g</sub> may yield imprecise results. Dividing the P<sub>g</sub>-adjusted mean estimate by the mean estimate yields the precise P<sub>g</sub>.
5. Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
6. Recovery efficiency is applied to prospective resources in this table.
7. Arithmetic summation of probabilistic estimates produces invalid results except for the mean estimate. Arithmetic summation of probabilistic estimates is presented in this table in compliance with PRMS guidelines.
8. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

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Gross Prospective Gas Resources Summary – English Units						
Prospect	Low Estimate (10 <sup>6</sup> ft <sup>3</sup> )	Best Estimate (10 <sup>6</sup> ft <sup>3</sup> )	High Estimate (10 <sup>6</sup> ft <sup>3</sup> )	Mean Estimate (10 <sup>6</sup> ft <sup>3</sup> )	Probability of Geologic Success, P <sub>g</sub> (decimal)	P <sub>g</sub> -Adjusted Mean Estimate (10 <sup>6</sup> ft <sup>3</sup> )
Deleni Deep	25,431	77,426	225,403	106,446	0.180	19,160
Laslau Deep	34,515	100,982	306,037	141,610	0.630	89,214
Cibu	13,325	40,174	108,314	53,771	0.350	18,820
<b>Statistical Aggregate</b>	<b>198,461</b>	<b>289,097</b>	<b>421,150</b>	<b>301,826</b>	<b>0.421</b>	<b>127,194</b>
Arithmetic Summation	73,270	218,581	639,754	301,826	0.421	127,194

## Notes:

1. Low, best, high, and mean estimates follow the PRMS guidelines for prospective resources.
2. Low, best, high, and mean estimates in this table are P<sub>90</sub>, P<sub>50</sub>, P<sub>10</sub>, and mean respectively.
3. P<sub>g</sub> is defined as the probability of discovering reservoirs which flow petroleum at a measurable rate.
4. P<sub>g</sub> has been rounded for presentation purposes. Multiplication using this presented P<sub>g</sub> may yield imprecise results. Dividing the P<sub>g</sub>-adjusted mean estimate by the mean estimate yields the precise P<sub>g</sub>.
5. Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
6. Recovery efficiency is applied to prospective resources in this table.
7. Arithmetic summation of probabilistic estimates produces invalid results except for the mean estimate. Arithmetic summation of probabilistic estimates is presented in this table in compliance with PRMS guidelines.
8. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.

Gross Prospective Gas Resources Summary– Metric Units						
Prospect	Low Estimate (10 <sup>6</sup> m <sup>3</sup> )	Best Estimate (10 <sup>6</sup> m <sup>3</sup> )	High Estimate (10 <sup>6</sup> m <sup>3</sup> )	Mean Estimate (10 <sup>6</sup> m <sup>3</sup> )	Probability of Geologic Success, P <sub>g</sub> (decimal)	P <sub>g</sub> -Adjusted Mean Estimate (10 <sup>6</sup> m <sup>3</sup> )
Deleni Deep	720	2,192	6,383	3,014	0.180	543
Laslau Deep	977	2,860	8,666	4,010	0.630	2,526
Cibu	377	1,138	3,067	1,523	0.350	533
<b>Statistical Aggregate</b>	<b>5,620</b>	<b>8,186</b>	<b>11,926</b>	<b>8,547</b>	<b>0.421</b>	<b>3,602</b>
Arithmetic Summation	2,075	6,190	18,116	8,547	0.421	3,602

## Notes:

1. Low, best, high, and mean estimates follow the PRMS guidelines for prospective resources.
2. Low, best, high, and mean estimates in this table are P<sub>90</sub>, P<sub>50</sub>, P<sub>10</sub>, and mean respectively.
3. P<sub>g</sub> is defined as the probability of discovering reservoirs which flow petroleum at a measurable rate.
4. P<sub>g</sub> has been rounded for presentation purposes. Multiplication using this presented P<sub>g</sub> may yield imprecise results. Dividing the P<sub>g</sub>-adjusted mean estimate by the mean estimate yields the precise P<sub>g</sub>.
5. Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
6. Recovery efficiency is applied to prospective resources in this table.
7. Arithmetic summation of probabilistic estimates produces invalid results except for the mean estimate. Arithmetic summation of probabilistic estimates is presented in this table in compliance with PRMS guidelines.
8. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.



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### Professional Qualifications

DeGolyer and MacNaughton is a Delaware Corporation with offices at 5001 Spring Valley Road, Suite 800 East, Dallas, Texas 75244, U.S.A. The firm has been providing petroleum consulting services throughout the world since 1936. The firm's professional engineers, geologists, geophysicists, petrophysicists, and economists are engaged in the independent appraisal of oil and gas properties, evaluation of hydrocarbon and other mineral prospects, basin evaluations, comprehensive field studies, equity studies, and studies of supply and economics related to the energy industry. Except for the provision of professional services on a fee basis, DeGolyer and MacNaughton has no commercial arrangement with any other person or company involved in the interests which are the subject of this report.

The evaluation has been supervised by Mr. Lloyd W. Cade, a Senior Vice President with DeGolyer and MacNaughton, in the firm's Europe Africa Division, a Registered Professional Engineer in the State of Texas, and a member of the International Society of Petroleum Engineers. He has over 31 years of oil and gas industry experience.

Submitted,

*DeGolyer and MacNaughton*

DeGOLYER and MacNAUGHTON  
Texas Registered Engineering Firm F-716



*Lloyd W. Cade, P.E.*

Lloyd W. Cade, P.E.  
Senior Vice President  
DeGolyer and MacNaughton

TABLE A-1  
SUMMARY PROJECTION of FUTURE TOTAL PROVED RESERVES  
as of  
JUNE 30, 2013  
with interests owned by  
ROMGAZ S.A.  
for  
CERTAIN FIELDS  
in  
ROMANIA

BASE CASE

Year	English Units		Metric Units	
	Sales Gas (10 <sup>9</sup> ft <sup>3</sup> )	Condensate (10 <sup>3</sup> bbbl)	Sales Gas (10 <sup>6</sup> m <sup>3</sup> )	Condensate (10 <sup>3</sup> m <sup>3</sup> )
2013 (6 months)	103,365	0	2,927	0
2014	189,355	0	5,362	0
2015	172,900	0	4,896	0
2016	158,385	0	4,485	0
2017	144,930	0	4,104	0
2018	132,429	0	3,750	0
2019	131,617	0	3,727	0
2020	119,363	0	3,380	0
2021	103,930	0	2,943	0
2022	94,325	0	2,671	0
2023	90,829	0	2,572	0
2024	83,271	0	2,358	0
2025	76,138	0	2,156	0
2026	68,898	0	1,951	0
2027	62,259	0	1,763	0
2028	57,845	0	1,638	0
2029	49,723	0	1,408	0
2030	45,450	0	1,287	0
2031	42,942	0	1,216	0
2032	39,022	0	1,105	0
2033	35,668	0	1,010	0
2034	33,867	0	959	0
2035	31,289	0	886	0
2036	28,675	0	812	0
2037	24,508	0	694	0
<b>Subtotal</b>	<b>2,120,983</b>	<b>0</b>	<b>60,060</b>	<b>0</b>
Remaining	86,380	0	2,446	0
<b>Total</b>	<b>2,207,363</b>	<b>0</b>	<b>62,506</b>	<b>0</b>

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.

TABLE A-2  
SUMMARY PROJECTION of FUTURE PROVED-PLUS-PROBABLE RESERVES  
as of  
JUNE 30, 2013  
with interests owned by  
ROMGAZ S.A.  
for  
CERTAIN FIELDS  
in  
ROMANIA

BASE CASE

Year	English Units		Metric Units	
	Sales Gas (10 <sup>6</sup> ft <sup>3</sup> )	Condensate (10 <sup>3</sup> bbl)	Sales Gas (10 <sup>5</sup> m <sup>3</sup> )	Condensate (10 <sup>3</sup> m <sup>3</sup> )
2013 (6 months)	112,512	0	3,186	0
2014	207,438	6	5,874	1
2015	195,006	6	5,522	1
2016	181,516	6	5,140	1
2017	166,931	0	4,727	0
2018	155,348	0	4,399	0
2019	156,443	0	4,430	0
2020	143,094	0	4,052	0
2021	131,546	0	3,725	0
2022	119,398	0	3,381	0
2023	115,090	0	3,259	0
2024	106,508	0	3,016	0
2025	97,256	0	2,754	0
2026	89,134	0	2,524	0
2027	81,364	0	2,304	0
2028	75,432	0	2,136	0
2029	62,295	0	1,764	0
2030	54,314	0	1,538	0
2031	51,383	0	1,455	0
2032	48,487	0	1,373	0
2033	45,167	0	1,279	0
2034	41,177	0	1,166	0
2035	37,716	0	1,068	0
2036	35,597	0	1,008	0
2037	32,136	0	910	0
<b>Subtotal</b>	<b>2,542,288</b>	<b>18</b>	<b>71,990</b>	<b>3</b>
Remaining	132,464	0	3,751	0
<b>Total</b>	<b>2,674,752</b>	<b>18</b>	<b>75,741</b>	<b>3</b>

Note: Probable reserves have not been risk adjusted to make them comparable to proved reserves.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



**GLOSSARY of PROBABILISTIC TERMS**

*1C* – Denotes low estimate scenario of contingent resources.

*2C* – Denotes best estimate scenario of contingent resources.

*3C* – Denotes high estimate scenario of contingent resources.

*Accumulation* – The term accumulation is used to identify an individual body of moveable petroleum. A known accumulation (one determined to contain reserves or contingent resources) must have been penetrated by a well. The well must have clearly demonstrated the existence of moveable petroleum by flow to the surface or at least some recovery of a sample of petroleum through the well. However, log and/or core data from the well may establish an accumulation, provided there is a good analogy to a nearby and geologically comparable known accumulation.

*Arithmetic Summation* – The process of adding a set of numbers that represent estimates of resources quantities at the reservoir, prospect, or portfolio level and estimates of PPW<sub>10</sub> at the prospect or portfolio level. Statistical aggregation yields different results.

*Best (Median) Estimate* – The best (median) estimate is the P<sub>50</sub> quantity. P<sub>50</sub> means there is a 50-percent chance that an estimated quantity, such as a prospective resources volume or associated quantity, will be equaled or exceeded.

*Contingent Resources* – Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.

Based on assumptions regarding future conditions and their impact on ultimate economic viability, projects currently classified as Contingent Resources may be broadly divided into three groups:

*Marginal Contingent Resources* – Those quantities associated with technically feasible projects that are either currently economic or projected to be economic under reasonably forecasted improvements in commercial conditions but are not committed for development because of one or more contingencies.

*Sub-Marginal Contingent Resources* – Those quantities associated with discoveries for which analysis indicates that technically feasible development projects would not be economic and/or other contingencies would not be satisfied under current or reasonably forecasted improvements in commercial conditions. These projects nonetheless should be retained in the inventory of discovered resources pending unforeseen major changes in commercial conditions.



*Undetermined Contingent Resources* – Where evaluations are incomplete such that it is premature to clearly define ultimate chance of commerciality, it is acceptable to note that project economic status is “undetermined.”

*Economic Multiple (EM)* – See PW/BOE

*Expected Value* – The expected value (*EV*) is the probability-weighted average of the parameter being estimated, where probability values from the probability distribution are used as the weighting factors. Parameter values (abscissa) and probabilities (ordinate) are the Cartesian pairs (e.g., gross recoverable volumes and  $P_{90}$ , which define the probability distribution. These parameters are probability-weighted and summed to yield the resulting expected value. The equation for computing the expected value is as follows:

$$EV = \sum_{i=1}^n (P_i)(V_i) \quad (1)$$

where:  $P$  = probability from probability distribution, ordinate

$V$  = parameter value, abscissa

$i$  = a specific value in an ordered sequence of values

$n$  = the total number of samples

The expected value is the algebraic sum of all of the products obtained by multiplying the parameter quantity and its associated probability of occurrence. The expected value is sometimes called the mean estimate or the statistical mean. In a probabilistic analysis, the expected value is the only quantity that can be treated arithmetically (by addition, subtraction, multiplication, or division). All other quantities, such as median,  $P_{50}$ , mode,  $P_{90}$ , and  $P_{10}$ , require probabilistic techniques for scaling or aggregation.

The probability associated with the statistical mean depends on the variance of the distribution from which the mean is calculated. The mean estimate is the statistical mean (the probability-weighted average), which typically has a probability in the  $P_{45}$  to  $P_{15}$  range. Therefore, if a successful discovery occurs, the probability of the accumulation containing the statistical mean volume or greater is usually between 45 and 15 percent.

The expected value is the preferred quantity to use for the best estimate in probabilistic estimates of prospective resources. The  $P_{90}$  and  $P_{10}$  quantity is often used for the low and high estimates, respectively, of prospective resources. Aggregation or scaling of  $P_{90}$ ,  $P_{50}$ , and  $P_{10}$  quantities should be done probabilistically, not arithmetically.

*Geometric Correction Factor* – The geometric correction factor (GCF) is a geometry adjustment correction that takes into account the relationship of the potential fluid contact to the geometry of the reservoir and trap. Input parameters used to estimate the geometric correction factor include trap shape, length-to-width ratio, potential reservoir thickness, and the height of the potential trapping closure (potential hydrocarbon column height).

*High Estimate* – The high estimate is the  $P_{10}$  quantity.  $P_{10}$  means there is a 10-percent chance that an estimated quantity, such as a prospective resources volume or associated quantity, will be equaled or exceeded.

*Lead* – A lead is less well defined and requires additional data and/or evaluation to be classified as a prospect. An example would be a poorly defined closure mapped using sparse regional seismic data in a basin containing favorable source and reservoir(s). A lead may or may not be elevated to prospect status depending on the results of additional technical work. A lead must have a  $P_g$  equal to or less than 0.05 to reflect the inherent technical uncertainty.

*Low Estimate* – The low estimate is the  $P_{90}$  quantity.  $P_{90}$  means there is a 90-percent chance that an estimated quantity, such as a prospective resources volume or associated quantity, will be equaled or exceeded.

*Mean Estimate* – In accordance with petroleum industry standards, the mean estimate is the probability-weighted average, which typically has a probability in the  $P_{45}$  to  $P_{15}$  range, depending on the variance of prospective resources volume or associated value. Therefore, the probability of a prospect or accumulation containing the probability-weighted average volume or greater is usually between 45 and 15 percent. The mean estimate is the preferred probabilistic estimate of resources volumes.

*Median* – Median is the  $P_{50}$  quantity, where the  $P_{50}$  means there is a 50-percent chance that a given variable (such as prospective resources, porosity, or water saturation) is equaled or exceeded. The median of a data set is a number such that half the measurements are below the median and half are above.

The median is an acceptable, and one of the preferred, quantities to use for the best estimate in probabilistic estimations of prospective resources.

*Migration Chance Factor* – Migration chance factor ( $P_{\text{migration}}$ ) is defined as the probability that a trap either predates or is coincident with petroleum migration and that there exists vertical and/or lateral migration pathways linking the source to the trap.



*Mode* – The mode (MO) is the quantity that occurs with the greatest frequency in the data set and therefore is the quantity that has the greatest probability of occurrence. However, the mode may not be uniquely defined, as is the case in multimodal distributions.

The mode is an acceptable, but not preferred, quantity to use for the best estimate in probabilistic estimations of prospective resources.

*Net Entitlement Interest* – A production sharing agreement (PSA) or a production sharing contract (PSC) allows a company to be reimbursed for its share of the capital and operating expenses and to share in the profits. The reimbursements and profit proceeds (less the extraordinary profits tax (EPT)) are converted to a barrel-equivalent volume by dividing by the weighted-average price of oil or gas. The ratio of this barrel-equivalent volume and the gross volume is a *net entitlement interest*. As such, the resulting entitlement interest may vary with product price, costs, timing of production, and other factors.

*Net Revenue Interest* – The share of production after all royalty burdens and interests owned by others have been deducted.

*P<sub>e</sub>-adjusted Mean Estimate* – The probability of economic success (P<sub>e</sub>)-adjusted mean estimate, or “economic risk-adjusted mean estimate,” is a probability-weighted average of the hydrocarbon quantities potentially recoverable if a prospect portfolio were drilled, or if a family of similar prospects were drilled. The P<sub>e</sub>-adjusted mean estimate is a “blended” quantity. It is a mean estimation of volumetric uncertainty, geologic P<sub>g</sub>, and economic risk (chance). This statistical measure considers and quantifies the economic success and economic failure outcomes. Consequently, it represents the average or mean “economic” volumes resulting from economically viable drilling and exploration. The P<sub>e</sub>-adjusted best estimate is calculated as follows:

$$P_e\text{-adjusted mean estimate} = P_e \times \text{mean estimate} \quad (2)$$

*P<sub>g</sub>-adjusted Mean Estimate* – The P<sub>g</sub>-adjusted mean estimate, or “geologic risk-adjusted mean estimate,” is a probability-weighted average of the hydrocarbon quantities potentially recoverable if a prospect portfolio were drilled, or if a family of similar prospects were drilled. The P<sub>e</sub>-adjusted mean estimate is a “blended” quantity. It is a mean estimation of both volumetric uncertainty and geological risk (chance). This statistical measure considers and quantifies the geological success and geological failure outcomes. Consequently, it represents the average or mean “geologic” outcome of a drilling

and exploration program. The  $P_g$ -adjusted mean estimate is calculated as follows:

$$P_g\text{-adjusted mean estimate} = P_g \times \text{mean estimate} \quad (3)$$

*P<sub>n</sub> Nomenclature* – This report uses the convention of denoting probability with a subscript representing the greater than cumulative probability distribution. As such, the notation  $P_n$  indicates the probability that there is an n-percent chance that a specific input or output quantity will be equaled or exceeded. For example,  $P_{90}$  means there is a 90-percent chance that a variable (such as prospective resources, porosity, or water saturation) is equaled or exceeded.

*Play* – A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects.

*Potential Present Worth at 10 Percent* – Potential present worth at 10 percent ( $PPW_{10}$ ) is defined as potential future net revenue discounted at 10 percent compounded monthly over the expected period of realization.  $PPW_{10}$  is statistically aggregated at the prospect level. The estimation is probabilistically modeled using distributions (except WI,  $P_f$ , and  $P_e$ , which are constants) in the following equation:

$$PPW_{10} = \left[ \left( P_e \times TVol \times \frac{PW}{BOE} \right) \right] - (P_f \times DHC \times WI) \quad (4)$$

where:  $PPW_{10}$  = potential present worth at 10 percent –  
*probabilistically determined from the Monte Carlo simulation*  
 $P_e$  = probability of economic success – *constant*  
 $TVol$  = potential gross recoverable volume, truncated,  
 TEFS-adjusted – *distribution*  
 $WI$  = working interest – *constant*  
 $PW/BOE$  = potential present worth at 10 percent per barrel of oil equivalent  
 (EM, economic multiple) – *distribution*  
 $P_f$  = probability of economic failure – *constant*  
 $DHC$  = dry hole cost estimate – *distribution*

*Predictability versus Portfolio Size* – The number of prospects in a prospect portfolio influences the reliability of the forecast of drilling results. The relationship between predictability versus portfolio size (PPS) is also known in the petroleum industry literature as “Gambler’s Ruin.” The relationship of probability to



portfolio size is described by the binomial probability equation given as follows:

$$P_{x^n} = (C_{x^n})(p)^x(1-p)^{n-x} \quad (5)$$

where:  $P_{x^n}$  = the probability of  $x$  successes in  $n$  trials  
 $C_{x^n}$  = the number of mutually exclusive ways that  $x$  successes can be arranged in  $n$  trials  
 $p$  = the probability of success for a given trial (for petroleum exploration, this is  $P_g$ )  
 $x$  = the number of successes (e.g., the number of discoveries)  
 $n$  = the number of trials (e.g., the number of wells to be drilled)

Note: For the case of  $n$   $C_{x^n}$  successive dry holes  $C_{x^n}$  and  $p$  each equals 1, so the probability of failure is the quantity  $(1-p)$  raised to the number of trials.

*Probability of Economic Failure* – The probability of economic failure  $P_f$  is defined as the probability that a given discovery will not be economically viable. It takes into account  $P_f$ ,  $P_{tefs}$ , TEFS, capital costs, operating expenses, the proposed development plan, the economic model (discounted cash flow analyses), and other business and economic factors.  $P_f$  is calculated as follows:

$$P_f = 1 - P_e \quad (6)$$

*Probability of Economic Success* – The probability of economic success ( $P_e$ ) is defined as the probability that a given discovery will be economically viable. It takes into account  $P_f$ ,  $P_{tefs}$ , TEFS, capital costs, operating expenses, the proposed development plan, the economic model (discounted cash flow analyses), and other business and economic factors.  $P_e$  is calculated as follows:

$$P_e = P_g \times P_{TEFS} \quad (7)$$

*Probability of Geologic Success* – The probability of geologic success ( $P_g$ ) is defined as the probability of discovering reservoirs that flow petroleum at a measurable rate.  $P_g$  is estimated by quantifying with a probability each of the following individual geologic chance factors: trap, source, reservoir, and migration. The product of the probabilities of these four chance factors is  $P_g$ .

*Probability of TEFS* – The probability of threshold economic field size ( $P_{TEFS}$ ) is defined as the probability of discovering an accumulation that is large enough to be economically viable.  $P_{TEFS}$  is estimated by using the prospective resources

recoverable volumes distribution in conjunction with the TEFS. The probability associated with the TEFS can be determined graphically from the prospective gross recoverable volumes distribution.

*Prospect* – A prospect is a potential accumulation that is sufficiently well defined to be a viable drilling target. For a prospect, sufficient data and analyses exist to identify and quantify the technical uncertainties, to determine reasonable ranges of geologic chance factors and engineering and petrophysical parameters, and to estimate prospective resources. In addition, a viable drilling target requires that 70-percent of the median potential production area be located within the block or license area of interest.

*Prospective Resources* – Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.

*PW/BOE* – The potential present worth at 10 percent per barrel of oil equivalent is represented by a distribution in the probabilistic modeling of the  $PPW_{10}$ . The distribution is estimated from various economic assumptions, the current fiscal regime, various potential production profiles, various cost schedules, and success case (discovery) discounted cash flow analyses. The success case discounted cash flows for the prospect(s) account for all costs, taxes, royalties, government takes, related tranches, various entitlements, discounted at 10 percent compounded monthly over the expected period of realization. Working interest is not included in this statistical metric.

*Raw Natural Gas* – Raw natural gas is the total gas produced from the reservoir prior to processing or separation and includes all nonhydrocarbon components as well as any gas equivalent of condensate.

*Reservoir Chance Factor* – The reservoir chance factor ( $P_{\text{reservoir}}$ ) is defined as the probability associated with the presence of porous and permeable reservoir quality rock.

*Sales Gas* – Sales Gas is defined as the total gas to be potentially produced from the reservoirs, measured at the point of delivery, after reduction for projected fuel usage, flare, and shrinkage resulting from field separation and processing.

*Source Chance Factor* – The source chance factor ( $P_{\text{source}}$ ) is defined as the probability associated with the presence of a hydrocarbon source rock rich enough, of sufficient volume, and in the proper spatial position to charge the prospective area or areas.



*Standard Deviation* – Standard deviation (SD) is a measure of distribution spread. It is the positive square root of the variance. The variance is the summation of the squared distance from the mean of all possible values. Since the units of standard deviation are the same as those of the sample set, it is the most practical measure of population spread.

$$\sigma = \sqrt{\sigma^2} = \sqrt{\frac{\sum_{i=1}^n (x_i - \mu)^2}{n - 1}} \quad (8)$$

where:  $\sigma$  = standard deviation  
 $\sigma^2$  = variance  
 $n$  = sample size  
 $x_i$  = value in data set  
 $\mu$  = sample set mean

*Statistical Aggregation* – The process of probabilistically aggregating distributions that represent estimates of resources quantities at the reservoir, prospect, or portfolio level and estimates of PPW<sub>10</sub> at the prospect or portfolio level. Arithmetic summation yields different results.

*Threshold Economic Field Size* – The threshold economic field size (TEFS) is the minimum amount of the producible petroleum required to recover the total capital and operating expenditure used to establish the potential accumulation as having a potential present worth at 10 percent equal to zero using the mid-price scenario.

*Trap Chance Factor* – The trap chance factor  $P_{\text{trap}}$  is defined as the probability associated with the presence of a structural closure and/or a stratigraphic trapping configuration with competent vertical and lateral seals, and the lack of any post migration seal integrity events or breaches.

*Truncated Mean Estimate* – The truncated mean estimate is the resulting statistical mean calculated from the truncation of the resources distribution by the threshold economic field size.

*Truncated Volumes* – The truncated volumes estimates are the resulting probabilistically determined volumes from the truncation of the prospective resources distribution by the threshold economic field size. This truncated distribution produces a new set of statistical metrics.

*Unconventional Prospective Resources* – Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered

unconventional accumulations by application of future development projects. Unconventional prospective resources may exist in petroleum accumulations that are pervasive throughout a large potential production area and would not be significantly affected by hydrodynamic influences (also called “continuous-type deposits”). Typically, such accumulations (once discovered) require specialized extraction technology (e.g., dewatering of CBM, massive fracturing programs for shale gas, shale oil, tight gas, steam and/or solvents to mobilize bitumen for in-situ recovery, and, in some cases, mining activities).

*Variance* – The variance ( $\sigma^2$ ) is a measure of how much the distribution is spread from the mean. The variance sums up the squared distance from the mean of all possible values of  $x$ . The variance has units that are the squared units of  $x$ . The use of these units limits the intuitive value of variance.

$$\sigma^2 = \frac{\sum_{i=1}^n (x_i - \mu)^2}{n - 1} \quad (9)$$

where:  $\sigma^2$  = variance  
 $n$  = sample size  
 $x_i$  = value in data set  
 $\mu$  = sample set mean

*Working Interest* – Working interest prospective resources are that portion of the gross prospective resources to be potentially produced from the properties attributable to the interests owned by “Company” before deduction of any associated royalty burdens, net profits payable or government profit share. Working interest is a percentage of ownership in an oil and gas lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well or unit. The working interest also entitles its owner to share in production revenues with other working interest owners, based on the percentage of working interest owned.

## ANNEX B: ERM REPORT

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Societatea Națională de Gaze Naturale Romgaz  
Mediaș, România

Environmental, Health and  
Safety and Social Due Diligence  
Assessment for Romgaz  
Operation in Romania  
*Final report*

**Bucharest**  
145 Calea Victoriei Blvd.,  
Victoria Center, 8<sup>th</sup> Floor,  
Sector 1, 010072  
Romania  
T: +40 (0) 31 405 1680  
F: +40 (0) 31 405 1681  
E: [romania@erm.com](mailto:romania@erm.com)  
<http://www.erm.com>



October 09, 2013

*Administrators/Board*  
Peter Temesvary  
Dr. Walter Heinz  
Martin Gundert

Prepared for:

**Societatea Națională de Gaze Naturale Romgaz**  
551130, Piața Constantin Motaș, nr. 4  
Mediaș, jud. Sibiu  
România

*Nr. de ordine în registrul comerțului:*  
J40/11533/14.06.2007

*Codul de Înregistrare Fiscală (C.I.F.)*  
RO21931265

*Please remit to*  
UniCredit Țiriac Bank,  
Branch Rosetti, Bucuresti  
*RON account:*  
IBAN RO14 BACX 0000 0001 3825 3001  
*EUR account:*  
IBAN RO84 BACX 0000 0001 3825 3002  
SWIFT: BACXROBU

PROJECT NO. P0213779

Member of the  
Environmental Resources  
Management Group



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ERM Environmental Resources  
Management S.R.L.

Bucharest, October 09, 2013



Christopher Kiermayr  
*Project Director*



Dana Afrenie  
*Project Manager*

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**EXECUTIVE SUMMARY**

*ERM Environmental Resources Management S.R.L. (ERM)* was contracted by *Societatea Nationala de Gaze Naturale Romgaz S.A. ('Romgaz' or 'the Client')* to conduct an Environmental, Health and Safety and Social Due Diligence Assessment (EHSSDDA) in relation to a potential transaction known as Project Ranger (or the 'Transaction'), which relates to the natural gas exploration and production business headquartered in Medias, Romania.

The subject portfolio comprises two (2) Gas Production Branches, Headquartered in Medias and Targu Mures, one (1) Underground Gas Storage Branch headquartered in Ploiesti, one (1) Power Generation Branch located in Iernut, one (1) Well Work-overs & Special Operations Branch headquartered in Medias and one (1) Technological, Transportation and Maintenance Branch headquartered in Targu Mures. This EHSSDDA does not cover the assessment of the office locations and accommodation properties operated by *Romgaz* due to the reduced relevance of the EHSS aspects associated with these properties.

The assessment was carried out during July-September 2013 and is based on desktop review of relevant information provided by the Client, field visits at selected portfolio sites and properties and interviews with relevant *Romgaz* personnel. This report is intended to provide the key points of the EHSSDDA. More detailed information for each branch can be found in appendix, where an expose for each branch is provided.

The aim of the EHSSDDA is to provide an independent view on how the environment, health, safety and social (EHSS) aspects of the portfolio operations are managed as well as identification and valuation of those EHSS matters with potential to impact the Transaction. For this purpose and to assist in the prioritization of effort, a Material Threshold of EUR 500,000 per finding has been applied. Any expenditure above this monetary value is considered to be significant to the Transaction (i.e. the finding has the potential to materially impact either the value or the operability of the assets).

Given the defined Material Threshold, the assessment is to be regarded as high-level and is therefore less comprehensive than a compliance assessment against EHSS legislation or than a detailed EHSS management arrangements review. However a sufficient level of detail has been provided in order to enable third-parties making informed decisions regarding the EHSS elements of the Transaction.

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***Key Findings of the EHSSDDA:***

No evaluation of the purchase price or fair market value was conducted as part of this EHSSDDA. However, based on this assessment findings and information provided by *Romgaz*, ERM's opinion is that there would be no basis for significant diminution of portfolio value due to environmental conditions at the sites.

No material social issues have been identified as result of this EHSSDDA. However opportunities for EHS improvement as identified by ERM as result of this assignment or by authorities' inspections refer to use of personal protective equipment, availability of hazardous places warning signs and stored materials labelling, execution of regular fire-fighting equipment inspections, emergency response awareness and follow-up on implementation of actions required by authorities.

Risk Factors

A joint venture with Amromco Energy LLC (*Amromco*) has been entered by *Romgaz* by concluding an association contract in 2002 for gas structures rehabilitation and production enhancement in Muntenia and Oltenia.

In case of an accident or other emergency situation at the facilities operated by Amromco, the latter is required to take all measures to restore control over the emergency situation and prevent any damages to natural resources and the environment. However, although the installations subject to the association contract are operated by Amromco, the environmental obligations are stipulated within environmental operational permits issued on *Romgaz* name, in its quality of owner of the installations. Therefore in case of any failures, accidents or environmental events occurring at such installations, *Romgaz* as formally known holder of the permit may be subject to fines and reputational risks, although the operation of these facilities is outside of *Romgaz* direct control.

Environmental Compliance Issues

Given the current practice of intermediate storage of large amounts of natural gas by *Romgaz* in natural underground deposits for the gas supplier Transgaz, the underground gas storages (UGSs) operated by *Romgaz* are classified as Tier 2 sites and are therefore subject to the SEVESO Directive requirements. To date, required Tier 2 safety measures especially regarding emergency response in case of power outage (e.g. availability of adequate back-up power generators and associated equipment) have not been installed at relevant UGSs. The request to comply with the Seveso requirements was already highlighted in inspection protocols concluded by the Emergency Situation

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Inspectorate since 2011 for the UGSs. The authority however has not formally set a due date for Seveso requirements implementation. At the current stage ERM assumes that investment costs between 350 kEUR and 500 kEUR will be required to ensure Seveso Tier 2 compliance for the UGSs.

At Iernut power plant measures to improve nitrogen oxides (NO<sub>x</sub>) emissions are to be implemented in line with the Integrated Pollution Prevention Control Permit (IPPC permit) issued for the facility as well as per the requirements of the Large Combustion Plants Directive (LCP Directive). By January 1, 2014 NO<sub>x</sub> emissions from units #1 and #4 are to be reduced below 300 mg/m<sup>3</sup> and emissions from unit #5 below 200 mg/m<sup>3</sup>. Units #2 and #3 are exempted until 31.12.2015 from reducing NO<sub>x</sub> emissions, provided that each will not be operated in excess of 20.000 hours. Furthermore the NO<sub>x</sub> emissions from all units are to be reduced below 100 mg/m<sup>3</sup> by July 1, 2020 according to LCP Directive requirements.

The action plan negotiated with the environmental authorities provides that low NO<sub>x</sub> burners are to be installed at units #1 and #4 by the end of 2013. Romgaz is therefore envisaging implementing a technical solution (exhaust air recycling) to reduce NO<sub>x</sub> emissions, which however is not tested at full scale yet. If successful the deadline will be met for unit #1 only, while unit #4 would very likely need additional six months to implement the changes. In the most likely case (MLC) scenario ERM assumes costs of approximately EUR 6 million for units #1 & #4 improvements. In the reasonable worst case (RWC) scenario about EUR 12 million EUR are estimated by ERM to be required.

Further investments will be needed to achieve the 100 mg/m<sup>3</sup> NO<sub>x</sub> emissions LCP Directive requirements by July 1, 2020.

In addition, the Iernut power plant is subject to the carbon dioxide (CO<sub>2</sub>) emission trading requirements in line with the European Emission Trading System (EU-ETS). The applicable EU-ETS account of Iernut power plant is not yet under the control of the power plant management. Historically, the account was managed by the former owner ELCEN, together with the EU-ETS of the other power plants operated by ELCEN. It is very likely that the remaining yearly CO<sub>2</sub> allowances were collected and traded by ELCEN Group. For the emission trading period of 2008 – 2012, 5,159,772 CO<sub>2</sub> certificates were allocated to Iernut power plant, which however used only 2,766,903 certificates. Given that currently Romgaz is not aware of the number of granted allowances, no financial scenario was developed yet by Iernut power plant management for the emission trading period of 2013 – 2020.

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It could not be evaluated by ERM at the current stage whether the granted allowances to the power plant will be adequate or whether any allowances have to be bought by the site in the future. As a conservative approach ERM assumed that the number of allowances will not be sufficient. In the MLC scenario ERM assumes that a maximum of 10 % of the allowances need to be bought by Iernut at a price in the range of the current CO<sub>2</sub> price of EUR 4.5 per allowance, resulting in costs of EUR 1.2 million. In the RWC scenario ERM assumes that a maximum of 50% of the allowances needs to be bought by Iernut at an average price of EUR 10 per allowance, resulting in costs of EUR 13.5 million.

Targu Mures Production Branch operates a non-hazardous drilling waste landfill (Ogra landfill). Ogra landfill was developed on a former borrow pit with a granted concession for 25 years, and consists of a waste conditioning facility and two cells for waste dumping. In line with the environmental permit and national law requirements, a provision of RON 1,677,700 (EUR 373,000) for site closure and post monitoring is to be built over a period of 20 years (2007 – 2027) through annual equal deposits within a bank account. Reportedly, payments are regularly made by the Company, in the range of approximately RON 84,000 annually, which resulted in a total deposit of approximately 566,000 RON (EUR 126,000) as of September 2013. The payment made to the bank account is therefore ahead needed and has exceeded the expected to date level of approximately RON 420,000 for a period of five years (calculated assuming equal payments are made over the period of 20 years). Regular payment rate has to be sustained in order to achieve the requested provision of RON 1,677,700 by first quarter of 2027.

Other minor environmental compliance issues identified have been summarized within section 4.5 of the report.

#### Soil and Groundwater Issues

Given that *Romgaz* activities involve handling of relatively large quantities of hazardous substances (oils and other chemicals) or other substances with a potential to affect the environment (salt water) at the production sites, dewatering and compression stations and due to the past underground oil and fuel storages, the risk for the potential occurrence of material soil and groundwater issues associated with the current sites activities of *Romgaz* portfolio is considered to be moderate.

Chlorinated solvents used for parts cleaning are used at the sites of the *Romgaz* portfolio. Chlorinated solvent (Tetrachloroethylene, TETRA) is used at the sites for parts cleaning/degreasing purposes. The total quantity of



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TETRA used at Romgaz level (production branches) is approximately 6,000 l yearly. No past incidents involving TETRA release has been reported.

Due to the use of TETRA at several Romgaz facilities, although partly in minor amounts, there is a risk of local subsurface impact due to improper use of TETRA or spills. No subsurface contamination due to the use of TETRA is currently known by Romgaz.

Based on the information provided local subsurface impacts due to oil spills, leakages, pipe damages, improper storage of salt water (formation water) or inadequate discharge of potentially impacted stormwater occurred at several areas of Romgaz branches in the past and were partly remediated without related available records. However, none of the remediation measures performed in the past have been reported to be associated with material costs.

*Known subsurface impacts:*

**# Former compression station Corunca:** Soil sampling (limited to the shallow soil 5 cm to 30 cm below ground level) has been recently performed on behalf of Romgaz at several locations of the former compression station Corunca by the environmental authority. The sampling revealed exceedances of the total petroleum hydrocarbon (TPH) threshold levels (threshold exceeded 2 to 13 times) in the area of the former oil storage tanks (total of five aboveground storage tanks with capacities of 10 m<sup>3</sup> and 20 m<sup>3</sup> respectively and one 10 m<sup>3</sup> in-round tank (used for storage of oil recovered from the gas-oil separators). Romgaz was requested to perform a study to delineate the contamination by October 1, 2013 but an extension of the deadline will be requested by Romgaz given that the requested investigation has not been initiated to date. Romgaz has estimated that an area of 1,000 m<sup>2</sup> is impacted. Considering that 2,000 - 3,000 tons of impacted soil material requires adequate disposal as hazardous waste, associated costs are estimated to be 300-500 kEUR in the most likely case (MLC) scenario, including landfilling, transportation, excavation and rehabilitation by clean soil material. In the reasonable worst case (RWC) scenario costs in the range of 500-800 kEUR may occur, including incineration excavation transportation and rehabilitation.

*Potential subsurface impacts:*

**#Iernut Power Plant:** A former landfill with an area of 0.5 ha and a capacity of 320 m<sup>3</sup> has been operated by Iernut power plant since 1980. The landfill was closed down in 2012 and the waste removed from the former landfill area. However, no confirmation sampling was carried out at the end of the remediation and landfill closure activities.

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At the time *Romgaz* purchased Iernut power plant, the responsibility for historical and present environmental liabilities including those associated with unknown land contamination, was not clearly defined. Therefore the possibility that *Romgaz* may be held liable for potential subsurface contamination at the former landfill area, as well as for other potentially contaminated areas at the Iernut power plant cannot be ruled out.

*Romgaz* has currently not made any provisions for remediation of potential subsurface contamination. In the RWC scenario ERM assumes that soil and groundwater remediation measures may be required at the area of the power plant, including the operation of two groundwater abstraction wells over a period of 10 – 20 years, with estimated costs between EUR 250k and EUR 500k.

**#SIRCOSS Branch:** In the past SIRCOSS operated fuel stations equipped with aboveground storage tanks (at Craiova, Ploiesti and Targu Mures workshops) and underground storage tanks (in Medias). The fuel station from Medias was decommissioned in the meantime and related tanks were emptied and cleaned. Reportedly, no evidence of subsurface impacts occurred at the time of the decommissioning processes. All other fuel stations were emptied/cleaned and are currently out of service.

**#STTM Branch:** Significant oil staining on concrete-made floors of Targu Mures maintenance workshop were observed, but no obvious damages of the concrete floors have been observed and oil absorbent (stored at easy accessible locations within the workshop) was reported to be used to collect spillages.

No material issues have been reported and no evidence of significant subsurface impact by oils and hazardous substances at the STTM sites was observed during the site visit.

**#Targu Mures Production Branch:** Significant oil staining was observed at the Mures Compression Station in the area of the oil storage tanks. No soil and groundwater investigations have been performed at the site and the subsurface contamination status at the site is unknown.

Intermediate storage or collection tanks for salt water (formation water) were observed at several of the productions sites being either significantly corroded or/and placed directly on unsealed ground, without adequate secondary containment. Secondary containment was observed to be partly deteriorated and some concrete basins for collection of salt water showed significantly cracks or damages. No soil and groundwater investigations were conducted by *Romgaz*, nor were required by the relevant environmental authorities. Current conditions of salt water storage (formation water) at relevant sites

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bear the risk of impact on soil and groundwater quality. Currently, there are no records of spills or environmental incidents associated to underground salt water and gas transport pipelines. In the MLC scenario ERM assumes that approximately 50k EUR will be required for minimal collection basins improvement measures. In the RWC scenario ERM estimates that approximately 150k EUR may be required for improvement or replacement of all relevant collection basins and for providing appropriate secondary containment.

**#Medias Production Branch:** Former well drilling practices involved storage of drilling waste and other types of waste into excavated pits located near the wells. These pits were subsequently compacted and covered with excavated soil. No information was available regarding the location of these pits and no inventory of historical contaminated sites related to the production branches was available during the EHSSDDA.

In addition, evidence of local subsurface impacts were observed at several areas during the site visits, including formation water spills at injection wells, drilling fluid and formation water impacts around production wells, and oil spills at compression stations. However, such subsurface impacts appeared to be local and no evidence of widespread subsurface contamination was observed.

The Roman Section comprises one former drilling waste storage site (DS Frasin) which was operated back in the 70's and nowadays was transformed into a water storage pond (late 80's) used for firefighting purposes. Furthermore, a gas condensate storage facility comprised of two aboveground steel storage tanks of 30 m<sup>3</sup> each, fitted with concrete secondary containment used to be operated on the site of DS Harlesti. As part of the station's modernization in 2005, the tanks were decommissioned and the concrete secondary containment restored to its initial condition, as required by the environmental authorities. According to the site contacts no land remediation works took place at the former waste storage area or the gas condensate storage facility and there are no remaining liabilities. There was no evidence of any soil and groundwater monitoring of the area. DS Frasin covers about 3,500 m<sup>2</sup>.

During the assessment it was noticed that no systematic monitoring of the integrity of the formation water piping (over 30 years old) is performed. Piping leakages were observed during the site visit (Injection Well 242 Roman) which impacts an area of approximately 100 m<sup>2</sup> (vegetation dried, agricultural soil affected). No records of past formation water spills due to piping failures were available for review.

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Overall, no evidence of widespread subsurface contamination due to past and current activities at the *Romgaz* portfolio sites was observed. However, there may be several hot spot areas with subsurface contaminations. Given that *Romgaz* has not performed any comprehensive subsurface investigations at the relevant areas of potential concern (APC), no details regarding presence and extent of contamination at the APC were available. ERM roughly assumes that in the MLC scenario approximately 350k EUR may be required for hot spot remediation measures, and approximately 500k EUR would be needed in the RWC scenario.

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### **ANNEXES**

A: Site Reports



## **1 INTRODUCTION**

### **1.1 BACKGROUND**

ERM Environmental Resources Management S.R.L. (ERM) was contracted by Societatea Nationala de Gaze Naturale Romgaz S.A. ('Romgaz' or 'the Client') to conduct an Environmental, Health and Safety and Social Due Diligence Assessment (EHSSDDA) in relation to a potential transaction known as Project Ranger (or the 'Transaction'), which relates to the business headquartered in Medias, Romania and engaged in the exploration and production of natural gas.

The subject portfolio comprises two (2) Gas Production Branches headquartered in Medias and Targu Mures, one (1) Underground Gas Storage Branch headquartered in Ploiesti, one (1) Power Generation Branch located in Iernut, one (1) Well Work-overs & Special Operations Branch headquartered in Medias and one (1) Technological, Transportation and Maintenance Branch headquartered in Targu Mures, as listed in *Section 3.2*.

In addition, Romgaz operates office locations and accommodation properties. The assessment of these office assets was not part of the scope of work, as activities at these sites are not relevant in relation to environmental, health & safety, and social (EHSS) matters.

This report presents a summary of the EHSSDDA performed. More detailed information for each branch can be found in the Annex, where an expose for each branch is provided. As such, this summary report is intended to provide the reader with the key points and "big picture" of the EHSSDDA. The assessment was carried out by ERM in July-September 2013 in accordance to the contract dated July 26, 2013 and ERM's proposal dated July 12, 2013.

### **1.2 OBJECTIVES**

The objective of the EHSSDDA is to provide the Client with an independent view on how the assets of the subject Romgaz portfolio manage the environment, health, safety and social aspects of their operations. The assessment also includes the identification and valuation of those matters with the potential to impact the Transaction.

ERM applied a Material Threshold to screen any findings made. This Material Threshold represents a monetary value relating to any works considered necessary to address the findings identified during the assessment (for example, expenditure required to address non-compliance), such that any

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expenditure above this monetary value is considered to be significant to the Transaction (i.e. the finding has the potential to materially impact either the value or the operability of the assets). To assist in the prioritization of effort, ERM understood the EHSSDDA is to adopt a Material Threshold of EUR 500,000 per finding.

Given the Material Threshold the scope of the assessment will necessarily be high-level and is therefore less than is required for a compliance assessment against EHSS legislation or a detailed review of EHSS management arrangements. However, ERM's approach aimed to provide an assessment with a sufficient level of detail to meet the needs of the Client and enable third-parties to make informed decisions regarding the EHSS elements of the Transaction, while completing the work within the required timeframe.

The key objectives of conducting the assessment were:

- assess the regulatory compliance status of the assets and identify whether there are Material non-compliance findings associated with applicable existing EHSS legislation;
- characterize the regional environmental setting, current surrounding land use, historical land use of the assets and related issues concerning the environmental and social context of the assets;
- evaluate current and past operational activities and related practices at the assets in order to establish known or potential sources of Material soil, groundwater and/or surface water impact; and
- indicate measures or further assessment work (and associated costs of such work) to mitigate Material findings identified.

To the extent available information allowed, the assessment evaluated activities of the assets as well against the International Finance Corporation (IFC) Performance Standards (dated January 2012).

As part of the assessment ERM investigated the issues that may materially affect the operational performance of the assets, impair governance perception of the assets which do or may pose a financial or reputational risk. These are anticipated to include aspects with the potential for:

- community and/or non-governmental organizations (NGO) protests;
- criminal proceedings, interruption to business, major environmental incident or major off-site environmental impacts; and

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- fatalities or multiple serious injuries to direct employees, contractors or the public.

**1.3**      *LIMITATIONS AND EXCLUSIONS*

This report is based upon the application of scientific principles and professional judgement to certain facts with resultant subjective interpretations. Professional judgements expressed herein are based on the currently available facts and findings within the limits of the existing data and the scope of work.

The report is based on the conditions and circumstances prevailing at the relevant property at the time it was visited. The report cannot, and makes no attempt to, anticipate all changes to those conditions and circumstances, which may occur after its date of issue. The report is based on the legal situation as of its date of completion. ERM shall not be obliged to anticipate or report any changes in the relevant legislation after its date of completion.

ERM points out that the findings and conclusions by ERM in this project are predominantly based on written and verbal information provided by the Client representatives, which ERM assumes to be accurate. ERM has only to a limited extent been able to validate such information first hand, e.g. via crosschecking with document reviews and observations during the site visits. As such, ERM makes no warranties or representations with respect to such information.

Nothing in the report shall be construed as representation or warranty as regards merchantability in general, the saleability of a specific object for a specific price or its fitness for a specific purpose. The information and statements provided in this report are not to be construed as legal recommendations or advice.

ERM has prepared the report for the benefit of the Client. ERM acknowledges that certain persons may rely on the content of the report for the purpose of, as the case may be, investing in the business, involved or providing financing for the acquisition of an interest in the business, but in each case only if the Client consents to such reliance and only if this reliance is granted pursuant to a reliance letter entered into by such person with ERM in a form acceptable to ERM and not otherwise. It shall be an express term of such a reliance letter that any limitations of liability agreed between ERM and the Client shall not apply to the terms on which ERM shall grant reliance to any such person and any limitation of liability as to amount shall apply in aggregate to such person and to any other person to whom reliance of the reports shall be granted by ERM. The use of, or reliance upon, the report by any person other than in the

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circumstances set out in the previous sentences shall be entirely at his own risk and ERM accepts no responsibility or liability to any such person, whether in contract, tort or otherwise, for use of, or reliance upon, this report in any circumstances.

The Due Diligence Report can be circulated to interested third-party parties for information purposes only. Where appropriate, this will be on condition of each of these parties signing up to a 'Hold Harmless' letter agreed with ERM.

ERM's services, the content of this report, work product, findings or other deliverable prepared by ERM are for the benefit of the Client only. Accordingly, ERM shall not be liable for any third party's use of or reliance on our services, the content of this report, work product, findings or other deliverable prepared by ERM. For the avoidance of doubt, this qualification shall extend, but is not limited, to any person who receives any offering document, prospectus or other similar document.

It is a condition of our report that you obtain our prior written consent if, and to the extent that you seek to use, quote from, attribute or otherwise refer to ERM, our services, this report or to any ERM report, work product, findings or other deliverable (directly or indirectly) in any offering document, prospectus or other similar document. To the extent that ERM does consent to any such use, quotation, attribution or reference, we reserve the right to review and comment on the form and content thereof.

ERM disclaims all liability and responsibility for any misuse, deletion or alteration of the report in any manner whatsoever by the Client and/or any third party.

**1.4**                    *INDEPENDENCE OF ASSESSORS*

ERM is a leading international firm solely engaged in providing EHSS consulting and related services on a contract basis to private and public clients. ERM is not in any way owned by or otherwise affiliated with Romgaz or any subsidiaries thereof, except on a contractual basis for executing this and other such consulting services.

ERM has completed numerous of EHSS due diligence assessments (EHSSDDA) in the past years, including large portfolios. Thus, we are familiar with the typical EHSS aspects and potential issues relevant to such portfolios and the implications such aspects or issues may have concerning liabilities to a future owner.

**2**                    *SCOPE AND APPROACH*

**2.1**                  *SCOPE OF WORK*

The scope of work for the EHSSDDA included the common activities related to this type of assessment as follows:

- review of available relevant documents, transmitted by the Client or publicly available;
- screening of portfolio sites and classification according to potential environmental impacts due to e.g. size, age, activities;
- site visits at representative sites with expected EHSS risks and according to the scope of work prepared by the Client;
- interviews and meetings with site personnel and corporate staff either face-to-face (during site visits) or email/telephone (during desktop studies);
- identification of findings above the agreed materiality threshold related to Romgaz activities; and
- portfolio summary report preparation.

The site visits were limited to a number of 14 production sections, one underground storage site and the Iernut power generation plant, according to the specifications of the scope of work prepared by the Client. A representative number of facilities were selected to be visited in each production section and comprised: compression stations, dewatering stations, injection stations, well groups, production wells and injection wells.

The following activities were not within the scope of work:

- on-site testing, drilling, sampling or other intrusive investigations and chemical analyses;
- interviews with local regulatory authorities, public agencies or other third parties; and
- preparation of specific technical proposals by ERM or from vendors or contractors to address any identified findings above the agreed materiality threshold or other actions.



**2.2 TOPICS ADDRESSED**

The scope of work comprised a review of EHSS aspects against local legislation and the IFC Performance Standards.

Based on ERM's experience of the natural gas exploration and production (E&P) sector within the countries where Romgaz operates (Romania, Slovakia and Poland), the Material findings identified in the assessment included but were not limited to the following:

- Key EHSS Aspects in Gas E&P Operations:
  - emissions to air;
  - wastewater / effluent discharges;
  - solid and liquid waste management;
  - noise generation;
  - terrestrial impacts and project footprint;
  - spills;
  - fire and explosion;
  - air quality;
  - hazardous materials;
  - transportation;
  - emergency preparedness and response.
  
- Key EHSS Aspects in Gas Storage Operations:
  - emissions to Air;
  - terrestrial impacts and project footprint;
  - fire and explosion;
  - air quality;
  - hazardous materials;
  - transportation;
  - emergency preparedness and response.
  
- Key EHSS Aspects in Thermal Power Operations:
  - emissions to Air;
  - energy efficiency and Greenhouse Gas emissions;

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- water consumption and aquatic habitat alteration;
- effluents;
- noise;
- non-ionizing radiation;
- heat;
- noise;
- confined spaces;
- fire and explosion hazards;
- chemical hazards;
- traffic Safety.

For each aspect the practices were assessed in relation to regulatory requirements. The assessment ascertained the need for permits/authorizations and the Material aspects relating to compliance with any such permits held. The effectiveness of control mechanisms was also reviewed.

**2.3 OVERALL APPROACH TO EHSSDDA**

To the extent possible based on the information disclosed, ERM developed ranges of costs to address each Material finding, and these costs were presented according to the following scenarios:

- The Most Likely Case (MLC) scenario; and
- The Reasonable Worst Case (RWC) scenario.

The range of costs identified expenditure already incorporated in the Capital Expenditure (CapEx) and Operating Expenditure (OpEx) budgets approved for the assets (as disclosed), as well as financial provisions or reserves for EHSS Liabilities.

The Regulatory Compliance category captures operational improvements required in order to comply with applicable legislation, including:

- enacted legislation/regulations;
- existing licenses and permits; and
- requirements for renewal of licenses and permits on their expiry and the expiry of any grace periods under enacted legislation/regulations.

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With respect to Soil & Groundwater findings, ERM provided estimates of known or potential Material costs that may be required for investigation, evaluation and remediation of soil and groundwater impact at the assets.

The costs provided by ERM for Soil & Groundwater used ERM's experience of the likely scale of remediation works (including investigation, quantitative risk assessment and remedial design) to address the potential soil and groundwater impacts. The cost estimates assume only remediation of significant impacts within the site boundary based on the land-use at the site remaining unchanged (i.e. the site will continue to operate as an industrial facility and will not be redeveloped for a more sensitive land-use such as residential). ERM has taken into account the environmental setting, including known/potential soil and groundwater issues and vulnerability/sensitivity of receptors. Furthermore, the estimates of remedial costs take into account where possible the likelihood of regulatory intervention. The cost estimates do not consider closure of the sites. In addition, these estimates are based upon available information, without undertaking intrusive investigations for sampling of soils and/or groundwater.

**2.4**

***DEFINITION OF ISSUES***

This report is summarizing the Material findings and observations from the assessment including a description of the Material findings identified, the implications for the Transaction, and identified corrective measures or additional work which was prepared in order to better understand or address the Material findings or potentially Material findings identified.

The Material EHSS findings identified, and the risks associated with these, are grouped into the following categories:

- EHSS Governance and Management Systems;
- Contingent Liabilities & Reserves;
- Capital Expenditure Issues;
- Operating Expenditure Issues; and
- EHSS Related Commercial Issues.

### 3 **PORTFOLIO BACKGROUND**

#### 3.1 **BUSINESS ACTIVITIES**

The National Natural Gas Company "Romgaz" S.A. is the most important producer and supplier of natural gas in Romania. Its history is older than 100 years in the field of gas exploration and production and begun in 1909, when the first commercial gas deposit was discovered in Transylvania by drilling Sarmasel-2 well.

The most important milestones in the Romgaz history are listed below:

- 1909** Discovery of natural gas in Sarmasel (Transylvania);
- 1913** First production of natural gas recorded in Romania (113,000 m<sup>3</sup>);
- 1925** The National Methane Gas Company "SONAMETAN" was set up
- 1976** Production record by Romgaz (29,834 million m<sup>3</sup>);
- 1979** Start importing natural gas from Russia
- 1991** The Methane Gas Central Administration becomes the Independent Administration "Romgaz" R.A.;
- 1998** "Romgaz" R.A. becomes The National Natural Gas Company "ROMGAZ" S.A.
- 2000** SNGN "Romgaz" SA is reorganized into 5 independent companies (SC "Exprogaz" SA Medias , SNDSGN "Depogaz" SA Ploiesti, SNTGN "Transgaz" SA Medias, SC "Distrigaz Sud" SA Bucuresti and SC "Distrigaz Nord" SA Targu Mures);
- 2001** The current SNGN "Romgaz" SA Medias is set up.

The Romanian State, represented by the Ministry of Economy through the Office for State Participations and Privatization in Industry (OPSPI) owns 85% of Romgaz while the remaining 15% of the shares belong to "Fondul Proprietatea" S.A.

The company has seven (7) branches, as follows:

- Medias Gas Production Branch, located in Medias (Sibiu county), organized into eight (8) sections;
- Targu-Mures Gas Production Branch, located in Targu-Mures (Mures county), organised into eight (8) sections;

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- Ploiesti Natural Gas Underground Storage Branch, located in Ploiesti (Prahova county), comprising two (2) sections and two (2) workshops;
- Medias Branch for Well Intervention, Capital Repairs and Special Operations (SIRCOSS), located in Medias (Sibiu county), organized into three (3) sections and five (5) workshops;
- Targu Mures Technological Transport and Maintenance Branch (STTM), located in Targu-Mures (Mures county), organised into three (3) sections and three (3) workshops;
- Iernut Electrical Power Generation Branch (SPEE), located in Iernut (Mures county);
- Bratislava Branch: coordination of exploration, evaluation, development and production of oil & gas in the Svidnik, Snina and Medzilaborce areas, in Slovakia. This Branch was not included in ERM's EHSSDDA as the scope of work was limited to the Romgaz's operation in Romania.

**3.2**

***SUBJECT SITES OF EHSSDDA***

The two Romgaz production branches headquartered in Medias and Targu Mures are covering large areas of Transylvania, Moldova, Oltenia and Muntenia. Details on the assets comprised by the production branches are presented below:

Production Branch	Sections	Facilities
<b>Medias</b>	Agnita	17 well groups (143 production wells, 6 wells temporary out of service, 10 abandoned wells in the last 5 years)  6 dewatering stations  4 injection stations (6 injection wells)
	Compression	6 gas compression stations  2 electric compression stations  4 field gas compressors  1 field electric compressor  5 mobile well gas compressors
	Cristurul Secuiesc	20 well groups (144 production wells, 2 wells temporary out of service, 12 abandoned wells)  1 dewatering station  3 injection stations (7 injection wells)

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<b>Production Branch</b>	<b>Sections</b>	<b>Facilities</b>
<b>Targu Mures</b>	Danes	21 well groups (155 production wells, 4 well temporary out of service, 6 abandoned wells in the last 5 years)  5 dewatering stations  5 injection wells with cementing rigs
	Delenii	38 well groups (330 production wells, 8 wells temporary out of service, 9 abandoned wells in the last 5 years)  5 dewatering stations  3 injection wells
	Filitelnic	27 well groups (349 production wells, 5 well temporary out of service, 6 abandoned wells in the last 2 years)  3 dewatering stations (from which one is out of service)  3 injection stations (4 injection wells)
	Medias	28 well groups (245 production wells, 1 well temporary out of service, 60 abandoned wells)  7 dewatering station  3 injection stations (6 injection wells)
	Roman	63 well groups (171 production wells, 37 abandoned)  8 dewatering stations  4 injection stations (4 injection wells)
	Compression	7 compression stations  10 field compressors  2 mobile well compressors
	Grebenis	10 structures with 38 well groups (42 production wells)  5 dewatering stations  4 injection stations
	Muntenia	14 gas structures with 26 wells groups  15 dewatering stations  2 injection stations
	Ogra	1 landfill for non-hazardous drilling waste (including a waste conditioning facility)



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Production Branch	Sections	Facilities
	Oltenia	13 gas structures with 33 wells groups 5 dewatering stations 3 injection stations
	Sarmasel	10 gas structures with 48 wells groups (349 production wells) 2 dewatering stations 3 injection stations
	Sangeorgiu de Mures:	11 gas structures with 31 wells groups (378 production wells) 3 dewatering stations 10 injection wells
	Sangeorgiu de Padure	10 gas structures with 36 wells groups (267 production wells, 1 well temporary out of service) 2 dewatering stations 6 injection wells
	Taga	7 gas structures with 31 wells groups (175 production wells ) 3 dewatering stations 3 injection stations ( 7 injection wells)

In Romania, Romgaz is operating 147 gas deposits through approximately 3,300 wells, technological aboveground installations comprising collection pipelines, gas heaters (where applicable), separators for dewatering purposes and technological boards for gas measurements.

Out of the total number of wells, 26% are operated at a depth below 2,000 m. 104 compression aggregates are used to maintain production wells within certain pressure and flow limits, out of which 91 aggregates are grouped into 19 compression stations and 13 aggregates are the so-called field compressors.

The mandatory gas quality is ensured by 69 gas dewatering stations.

The drilling and installing of the gas wells is performed by specialised drilling companies contracted by Romgaz.

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The general activities flow chart within the gas production branches begins with the extraction of the natural gas together with the formation water from the geological deposits via the production wells. The extracted products are collected through buried pipelines to the dewatering stations, where the gas is separated from the formation water (salt water). Subsequently, the gas pressure is increased in the compression stations before being pumped into the national distribution network. The formation water and separated water is collected through buried pipelines or transported by trucks and injected back into the geological strata via the injection stations and injection wells.

Romgaz is also storing the natural gas during summertime by injecting the gas into six (6) depleted geological deposits with a total capacity of 3.925 billion m<sup>3</sup>, out of eight (8) existing gas storage deposits. During winter, when the gas consumption increases, the gas reserve is then pumped into the national distribution network.

Interventions at wells which are not operating at standard parameters, production tests and other special operations at wells are provided by Romgaz support branch named SIRCOSS. This branch is organised into three sections Medias, Targu Mures and Ploiesti and five workshops located in Medias, Targu Mures, Ploiesti, Roman and Craiova.

Another Romgaz support branch called STTM is providing transportation of people, equipment and goods (materials, formation water, chemical substances including hazardous etc.) and also maintenance for Romgaz equipment and installations (gas compressors, electric transformers, vehicles etc.). This branch is organised into three sections and three workshops located in Medias, Targu Mures, Ploiesti and Roman.

In January 2013, Romgaz acquired the power generation plant in Iernut establishing another branch within the company. This power plant is operating since 1964 at a number of five large gas combustion units, with a total capacity of 800 MW.

### 3.3

#### ***BUSINESS PLAN ALLOCATIONS***

The budgeting process for environmentally relevant investments is made at section level, on an as-needed basis. Investment projects at the sites are typically planned and budgeted under consideration of environmental aspects, in cooperation with the sections managers and environmental representatives of the branches. The related budgets are submitted to the Executive Board for approval. Required measures are then prioritized, approved accordingly and covered under the environmental CAPEX budget on company level.

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Where required, Romgaz has included in its midterm CAPEX plan projects to remedy the issues highlighted in this report, unless otherwise stated.

Based on provided information, three environmental provisions have been set up:

Provision	Currency	2010	2011	2012	July 2013
<b>Environmental</b>	EUR*	762,713	1,681,443	3,967,967	3,919,888
	RON	3,408,870	7,515,043	17,734,430	17,519,549
<b>Well abandonment</b>	EUR*	48,823,358	66,462,045	34,107,641	39,578,920
	RON	218,211,117	297,045,463	152,440,691	176,894,024
<b>Ogra landfill closure</b>	EUR*			107,921	
	RON			482,340	

*\*conversion was done at the exchange rate of 4.4694, from 11 September 2013*

The environmental provision is calculated based on the environmental expenditures incurred in the past years for similar tasks associated with well modernization, managing the drilling waste from new wells, converting production wells to injection wells, landslides abatement, pollution control installations, building access ways, consultancy, studies, etc. This also includes a 0.99% of the gross income of the company required by law to be set aside for the restoration of land and for the redemption of the land to the agricultural use. The percentage is meant for lands where new wells are abandoned before going into production due to geological or technical factors and the remediation of the plots impacted by well drilling activities.

The environmental provision until January 2013 includes only environmental expenditures estimated by Medias and Targu Mures Gas Production Branches and Ploiesti Underground Gas Storage Branch. The provision for midyear 2013 comprises also the compliance actions for Iernut power generation plant (acquired at the beginning of 2013) associated to revamping of wastewater treatment plant and installing new burners at #1 and #4 gas combustion units. These actions were renegotiated with the authorities and the final amount taken into consideration for the environmental provision is of RON 2,000,000 (EUR 447,487).

However, after the review of the data provided by the financial service within Romgaz, ERM understanding is that the budget allocated for the environmental provision includes only environmental expenditures required by following year normal operations.

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The well abandonment provision is determined based on the number of wells drilled to date, the estimated costs for abandoning a well which was drilled to less/more than 2,000 m below ground level, the length of the access ways and the area of the well pad.

According to the national regulations, a provision of RON 1,677,700 (EUR 373,000) for Ogra landfill closure and post monitoring is to be built over a period of 20 years (2007 – 2027) through annually equal deposits within an escrow bank account. Payments in amount of RON 84,000 are reported to be regularly made by Romgaz, currently resulting in a total amount of RON 566,000 RON (EUR 126,000) (for details refer to section 4.5.6 *Waste Management*).

## 4 FINDINGS

### 4.1 AUTHORITIES INSPECTIONS

Several site inspections at the different Romgaz branches by different authorities were performed in the last years, which mainly observed only minor issues. However, based on the observations made during such inspections, Romgaz also received some fines due to identified non-compliance issues, or formal warnings. Despite such specific findings, also general statements were occasionally made by the authorities, including the general request to:

- comply with the provisions of permits and / or legal regulations;
- perform environmental monitoring (e.g. of air emissions, wastewater, environmental noise, etc.) as required by the permits and to provide relevant monitoring results;
- submit documents of proper waste disposal management or annual environmental reports in line with permit requirements and / or legal regulations.

The site inspections for Romgaz are mainly done by the following authorities: National Environmental Guard (GNM), National Administration "Romanian Waters" (ANAR), Emergency Situations Inspectorate (ISU), and the Local Labor Inspectorate (ITM). The Technical Inspection Authority (ISCIR) is in charge regarding the regular inspection of boilers, pressure vessels and lifting equipment. According to information from Romgaz management all of the legally required inspections of relevant equipment were done regularly for the past five years and no deficiencies were observed.

The following observations were made during authority inspections the last four years resulting in fines:

At the Medias Production Sector sites inspections by GNM were made in 2010 and 2011 resulting in fines at five sites including the following issues:

- wastewater contaminated with petroleum products was observed in 2010 at the Filitelnic compression station to be directly discharged into the surface water, resulting in a fine of RON 12,500 (approximately EUR 3,000);
- excavation and inadequate disposal of oil contaminated soil in 2011 at the Botorca compression station, resulting in a fine of RON 3,750 (approximately EUR 900);

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- improper disposal of drilling waste in 2011 at the Medias production site, resulting in a fine of RON 20,000 (approx. EUR 4,500);
- generation of oil spills at the site and neighboring properties in 2011 at the Danes compression station, resulting in a fine of RON 30,000 (approximately EUR 6,800);
- observation of training deficiencies following the investigation of a fatal accident in 2010 during interventions on 161 Haranglab group of well , resulting in a fine of RON 8,000 (approximately EUR 1,800).

In addition, several warnings were provided to Romgaz due to:

- lacking soil investigations in 2011 at the 952 Frasin well (Medias Production Sector);
- deficiencies regarding waste transportation at the Fantanele compression station (Targu Mures Production Sector) in 2012;
- deficiencies regarding fire detection and alarm systems functioning observed by ISU in 2009, 2010 and 2012 at the Targu Mures, Band, Sanmartin, Balda, Grebenis and the Corunca compression stations; in addition fire extinguisher inspection were missing in 2010 at Corunca compression station, fire pumps at Sangeorgiu de Mures were observed in 2010 to be not operational, as well as hydrants were observed in 2012 to be not operational at the Grebenis compression station;
- washing of materials, equipment and vehicles in surface waters against the law was observed in 2011 by GNM at the STTM Roman site;
- not up-to-date fire prevention and intervention documents, lacking annual safety report and missing testing of the training level of staff regarding emergency response were observed by ISU in 2009 at the STTM Mures site;
- lacking details regarding technical specifications of electrical works were observed by ITM in 2009 at the STTM Mures site; and
- lacking new permit for the testing and charging of fire extinguishers was observed by ITM in 2010 and 2011 at the STTM Mures site.

Overall inspections in the last years observed deficiencies with regard to local subsurface impacts, either by discharge of contaminated wastewater or by oil spills, especially at the compressions stations. In addition, deficiencies were observed regarding the regular inspection and operational capability of fire-fighting equipment, as well as regarding the adequate awareness of employees regarding emergency response.



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The fact that some of the identified findings occurred as repeat findings revealed deficiencies regarding the overall EHS management and the follow-up of required actions. However, none of the observations made during the authority inspections revealed deficiencies which require material investment for improvement or upgrading measures.

Based on the ERM's review of the available documentations, no criminal proceedings, interruption to business, major environmental incident or major off-site environmental impacts were identified.

**4.2 ROMGAZ HSE MANAGEMENT**

The Executive Board of Romgaz is ultimately responsible for environmental health & safety and social (EHSS) issues at the business. The day-to-day EHSS issues are handled by the Environmental and Health & Safety Managers at the individual branches, who are coordinating as well the sites representatives.

Romgaz has implemented a Quality Management System in compliance with SR EN ISO 9001:2001 and an Environmental Management System in compliance with SR EN ISO 14001:2005 standards. Both systems are certified by SRAC certification body in 2013.

In addition, Romgaz has established health and safety procedures and compiled a Health & Safety Policy dated 29 March 2013. The policy provides the company's position with regard to the prevention of professional risks, protection of employee health and removal of risks and accident factors. Additionally, the policy provides the company objectives in the field of health and safety:

- prevent and avoid work accidents or incidents through a control of risks at the workplace and the implementation of measures to improve the working environment;
- develop and promote a health and safety culture through employees training and awareness raising on the applicable legal requirements;
- constant improvement of the health and safety performance by setting actions to achieve objectives, proper monitoring and efficiency analyses.

Romgaz has provided the necessary resources for the implementation of a Health and Safety Management System in compliance with OHSAS 18001:2007 standard, which is in progress. The company's objective is the implementation of an integrated quality – environment – health & safety management system.

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Overall, the organization of environmental topics was found to be fair, considering that Romgaz personnel showed a proactive attitude towards addressing environmental compliance matters. The structure and responsibilities for environmental management are considered as appropriate for such kind of operations at all sites which were visited by ERM. However, the implementation of the management system needs to be enforced as there were several non-compliance issues observed during the assessment, including permits expired, inconsistency in monitoring in line with permit requirements. In addition there were missing hazard signs observed, as well as inadequate wearing of PPE, and evidence of low safety awareness.

Considering the findings during ERM's site visits and the information provided during the desktop studies, ERM believes that the other sites which were not visited by ERM are managed regarding environmental items in a similar way.

**4.3**

***SOCIAL***

*Organization*

According to the Romgaz Corporate Organization Chart, there is a Corporate Management, Quality and Environment Directorate led by a Manager under the subordination of the Deputy General Manager. The Quality Management, Environmental Management, Emergency Situations and Public Relations and Communications services are under this Directorate. The staff from the operational branches with designated responsibilities in HSE is directly subordinated to the operational managers and with reporting dotted lines to the Corporate's functions.

Within each branch, there is an Environmental Protection Compartment under the subordination of the Branch Manager.

In the Corporate organization structure, there is a Corporate Health and Safety Committee whose President is Romgaz General Manager, Secretary the Head of the Prevention and Protection Department and appointed members: representatives of the workers.

The Corporate Health and Safety Committee subordinates the Branch Health and Safety Committees, which are organized as follows: President is the Branch Manager, Secretary the Head of the Prevention and Protection Department and member of the Corporate Health and Safety Committee and appointed members: representatives of the workers.

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Additionally, at corporate level the Occupational Medicine Office and a Security Structure Office are under the subordination of the General Manager.

*Working relationships*

At employment in Romgaz, workers are provided with information on their rights with respect to working hours, compensation and benefits, overtime etc., in line with the provisions of the National Labour Code.

Romgaz employees are free to join worker's organizations. There is one Trade Union within Romgaz, to which the majority of the employees (approximately 90%) are members. A Collective Work Agreement defining the terms of employment is in place between Romgaz and the Trade Union and which is periodically updated.

The relation between the employer and the Trade Union has been qualified by Romgaz HR Manager as "normal". No relevant disputes related to working conditions and terms of employment have been reported or observed by ERM's experts during site visits.

No specific retrenchment procedures are available within Romgaz. Reportedly no retrenchment took place and no such procedure is envisaged to date. However in case retrenchment procedures would be needed, the provisions stipulated within the Romanian Labor Code would be reportedly implemented, which are materially compliant with ILO (International Labor Organization) standards.

A procedure for "Employees Satisfaction Evaluation" has been recently implemented (entered into force as of May 2013). At the time of writing this report, no assessment regarding the efficiency of this procedure was conducted.

Romgaz employees can file work grievances hierarchically or directly to management. A formal employment grievance mechanism is however not in place which represents a gap to IFC Performance Standard 2 *Labor and Working Conditions* (IFC PS2) provisions.

*Community engagement*

The company has prepared a Stakeholder Engagement Plan (SEP) which provides an identification and mapping of the main general groups of stakeholders according to their interest and influence in the company. The Plan is structured into five main stages:

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- strategic approach (general appraisal of company objectives and how these relate to the stakeholders, initial identification and hierarchy of stakeholders);
- analysis and planning (collection of information and development of an action plan based on the strategic engagement priorities and current responsibilities, analysis of the level of engagement and existing relations with stakeholders, available resources and company limitations);
- improving the collaboration capacity (this stage refers to the company competence and skills of becoming engaged and assesses how the company can make sure that all engagement parties are effectively involved);
- development of the process and engagement (development and implementation of the engagement processes so that these meet the expectations of the stakeholders and company objectives);
- action, analysis and reporting (this is intended to transpose the information and agreements into actions and track the results of the engagement).

This SEP complies with IFC PS1 *Social and Environmental Management & Management Systems* (IFC PS1) requirements in that it does identify the main groups of stakeholders. However, it does not identify specific stakeholders depending on the company branches/activities/facility locations and does not include specific engagement actions and timeline for their implementation.

IFC PS1 requires engagement with affected communities and encourages engagement with other stakeholders. The SEP does not provide any information with regard to engagement activities which may already have been conducted by the company. Moreover, it does not mention whether the company has developed and implemented a grievance mechanism for external stakeholders.

According to information provided by Romgaz management, there has been a single grievance (registration no. 1295/19 April 2013) addressed to Romgaz by an association of flat owners situated in Medias represented by a natural person. According to the grievance notice, the association wanted to know whether an abandoned building in the neighborhood belonged to Romgaz. This grievance was solved by the Public Relations Department within 30 days since it was filed.

No documents to show an active engagement of the local communities were made available for review. However, in each county, there is a person in

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charge with liaison with the local population and commune halls. This person is also in charge with concluding land lease contracts, receiving claims from the local farmers, assessing and paying financial damages caused by Romgaz operations. No written procedure related to the external grievance mechanism or to the duties of persons mentioned above was made available to ERM's experts during the assessment.

According to information provided from the management, Romgaz is in regular contact with NGOs through the Public Relations and Communication Office. Usually, NGOs approach Romgaz seeking sponsorship for their projects. Depending on the level of materiality of the project which is promoted by the NGO, Romgaz management selected the level of involvement, as follows:

- passive (no relation);
- transaction (provide the resources applied for in full or partially) – examples of such projects where Romgaz provided sponsorship comprise: national school chess competition, George Enescu classical music festival, International Theatre Festival Sibiu;
- involvement (provide resources and collaborate with the NGOs in the respective project) – examples of such projects where Romgaz became involved comprise: International Chess Competition The Kings Tournament, donation of private books to a school a library, organization of expositions to raise funds associations helping mentally disabled people, Health Week Corporate Social Responsibility project dedicated to pupils in secondary school and high school.

#### **4.4 CONTRACT ISSUES**

Romgaz has entered into a joint venture with Amromco Energy (Amromco) by concluding an association contract in 2002 for Oltenia and Muntenia Production Sections. According to this contract, Romgaz will continue to be the Operator for all operations for the achievement of the base production in the contractual area and Amromco (the Contractor) will be the Operator for all operations to achieve the supplementary production in the contractual area. ERM did not obtain any information with regard to the validity of this association contract.

ERM has requested to be provided with the association contract between the two parties, except for the clauses held confidential. However, ERM was provided only with the content of Article XVIII of this contract. This article includes a very general clause according to which Amromco shall carry out

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production operations in compliance with the Romanian legal requirements on environmental protection.

If any of the Contractor's operations or installations fails to comply with the contract provisions, endanger human health, third party property or cause pollution, *Romgaz* may demand the Contractor to take remediation measures within a reasonable timeline and remediate any environmental damages.

However, although some installations subject to the contract are operated by Amromco, the environmental obligations are stipulated within environmental operational permits issued on *Romgaz* name, in its quality of owner of the installations. In case of any failures, accidents or environmental events occurring at such installations, *Romgaz* as formally known holder of the permit may be subject to fines and reputational risks, although the operation of these facilities is outside of *Romgaz* direct control.

**4.5**

***ENVIRONMENTAL AND HEALTH & SAFETY COMPLIANCE ISSUES***

Based on the observations made during the EHSSDDA, it is ERM's impression that the overall approach of *Romgaz* to address on-going environmental and health & safety (EHS) compliance issues at the sites appears to be acceptable with room for improvement at several areas. *Romgaz* management generally addresses (EHS) compliance issues case by case on site basis. Several EHS issues were observed during the site visits, which however are not considered to be material. The type and number of EHS compliance issues revealed that currently there is fair management of EHS issues relevant for the assets of the *Romgaz* portfolio, with slow response to identified findings (e.g. during authority inspections), as well as partly low awareness of *Romgaz* employees and management of EHS risks. **No EHS compliance issues above the agreed Material Threshold were identified by ERM during the EHSSDDA for which the sites had not already performed a budget.**

The following issue presents a **potential material EHS compliance issue**, which has not already been budgeted by *Romgaz*.

Given the current practice of intermediate storage of large amounts of natural gas by *Romgaz* in natural underground deposits for gas supplier Transgaz, the underground gas storages (UGSs) operated by *Romgaz* are classified as Tier 2 sites and are therefore subject to the SEVESO requirements. Currently, the required safety measures especially regarding emergency response in case of power outage (e.g. installation of adequate back-up power generators and associated equipment) have not been installed at the relevant UGSs. The request to comply with the Seveso requirements was already highlighted in inspection protocols concluded by the Emergency Situation Inspectorate since



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2011 for the UGSs. The authority however has not formally set a due date for the implementation of the Seveso requirements.

At the current stage ERM assumes that investment costs between EUR 350,000 and EUR 500,000 will be required for the required improvement of the UGSs.

In addition, the following minor EHS compliance issues were observed during the site visits and document review:

#### **4.5.1 Hazardous Substances Management**

Seven wells belonging to the Ghercesti Underground Gas Storage were observed during inspections by the Emergency Situations Inspectorate in 2012 not to be easily accessible to intervention trucks in case of fire or explosion during winter time or raining seasons due to bad road conditions. According to legal requirements, intervention vehicles in case of fire should have access to all wells regardless of the season and of the weather conditions. In the short to mid-term the wells need to be equipped with paved or asphalted pathways in order to ensure adequate accessibility in case of emergency also during bad weather conditions. However, investment costs for sealing of the seven pathways are considered by ERM not to be material.

According to information provided chlorinated solvents are used at the sites of the Romgaz portfolio. Chlorinated solvent (Tetrachloroethylene, TETRA) is used at the sites for parts cleaning/ degreasing purposes. The total quantity of TETRA used at Romgaz level (production branches) is approximately 6,000 l yearly. No past incidents involving TETRA release has been reported.

Due to the use of TETRA at several Romgaz facilities, although partly in minor amounts, there is a risk of local subsurface impact due to improper use of TETRA or spills. No subsurface contamination due to the use of TETRA is currently known by Romgaz.

The storage capacity for hydrazine at the Iernut power plant was observed to exceed the applicable Tier 2 threshold of the SEVESO Directive, although it was considered by the authorities that the power plant site is only a Tier 1 site. Given the site is subject to the SEVESO Tier 2 requirements, a safety report and internal emergency plan must be prepared and implemented by the Iernut power plant and the public and the neighboring companies must be informed about the relevant safety risks. Currently, no safety report has been compiled and no information of the public and neighbor companies has been performed. ERM considers the required improvement measures in order to meet the SEVESO Directive requirements for a Tier 2 site not to be material.

#### **4.5.2**      *Environmental permitting*

Based on the information provided, it appeared that Romgaz holds the relevant environmental permits for their activities. However, at some of the Romgaz portfolio sites, either expired environmental permits were observed, with ongoing application process at the time of the assessment. In addition, there were some site activities observed to not be covered by the current permits (e.g. operation of a new installed dewatering station, salt water storage basins, number of emissions sources, etc.). However, the identified deficiencies regarding environmental permits observed that Romgaz has no procedure in place to apply for amended permits prior to the completion of relevant changes at the sites.

#### **4.5.3**      *Environmental Noise*

The main sources of environmental noise at the sites of the Romgaz portfolio comprise the compressor stations. According to the information provided and observations during the site visits, not all compressors are located inside buildings and therefore, elevated noise levels were observed at some of the Romgaz portfolio sites. Partly, the compressors are owned and operated by third parties, e.g. the compressors located in Stramba and Bibesti structures, which are owned and operated by Amromco Energy. No comprehensive environmental noise monitoring was reported for all of the relevant sites. At some sites the compressors were not covered by the relevant environmental permit, and therefore no noise monitoring was performed. At other sites regular noise monitoring was requested by the permit, however, no noise monitoring reports were provided during the assessment. No complaints from the neighborhood or the authorities regarding environmental noise were reported.

Based on the available information ERM considers that no material costs may occur with regard to environmental noise. The high noise levels at some sites however present a risk to employees, especially as the consequent wearing of personal protective equipment (PPE) in areas of elevated risk was observed not to be consequently done.

#### **4.5.4**      *Air emissions*

The main air emission sources related to Romgaz activities comprise the gas fired heating units for production wells to prevent freezing, as well as the dewatering units. At the thermal power plant air emissions at the five power generation units are generated and vented into the atmosphere. Air emission monitoring at several of the existing air emission source is required and is reportedly performed. However, at some of the sites regular monitoring in

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line with the legal requirements was lacking and no information could be provided whether these air emission sources are in compliance with the regulatory requirements. However, no significant deficiencies were reported regarding air emissions, except of the ones known for the power plant.

For the Iernut power plant, improvement measures of the gas generation units regarding concentrations of nitrogen oxides (NO<sub>x</sub>) are already known. According to the Integrated Pollution Prevention Control (IPPC) Permit granted to the power plant, the limit value for NO<sub>x</sub> of 300 mg/m<sup>3</sup> needs to be met by January 1, 2014 at units #1 and #4, and of 200 mg/m<sup>3</sup> at unit #5. For units #2 and #3, the power plant holds an exemption from the applicable limit of the Large Combustion Plant Directive (LCP Directive), provided that those two units will not run more than 20.000 hours each during 01.01.2008 - 31.12.2015. Due to the applicable requirements of the Industrial Emission Directive (IED Directive 2010/75/EU), the Iernut power plant needs to lower its NO<sub>x</sub> emissions at all units below 100 mg/m<sup>3</sup> by July 1, 2020. According to the action plan negotiated with the environmental authorities, the power plant needs to install low NO<sub>x</sub> burners for units #1 and #4 by the end of last quarter of 2013. Currently, Romgaz is testing a technical solution (exhaust air recycling) that will lower the NO<sub>x</sub> emissions at units #1 and #4 below 300 mg/m<sup>3</sup>. This solution is not yet tested at full scale, and if unsuccessful, the company will not be able to meet the deadline. If successful, though, the deadline will be met only for unit #1, and unit #4 will very likely need extra six months to be completed. Further actions will be required for all units to meet the NO<sub>x</sub> level of 100 mg/m<sup>3</sup> by July 1, 2020. No improvement measures are required at any of the five units regarding the remaining applicable air emission parameters. It is considered by the environmental manager of the Iernut power plant that the estimated costs of EUR 12 million for the low NO<sub>x</sub> burners for units #1 & #4 was overestimated back in 2006. The real cost is estimated to be in the range of EUR 5 – 6 million. In the most likely case (MLC) scenario ERM assumes the estimated costs of EUR 6 million to be adequate for the improvement of the relevant two power generation units #1 & #4. In the reasonable worst case (RWC) scenario about EUR 12 million EUR are estimated by ERM to be required.

In addition, the Iernut power plant is subject to the carbon dioxide (CO<sub>2</sub>) emission trading requirements in line with the European Emission Trading System (EU-ETS). The applicable EU-ETS account of the Iernut power plant is not yet under the control of Iernut power plant management. Historically, the account was managed by the former owner ELCEN together with the other power plants operated by ELCEN, and it is very likely that the yearly remaining CO<sub>2</sub> allowances were collected and traded by ELCEN Group. For the emission trading period of 2008 – 2012, 5.159.772 CO<sub>2</sub> certificates were

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allocated to the Iernut power plant, which used only 2.766.903 certificates. Due to the fact the Romgaz is not aware of the number of granted allowances, no financial scenario was developed by the Iernut power plant management yet for the emission trading period of 2013 – 2020.

It could not be evaluated by ERM at the current stage whether the granted allowances to the power plant will be adequate or whether any allowances have to be bought by the site in the future. As a conservative approach ERM assumed that the number of allowances will not be sufficient. In the MLC scenario ERM assumes that a maximum of 10 % of the allowances needs to be bought by Iernut at a price in the range of the current CO<sub>2</sub> allowance of EUR 4.5 per allowance resulting in costs of EUR 1.2 million. In the RWC scenario ERM assumes that a maximum of 50% of the allowances needs to be bought by Iernut at an average price of EUR 10 per allowance, resulting in costs of EUR 13.5 million.

At some of the Romgaz portfolio sites, the operation of open metal tanks, basins or concrete basins for the intermediate storage or collection of salt water (formation water) was observed, partly with significant odour impact in the surrounding of such basins due to fugitive emissions of volatile organic compounds (VOC). Currently, there are no requirements from the authorities for any monitoring or mitigation measures regarding odour. In addition, no complaints from the neighborhood regarding odour impacts were reported. However, it is likely that odor mitigation measures will be required in the mid- to long-term at relevant sites.

#### **4.5.5 Wastewater Management**

Wastewater generated at the *Romgaz* portfolio sites normally comprises sanitary wastewater and storm water runoff. Saltwater (formation water) from well drilling and gas production process is collected and re-injected into the ground at relevant injection wells.

At the production and service sites, oil is handled and stored, bearing the risk of spillages and subsequently the impact of storm water runoff. Therefore, oil / water separators are installed at several of such relevant oil storage and handling areas. However, at some sites (e.g. at the SIRCOSS Craiova workshop) an oil/ water separator was observed to be missing and the installation of such a separator is needed to pre-treat potentially impacted storm water runoff. The installation of oil/ water separators at some of the *Romgaz* portfolio sites is not considered to be material.

#### **4.5.6**      *Waste Management*

In general, hazardous waste generated at the site of the *Romgaz* portfolio are either related to production activities (well drilling, gas treatment), or to the operation of the compression stations and maintenance activities. Evidence of improper waste collection either on unsealed ground, without required secondary containment or without adequate labeling was observed during the assessment. In addition, evidence of proper waste disposal was not provided for review (e.g. sludge from the WWTP at the Iernut power plant) during the EHSS assessment, bearing the risk of either fines or costs if improper waste management is conducted. However, at the current stage, there was no evidence of significant subsurface contaminations caused by the observed deficiencies regarding improper waste management with potential material costs.

There is one landfill for non-hazardous drilling waste operated related to the Targu Mures Production Sector. The Ogra landfill was developed on a former clay quarry with a granted concession for 25 years, and consists of a waste conditioning facility and two cells for waste dumping. A provision of RON 1,677,700 (EUR 373,000) for site closure and post monitoring is to be built over a period of 20 years (2007 – 2027) through annual equal deposits within a bank account. Reportedly, payments are regularly made by the Company, in the range of approximately RON84,000 annually, which resulted in a total deposit of approximately 566,000 RON (EUR 126,000) as of September 2013. The payment made to the bank account is therefore ahead needed and has exceeded the expected to date level of approximately RON 420,000 for a period of five years (calculated assuming equal payments are made over the period of 20 years). Regular payment rate has to be sustained in order to achieve the requested provision of RON 1,677,700 by first quarter of 2027.

#### **4.5.7**      *Health & Safety Issues*

*Romgaz* has not implemented a formal health & safety management system at their sites, however none is legally required. Relevant health & safety issues are handled at the sites on a day-to-day basis. The site visits observed some deficiencies with regard to health & safety, including the following:

- the safety device of a condensate storage tank was observed to fail a year ago and was not immediately replaced;
- missing visible warning signs to mark the dangerous places within a structure (warning dangers of falling from height, drowning, electrocution, explosion risk) at some sites;

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- incomplete risk assessments not identifying and covering the impacts on the health of *Romgaz* operators arising in combination across the *Romgaz* operations and cumulatively with other operations taking place in the same time (Amromco Energy); and
- improper use of personal protective equipment (PPE) at *Romgaz* sites.

During the interviews with *Romgaz*'s representatives and after reviewing the accidents register, four fatalities were recorded in the last 5 years within Media Gas Production Branch: one fatality happened during the driving of a tractor, two occurred during the operation of pressure valves associated to the condensate tanks and another one during the work at a production well (see the conclusion of the inspection report mentioned in the Chapter 4.1).

A number of 16 accidents were recorded in the last 5 years by *Romgaz*, being reported to the Local Labor Inspectorates and resulted with temporary activities interruption of injured employees.

Formal investigations according to the Romanian Legislation were conducted by *Romgaz*'s representatives and relevant authorities. In general, the conclusions of these investigations were that accidents were mainly caused by involved employees (negligence of the employees during their activities) or work place conditions (falling on ice, falling from height etc.).

No root cause analyses were performed in order to investigate and understand the real cause of all these events.

ERM considers the single health & safety issues not to result in material costs implications, however, the identified deficiencies with regard to health & safety partly revealed a low level of awareness regarding health & safety risks related to *Romgaz* activities.

#### 4.6

#### **CLAIMS AND LITIGATIONS**

None of the sites of the *Romgaz* portfolio is subject to pending or potential claims.

*Romgaz* is currently involved in a total number of 86 litigations, including the following:

- litigations filed by *Romgaz* as petitioner against companies which are in debts to the former for gas supply, applicable penalties;
- challenges of fines given by the Local Labor Inspectorate Bacau, National Fiscal Administration Agency.



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*Romgaz* is also the defendant in litigation with natural and legal entities for several administration actions not related to the productions and cases in which natural entities requiring the decommissioning of pipelines crossing their private properties and payment of financial damages.

According to the documents reviewed by ERM, the financial damages claimed by petitioners from *Romgaz* are below the level of materiality set for this assessment (the highest claim was for EUR 120,000). None of the financial damages claimed by natural entities were approved for payment by the courts of law.

#### *Expropriation*

*Romgaz* is entitled, on the grounds of the provisions regarding expropriation for causes of public utility, to trigger expropriation procedures for cases when they cannot secure otherwise access to land areas required to implement local, county and national objectives/facilities.

As one example regarding the procedures implemented by *Romgaz* for mandatory expropriations, ERM reviewed documents provided by *Romgaz* regarding the proposed expropriation of the access road and Well 15 Bilciuresti pipeline. The compensation has been assessed by an independent expert who prepared a report in April 2013 based on the market comparison (estimating the market value at that time) and income capitalization methods. According to the documentation to base the issue of the Government Decision on the expropriation of the above-mentioned well pipeline, the compensation value was set to RON 503,479 (approximately EUR 113,000).

## 4.7

### *SOIL AND GROUNDWATER ISSUES*

Given the nature of *Romgaz* activities, e.g. handling of large amounts of hazardous substances (oils and other chemicals) or other substances with a potential to affect the environment (salt water) at the production sites, related dewatering and compression stations, and the underground oil and fuel storages used in the past, the risk for the potential occurrence of material soil and groundwater issues associated with the current sites activities of *Romgaz* portfolio is considered to be moderate.

Based on the information provided local subsurface impacts due to oil spills, leakages, pipe damages, improper storage of salt water (formation water) or inadequate discharge of potentially impacted storm water occurred at several areas of the *Romgaz* branches in the past and were partly remediated without related available records. However, none of the remediation measures performed in the past have been reported to require material costs.

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Currently only one landfill (Orga landfill, for details please refer to section 4.5.7 *Waste Management*) is operated by Romgaz and one operated in the past has been closed in 2004 (Dumbravioara landfill, refer to section 4.8 *Former activities - Closed and Divested Sites*).

Another landfill was known to have been operated at the Iernut power plant site prior to the purchase by Romgaz in January 2013. The landfill was decommissioned in 2012 and all waste material was reported to have been removed (for details refer to section 4.7.2 *Potential Subsurface Impacts*).

No other landfills were reported to have been operated by Romgaz (either on-site or off-site) or were or are operated by third parties at Romgaz properties.

According to information provided, no mercury or radioactive waste has ever been generated by Romgaz during the gas production process, requiring disposal as waste.

#### **4.7.1 Known Subsurface Impacts**

According to the information provided, there is currently only one area at the Romgaz portfolio where local soil contamination is known.

**# Former compression station Corunca:** On behalf of Romgaz soil sampling (limited to the shallow soil 5 cm to 30 cm below ground level) has been performed recently at several locations of the former compression station Corunca by the environmental authority. The sampling revealed exceedances of the total petroleum hydrocarbon (TPH) threshold levels (threshold exceeded 2 to 13 times) in the area of the former oil storage tanks (total of five aboveground storage tanks with capacities of 10 m<sup>3</sup> and 20 m<sup>3</sup> respectively and one 10 m<sup>3</sup> in-round tank (used for storage of oil recovered from the gas-oil separators). Romgaz was requested to perform a study to delineate the contamination by October 1, 2013. Romgaz has not yet started with the requested investigation and therefore it is likely that the deadline imposed by authorities will not be met. Romgaz informed ERM that an extension of the deadline will be requested. Romgaz has estimated that a maximum of 1,000 m<sup>2</sup> is impacted.

Considering that approximately 2,000 - 3,000 tons of impacted soil material may require adequate disposal as hazardous waste, associated costs are estimated by ERM to be in the range of EUR 300,000 – 500,000 in the most likely case (MLC) scenario, including landfilling, transportation, excavation and rehabilitation by clean soil material. In the reasonable worst case (RWC) scenario costs in the range of EUR 500,000 – 800,000 may occur, including,

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excavation, transportation and incineration of impacted soil material and rehabilitation measures at the relevant areas.

**4.7.2 Potential Subsurface Impacts**

During the EHSSDDA, several areas of potential concern (APC) with regard to potential subsurface impacts due to past and current activities at the Romgaz portfolio sites were observed. A summary of the revealed APC is given below:

**#Iernut Power Plant:** A 0.5 ha former landfill with a capacity of 320 m<sup>3</sup> has been used by the Iernut power plant since 1980. The landfill was closed down in 2012 with complete removal of waste from the relevant area, according to the provisions of the applicable permits issued for this project. However, no confirmation sampling was carried out at the end of the remediation and landfill closure activities. Groundwater post closure monitoring program was imposed for a 30 years period, however the sampling was not carried out due to the fact that no groundwater could be found in the wells.

At the time Romgaz purchased the Iernut power plant the responsibility for historical and current environmental liabilities, especially with respect to unknown land contamination, was not clearly defined. Therefore, there is a risk that Romgaz may be liable for potential further subsurface contamination being present at the area of the former landfill, as well as for other potentially contaminated areas at the Iernut power plant, which have not been revealed yet. Romgaz has currently not made any provisions for remediation cost of potential subsurface contamination.

In the RWC scenario ERM assumes that soil and groundwater remediation measures may be required at the area of the power plant, including the operation of two groundwater abstraction wells over a period of 10 – 20 years, with estimated costs between EUR 250,000 and EUR 500,000.

**#SIRCOSS Branch:** Former fuel stations were operated by SIRCOSS in Craiova, Ploiesti and Targu Mures workshops and in Medias with related aboveground storage tanks (ASTs) or underground storage tanks (USTs) (in Medias). The fuel station from Medias was decommissioned in the meantime and related tanks were emptied and cleaned. Reportedly, no evidence of subsurface impacts occurred at the time of the decommissioning processes. All other fuel stations were emptied/cleaned and are currently out of service.

**#STTM Branch:** Significant oil staining on concrete-made floors of Targu Mures maintenance workshop were observed, but no obvious damages of the concrete floors have been observed and oil absorbent (stored at easy accessible locations within the workshop) was reported to be used to collect spillages.

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No material issues have been reported and no evidence of significant subsurface impact by oils and hazardous substances at the STTM sites was observed during the site visit.

**#Targu Mures Production Branch:** Significant oil staining was observed at the Mures Compression Station in the area of the oil storage tanks. No soil and groundwater investigations have been performed at the site and the subsurface contamination status at the site is unknown. In addition, intermediate storage or collection tanks for salt water (formation water) were observed at several of the production sites being either significantly corroded or/and not placed on adequate secondary containment. Secondary containment was observed to be partly deteriorated and some concrete basins for collection of salt water showed significantly cracks or damages.

No soil and groundwater quality investigations were conducted by Romgaz, nor were required by the relevant environmental authorities (especially for the places where open metal basins are corroded or are placed directly on unsealed ground). The current conditions of storage and collection basins for salt water (formation water) bear the risk that such type of water may lead to an impact to soil and groundwater quality. Currently, there are no records of any spills or environmental incidents caused by cracks of the underground salt water and gas transport pipelines.

In the MLC scenario ERM assumes that about EUR 50,000 will be required for minimum improvement measures of collection basins. In the RWC scenario ERM about EUR 150,000 may be required for improving all collection basins and related secondary containment, and to replace significantly corroded collection basins.

**#Medias Production Branch:** No inventory of historical contaminated site related to the production branches was available during the EHSSDDA. However, it was reported that former practices during well drilling involved the storage of drilling waste and other types of waste into excavated pits located near the wells. These pits were subsequently compacted and covered with excavated soil. No information was available regarding the location of these pits.

In addition, evidence of local subsurface impacts were observed at several areas during the site visits, including formation water spills at injection wells, drilling fluid and formation water impacts around production wells, and of oil spills at compression stations. However, such subsurface impacts appeared to be local impacts and no evidence of widespread subsurface contamination was observed during the assessment.

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The Roman Section comprises one former drilling waste storage site (DS Frasin) which was operated back in the 70's and nowadays was transformed into a stormwater pond (late 80's) used for firefighting purposes. Furthermore, a gas condensate storage facility comprised of two aboveground steel storage tanks of 30 m<sup>3</sup> each, fitted with concrete secondary containment used to be operated on the site of DS Harlesti. As part of the station's modernization in 2005, the tanks were decommissioned and the concrete secondary containment restored to its initial condition, as required by the environmental authorities. According to the site contacts no land remediation works took place at the former waste storage area or the gas condensate storage facility and there are no remaining liabilities. There was no evidence of any soil and groundwater monitoring of the area. One of the sites covers about 3,500 m<sup>2</sup> (DS Frasin), and the other about 300 m<sup>2</sup> (DS Harlesti).

During the assessment it was noticed that there is no systematic monitoring of the over 30 years old formation water pipes regarding corrosion which may lead to accidental spillage. During the site visit ERM observed a pipe leaking (Injection Well 242 Roman) with an impacted area of about 100 m<sup>2</sup> where vegetation was burned and agricultural soil affected. Such subsurface impacts will result in compensation needed to be paid to the land owners. No records about the historic annual numbers of such pipe leaking issues with related compensation claims were available during the assessment. There is currently no pro-active approach by *Romgaz* to regularly check pipeline conditions and have a maintenance schedule in place in order to prevent pipeline leakages.

Several issues of pipeline (gas or salt water) and production well impacts as well as minor losses of production wells by land sliding were observed during the assessment. Only one recently started project for landslide stabilization was reported. The construction of a wall to stabilize the slide in the area of two production wells from Silivasi village (Sarmasel Production Section) is scheduled. No detailed cost estimated was provided by site contacts, but based on the information available it can be considered relevant costs will not be material.

Romgaz does not maintain a register of production wells and pipelines which are potentially impacted by land sliding. Based on the information provided it appears that Romgaz has no pro-active approach to identify and respond to equipment which is potentially impacted by land sliding.

Overall, no evidence of widespread subsurface contamination due to past and current activities at the Romgaz portfolio sites was observed. However, there may be several hot spot areas with subsurface contaminations. Given, Romgaz has not performed any comprehensive subsurface investigations at the

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relevant APC in the past, no details regarding presence and extent of contamination at the APC were available. ERM roughly assumes that in the MLC scenario about EUR 350,000 may be required for hot spot remediation measures and about EUR 500,000 in the RWC scenario.

#### 4.7.3 *Material Costs*

A table comprising the identified APC and associated material costs is presented below:

No	APC	MLC (EUR)	RWC (EUR)
1	Corunca former compression station	300,000 - 500,000	500,000 - 800,000
2	Iernut Power Plant, groudwater remediation		250,000 - 500,000
3	Tg Mures open basins	50,000	150,000
4	Subsurface investigations at the relevant APC in the past at Romgaz portofolio sites	350,000	500,000
<b>TOTAL</b>		<b>700,000 - 900,000</b>	<b>1,400,000 - 1,950,000</b>

#### 4.8 *FORMER ACTIVITIES - CLOSED AND DIVESTED SITES*

No details regarding closed or divested sites were provided by Romgaz during the EHSSDDA.

##### **Drilling Wastes Landfill Dumbravioara**

Romgaz operated in the past a landfill for disposal of drilling wastes located near Dumbravioara village, approximately 10 km north of Targu Mures city. The landfill has been reportedly operated over a period of approximately two decades and was closed on 2004 (landfilling ceased on 2003). The area formerly occupied by the landfill is currently used as sheep pasture. The former landfill is located approximately 600 m east of major watercourse, Mures River and approximately 700 m west of Dumbravioara village.

Reportedly the landfill was located on a depression (possibly formed due to past use of the site as borrow pit) of the relatively flat pasture area. The landfill has been used for drilling mud disposal. However, as reported by interviewed Romgaz personnel other wastes (e.g. used tires) have also been



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dumped at the site. Reportedly the bottom of the landfill was not provided with sealing layer. No information on the wastes quantities disposed in the past at the site is available. According to ERM field observations, the former landfill occupied an area of relatively circular shape with a diameter of approximately 130 m – 150 m.

According to the environmental permit the landfill closure works included:

- removal and disposal of the oil film from the surface of accumulated water;
- removal of accumulated water and injection into the natural gas field using Ernei injection station;
- filling of the landfill with soil from the site perimeter and its immediate vicinity;
- provision of fertile soil cover and grass seeding.

In line with the environmental permit, post-closure monitoring is performed by *Romgaz* over a period of 30 years from site closure. The monitoring program includes yearly groundwater and Mures River water sampling and analysis.

Groundwater is monitored from 3 draw wells (used for water supply), two located on the pasture surrounding the site and one located at a residential property within Dumbravioara village, approximately 700 m east to the site. Monitored parameters are: total petroleum hydrocarbons, iron, manganese, copper, lead. Sampling results available for ERM review (2005 – 2012 sampling) indicate values below threshold limits for all parameters determined. In 2012, values below analysis method detection limits have been determined for most parameters analyzed.

Mures River water is monitored from two locations located upstream and respectively downstream of the former landfill location. Monitored parameters are total petroleum hydrocarbons, iron and manganese. The monitoring performed starting 2005 revealed reduced values (in general below detection limit) for all parameters determined.

No material issues have been identified.

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A: Site Reports

ANNEX A

## Site Reports

## **IERNUT POWER PLANT**

The Iernut power plant is an 800 MW gas fired thermal power plant formed by 5 gas fired units for steam and energy generation. The power plant has been in operation since 1964 and after it became part of the Integrated Pollution Prevention and Control Directive (IPPC Directive) requirements, a transition period until end of 2013 was granted for the old thermal power plant. Derogation from the Large Combustion Plant Directive (LCP Directive) limit values was granted by the authorities for units 2 and 3, provided that they will be only operated for a maximum of 20,000 hours each until the end of 2015 and will then finally be decommissioned. The Iernut power plant was taken over by Romgaz in January 2013. An ERM Team formed by Silviu Harabagiu and Ninel Lazar visited Iernut power plant on 28 and 29<sup>th</sup> August 2013.

The following table summarises ERM's findings of the site visit at the Iernut power plant.

# Iernut Power Plant

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	Comments
<b>Air emissions</b>			
<p>Air emissions generated at the thermal power plant include sulphur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) particulate matter (PM) and carbon monoxide (CO) and are subject to the legal requirements on air emissions. According to the Integrated Permit granted to the power plant, the limit values for NO<sub>x</sub> were set to 300 mg/m<sup>3</sup> (starting with 01.01.2014) for units 1 and 4, and to 200 mg/m<sup>3</sup> for unit 5. For units 2 and 3, the power plant holds an exemption from the applicable limit of the Large Combustion Plant Directive (LCP Directive), provided that those 2 units will not run more than 20.000 hours each during 01.01.2008 - 31.12.2015. Due to the applicable requirements of the Industrial Emission Directive (IED Directive 2010/75/EU), the Iernut power plant needs to lower its NO<sub>x</sub> emissions at all units below 100 mg/m<sup>3</sup> by 01.07.2020. Currently the daily averages NO<sub>x</sub> emissions for units 1 and 4 are around 600 mg/m<sup>3</sup> and below 190 mg/m<sup>3</sup> for unit 5. According to the action plan negotiated with the environmental authorities, the power plant needs to install low NO<sub>x</sub> burners for units 1 and 4 by the end of last quarter of 2013. Currently, Romgaz is testing a technical solution (exhaust air recycling) that will lower the NO<sub>x</sub> emissions at units 1 and 4 below 300 mg/m<sup>3</sup>. This solution is not yet tested at full scale, and if unsuccessful, the company will not be able to meet the deadline. If successful, though, the deadline will be met only for unit 1, and unit 4 will very likely need extra 6 months to be completed.</p> <p>However further actions will be required for all units to meet the NO<sub>x</sub> level of 100 mg/m<sup>3</sup> by July 1, 2020. No improvement measures are required at any of the 5 units regarding the remaining applicable air emission parameters.</p>	5-6 M	12 M	<p>It is considered by the environmental manager of the Iernut power plant that the estimated costs of 12 million EUR for the low NO<sub>x</sub> burners for units 1 &amp; 4 was overestimated back in 2006. The real figure are estimated to be in the range of 5 - 6 million EUR.</p>

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	Comments
<p>The Iernut power plant is subject to the carbon dioxide (CO<sub>2</sub>) emission trading requirements in line with the European Emission Trading System (EU-ETS). The applicable EU-ETS account of the Iernut power plant is not yet under the control of Iernut power plant management. Historically, the account was managed by the former owner ELCCEN together with the other power plants operated by ELCCEN, and it is very likely that the yearly remaining CO<sub>2</sub> allowances were collected and traded by ELCCEN Group. For the emission trading period of 2008 – 2012, 5,159,772 CO<sub>2</sub> certificates were allocated to the Iernut power plant, which used only 2,766,903 certificates.</p> <p>There is no financial scenario developed by the Iernut power plant management for the emission trading period of 2013 – 2020, this resulting in no provision have been made yet for potential purchase of CO<sub>2</sub> allowances. Starting with September 2013, the company management has access to the EU-ETS National Register account.</p>	≤1.2 M	≤13.5 M	<p>In the MLC scenario ERM assumes that a maximum of 10 % of the allowances needs to be bought by Iernut at a price in the range of the current CO<sub>2</sub> allowance of 4.5 EUR per allowance. In the RWC scenario ERM assumes that a maximum of 50% of the allowances needs to be bought by Iernut at an average price of 10 EUR per allowance. However, given the power plant currently does not know the exact number of allowances granted by the authorities, and also has no details regarding the number of allowances which were applied by ELCCEN for the third emission trading period of 2013 – 2020, the assumptions made by ERM are not based on detailed information applicable to the power plant and rather present conservative assumptions regarding emission trading.</p>
<p>Compliance with the ambient air quality standards for the power plant generated emission according to Law 104/2011 is not known by the site. In 2012 an air emission modelling was performed by a certified third party on behalf of Romgaz, which showed an area of influence by site activities extending to about 1.8 km SW of the site, thus close to Cuci village. According to the modelling results, currently there is no risk of exceeding applicable limit values. However, in case of future observation of exceeded standards of any parameter that can be associated to plant activities, the authority (EPA) may require further monitoring and subsequently request reduction of emissions.</p>	No material costs required	No material costs required	<p>At the current stage there is no evidence that emission reduction measures may be required for the power plant in the future. Reduction of NO<sub>x</sub> emission by beginning of 2014 and further by July 2020 is already scheduled by the Iernut power plant.</p>
<b>Wastewater discharges</b>			
<p>The currently applicable wastewater discharge limits as set in the Water Management and IPPC permits are above the legal requirements (e.g. suspended matter limit set up at 60 mg/l instead of the legal limit of 35 mg/l). Currently there are no requirements from the authorities and no investment is planned to reduce applicable current concentrations in order to meet the legal threshold.</p> <p>On discharge outlet #2 for domestic wastewater the average annual concentration of suspended matter (MTS) in 2012 was 37.8 mg/l. The</p>	No material costs required	No material costs required	<p>Improvement of the WWTP is required in the short to mid-term, however, improvement measures to comply with the threshold value for MTS are considered unlikely by ERM to be material.</p>



<b>Finding</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>	<b>Comments</b>
<p>continuous exceeding of 35 mg/l standard limit or even sometimes of the permitted limit of 60 mg/l of MTS triggered the request plant by the Water Authority for modernisation of the wastewater treatment plant (WWTP) transposed into the environmental operation permit action plan back in 2007. The site is currently in process to determine what causes the elevated concentrations of MTS. Currently it is not clear whether Iernut will be able to manage the WWTP rehabilitation to be finalised by the end of 2013. Iernut is currently in the process of choosing an adequate contractor to perform the required improvement measures of the WWTP.</p>	No material costs required	No material costs required	The installation of a fish ladder and the concept for adequate water supply over the year is likely to have to be established in the mid-term.
<p>According to Annex II of the Mures River Basin Management Plan (approved by the Romanian Government) Iernut power plant needs to compile a Solution Study for a fish migration passage by 2018 and to implement the technical solution recommended by the study by 2021. This measure was not also transposed into the water management permit of the plant and therefore not budgeted so far by the company. This study may trigger some serious investments and possible limitations regarding the dam exploitation and insurance of necessary water flows for fish passages that can have implications related to the availability of the water for cooling.</p>	No material costs required	No material costs required	In the mid-term it is considered likely by ERM that the power plant has to improve the treatment of cooling water in summer time prior to the discharge into the river in order to meet the maximum temperature level of 35° C.
<b>Waste management</b>			
<p>Evidence of proper disposal of the sludge from the WWTP was not provided for review during the EHSS assessment. The only waste generated at the WWTP that is disposed by a certified disposal comprises spent activated carbon filters, ion exchange resins and related waste. After the modernisation of the WWTP, the sludge will be managed according to the legal provisions.</p>	No material costs required	No material costs required	Sludge from the WWTP requires adequate disposal. However, change of sludge disposal is not considered to cause material costs.

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	Comments
<p>During the site visit, evidence of waste mismanagement was observed as used pipelines and other metal scrap was stored improperly on open ground or on non-designed areas without adequate labelling. At one of these locations asbestos tiles were observed to be stored on open air without any protection measures.</p> <p>Two designed areas for temporary waste storage are operated on the site, one for CMD waste (generally compliant, yet the floor slope may carry water on the adjacent land), and the other one for waste oil and waste asbestos containing materials. The latter waste collection area was observed not to have any secondary containment with local signs of spills.</p> <p>Asbestos containing material (ACM) is currently still used at two cooling towers and some roofs, which may require safe disposal in the future.</p>	<p>No material costs required</p>	<p>No material costs required</p>	<p>No material costs are considered to be required for adequate collection of waste.</p>
<p><b>Health and Safety Culture</b></p>			
<p>Although the company has a OHSAS 18000 safety management system in place, poor H&amp;S behaviour of employees was observed by ERM during the site visit, which appeared to be tolerated by the management (e.g. apart from some overalls), none of the employees wears any type of PPE, and safety rules were observed not to be followed, although signalling is in place). The risk from working with fire in the gas powered plant appeared to be largely neglected, with poor labelling of explosion risk areas, and people (even from management) were observed smoking in the power house next to the gas pipes. Within 2013 three work accidents occurred at the site and one case of professional disease (hearing loss) was noted.</p>	<p>No material costs required</p>	<p>No material costs required</p>	<p>No material costs are considered by ERM to be required to improve the safety awareness of Iernut employees. However, there is a high risk of an accident caused by inadequate safety behaviour of employees, which may result in significant damages or loss.</p>
<p>Although the company has received a letter from the Safety Inspectorate stating the site to be a SEVESO Tier 1 site, it was noted by ERM that the storage capacity for hydrazine noticed in the applicable IPPC permits exceeds the Tier 2 threshold of the SEVESO Directive. Given the site is subject to the SEVESO Tier 2 requirements, a Seveso safety report and internal emergency plan must be prepared and implemented by the Iernut power plant and the public and the neighbour companies must be informed about the relevant safety risks. Currently, no safety report has been compiled and no information of the public and neighbour companies has been performed.</p>	<p>No material costs required</p>	<p>No material costs required</p>	<p>No material costs are considered by ERM to be required to compile the required Seveso safety report and to implement relevant emergency response equipment in line with legal requirements of the SEVESO Directive.</p>

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	Comments
<b>Land contamination and historical liabilities</b>			
<p>A 0.5 ha former landfill with a capacity of 320 m<sup>3</sup> has been used by the Iernut power plant since 1980. The landfill was closed down in 2012 with complete removal of waste from the relevant area. No confirmation sampling was carried out at the end of the remediation and landfill closure activities.</p> <p>At the time ROMGAZ purchased the Iernut power plant the responsibility for historical and current environmental liabilities should be agreed between the seller and respectively the buyer using the guidelines of the transfer contract. However, the agreement leaves room for interpretation especially with respect to unknown land contamination which may result in significant expenditure for remediation by ROMGAZ in case any such subsurface contamination will be identified later on.</p> <p>Based on the information provided, ERM assumes that ROMGAZ will be liable for any subsurface contamination related to the area of the thermal power plant, including the area of the former landfill. ROMGAZ has currently not performed any provisions for remediation cost of potential subsurface contamination.</p>	No material costs required	250k - 500k	In the RWC scenario, ERM assumes that soil and groundwater remediation measures may be required at the area of the power plant, including the operation of 2 groundwater abstraction wells over a period of 10 - 20 years.

## MEDIAS PRODUCTION SECTOR

The Medias production sector comprises production sections at Agnita, Compression, Delenii, Roman, Medias, Cristuru-Secuiesc, Danes and Filitelnic.

The production section Agnita comprises 17 well groups (143 production wells, 6 wells temporary out of service, 10 abandoned wells in the last 5 years), 6 dewatering stations, 2 compression and 4 injection stations (6 injection wells).

The compression section comprises 8 compression stations (6 using gas compressors and 2 using electric compressors), 5 field compressors (out of which 4 gas compressors and 1 electric compressor) and 5 well compressors.

The production section Delenii comprises 38 well groups (330 production wells, 8 wells temporary out of service, 9 abandoned wells in the last 5 years), 5 dewatering stations, 2 compression and 3 injection wells.

The production section Roman comprises 63 well groups (171 production wells, 37 abandoned), 8 dewatering stations, 4 injection stations (4 injection wells).

The production section Cristuru-Secuiesc comprises 20 well groups (144 production wells, 2 wells temporary out of service, 12 abandoned wells), 1 dewatering station, 1 compression and 3 injection stations (7 injection wells).

The production section Medias comprises 28 well groups (245 production wells, 1 well temporary out of service, 60 abandoned wells), 7 dewatering station, 2 compression and 3 injection stations (6 injection wells).

The production section Filitelnic comprises 27 well groups (349 production wells, 5 well temporary out of service, 6 abandoned wells in the last 2 years), 3 dewatering station (1 using triethylene glycol (TEG), 2 using silica gel from which one is out of service), 2 compression and 3 injection stations (4 injection wells).

The production section Danes comprises 21 well groups (155 production wells, 4 well temporary out of service, 6 abandoned wells in the last 5 years), 5 dewatering station (4 TEG, 1 deliquescent salts), 2 compression and 5 injection wells with cementing rigs.

ERM team visited on the 28<sup>th</sup> of August to 4<sup>th</sup> of September the following sites:

- Production Section Agnita:
  - o Barghis dewatering station (DS) (comprising also the injection pumps – the injection well could not be visited due to difficult access and long distance) – using silica gel;
  - o Operating wells and one abandoned well;

- Production Section Delenii:
  - o Delenii-Cuci dewatering station – using TEG;
  - o Delenii section headquarters, including wastewater treatment facility (out of service), tubing cleaning and storage facility, chemical storage, warehouse;
  - o Botorca dewatering station – using TEG;
  - o Operating wells.
- Production Section Cristuru-Secuiesc:
  - o Section headquarters comprising former washing station, former fuel station, workshops and spare parts storage areas.
  - o Cristuru dewatering station (DS) – using TEG;
  - o Group of wells;
  - o Operating wells, 2 abandoned wells and injection wells.
- Production Section Medias:
  - o Foam sticks workshop in Medias.
  - o Tauni/Lunca dewatering station (DS) – using TEG;
  - o Tauni dewatering station (DS) – using silica gel;
  - o Sancel dewatering station (DS) – using deliquescent salts;
  - o Cetatea de Balta dewatering station (DS) – using TEG: at the time of the visit the station was not operational; Romgaz is planning to relocate the station to a more productive gas field;
  - o Group of wells;
  - o Operating wells.
- Production Section Filitelnic:
  - o 3 injection stations;
  - o Tigmandru dewatering station (DS) – using TEG and silica gel (out of service);
  - o Laslau Mare dewatering station (DS) – using silica gel;
  - o Group of wells;
  - o Operating wells, 1 one with sludge box, 1 with gas compressor, 1 during capital repairs and 3 injection wells.
- Production Section Danes:
  - o Danes dewatering station (DS) – using TEG;
  - o Nades dewatering station (DS) – using TEG;
  - o Danes mechanic-biological WWTP;
  - o Group of wells;
  - o Operating wells, 1 field compressor, 1 well during drilling activities and 1 injection well.

- Production Section Roman:
  - o Sasca dewatering station (DS) – using TEG;
  - o Tazlau dewatering station (DS) – using silica gel;
  - o Valea Seaca dewatering station (DS) – using TEG;
  - o Frasin dewatering station (DS) – using silica gel;
  - o Harlesti dewatering station (DS) – using TEG;
  - o Homocea dewatering station (DS) – using silica gel;
  - o Glavanesti dewatering station (DS) – using TEG;
  - o Group of wells;
  - o Operating wells, 1 abandoned well, 1 injection well.
- Compression Section:
  - o Delenii Compression Station (CS) – using gas compressors;
  - o Botorca Compression Station – using gas compressors;
  - o Cristur Compression Station (CS) – using gas compressors;
  - o Tauni/Lunca compression station (CS) – using electric compressors;
  - o Filitelnic compression station (CS) – using gas compressors;
  - o Tigmandru compression station (CS) – using gas compressors;
  - o Danes compression station (CS) – using electric compressors.

The following table summarises ERM’s findings of the site visit at the Medias Production Sector.



# 1. Medias production branch

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €
<b>Drilling activities</b>		
<p>All well drilling activities are performed by specialised contractors. A EHS protocol is attached to each contract setting the liabilities related to this activity. Romgaz is performing monthly site inspection to ensure the contractor's compliance with the protocol and legal requirements. Romgaz liabilities start when the site is handed over at well completion.</p> <p>An area of approximately 5.000 m<sup>2</sup> around the well is leased from the owner in order to perform the drilling activities. When the well was installed and placed into operation, an area of approximately 4x4 m is acquired/ leased by Romgaz, while the rest is returned to owner either in its initial quality or with compensation for damages, accordingly.</p> <p>Usually, the EHS non-compliances observed during drilling activities involve the disposal of drilling waste to an inadequate landfill (hazardous waste to non-hazardous landfill), lack of PPE, working at height without safety harness, using improvised/improper equipment, digging trenches or pits without stabilising the walls, which however is the responsibility of the subcontractor. Waste normally generated during drilling activities comprises drilling fluid, detritus and formation water.</p>		
<b>Operation activities</b>		
<p>Products and by-products resulting from extraction activities are separated at the well surface and include:</p> <ul style="list-style-type: none"> <li>-gas: transported through pipes to the dewatering and compression stations;</li> <li>-formation water: temporarily stored in tanks and later injected at injection wells;</li> <li>-condensate (short-chain hydrocarbons, C5-C25): temporarily stored in tanks and sold to refineries. The trucks transporting the condensate belong to the buyers</li> </ul>		

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €
while the filling points are owned and operated by Romgaz.		
<b>Air emissions</b>		
<p>During site visits, ERM noted the following emission sources (stacks) associated to:</p> <ul style="list-style-type: none"> <li>- gas heating systems or gas oxidizers in the dewatering stations;</li> <li>- gas compressors in the compression stations;</li> <li>- field compressors and well gas compressors;</li> <li>- heating unit for the operator building;</li> <li>- combustion engines used during the drilling of wells;</li> <li>- flaring during capital repairs of wells.</li> </ul> <p>Some of the emission sources are required to be monitored and Romgaz is not fully compliant in this regard. No exceedances were recorded by the Romgaz air emissions monitoring.</p>	No material costs required	No material costs required
<p>During site visits (mainly in the CS and DS) a specific gas odour was noticed. Flaring was observed during the capital repairs of a production well in Danes section. Based on the available information no COV monitoring is performed and none is required by the environmental authorities. No complaints have been recorded regarding odour, as the operational sites are usually remote.</p>	No material costs required	No material costs required
<p>Romgaz is paying the required fees for fugitive emissions of CH4 from venting and burned gases (CO) from heating and compression, calculated based on the CORINAIR methodology.</p>		
<p>Medias production branch is operating the following dewatering stations: 23 fitted with flares and TEG cooling systems, 1 TEG with no flare (Botorca), 3 with deliquescent salts (Li-Ca) and 9 with silica gel. All dewatering stations hold the required environmental permits and no specific improvement measures are comprised by these documents.</p>		
<b>Water supply and wastewater</b>		
<p>Water is supplied from surface and underground sources for sanitary and industrial purposes (de-icing of wells and cooling of compressors). Wastewater from dewatering stations is treated in micro stations or in the biological WWTP Danes (which also treats the sanitary wastewater from the municipality sewer). The old Danes WWTP is currently out of service and a new WWTP was constructed onsite and was put into operation since 2011. No</p>	No material costs required	No material costs required

<b>Finding</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>
<p>exceedances have been reported since the new WWTP started to operate. The compression stations are fitted with oil/ water separators. Monthly monitoring of the wastewater quality is performed by Romgaz at an own analytical laboratory.</p> <p>Sanitary wastewater and storm water is discharged into the municipal sewerage system (Cristuru-Secuiesc Production Section). No deficiencies were reported.</p> <p>Not all sites are performing regular wastewater monitoring according to the permit's requirements, especially of the main wastewater streams which discharge directly into natural receptors (e.g. CS Botorca not monitoring TPH, CS Lunca not monitoring the treated storm water). The implementation of regular wastewater monitoring of all relevant wastewater stream in line with the permits and legal requirements does not cause material costs.</p> <p>The analysis reports of the treated sanitary wastewater revealed some exceedances mainly for ammonia. Generally, the operational sites are fitted with local wastewater treatment installations (Biocleaner) and in some cases the treated sanitary wastewater is discharged on the neighbouring lands or small water courses (e.g. DS Barghis). Romgaz could be fined for discharging the wastewater without meeting the quality standards.</p>	<p>No material costs required</p> <p>No material costs required</p>	<p>No material costs required</p> <p>No material costs required</p>
<b>Waste management</b>		
<p>Metallic waste was improperly stored directly on the ground on multiple sites.</p> <p>Sludge from the WWTP is temporarily stored onsite on drying beds (concrete platform). After dewatering, the sludge is used by Romgaz employees at their private plots as fertilizer. The quality of the sludge was not analyzed to date.</p>		
<b>Chemical storage</b>		
<p>Triethylen glycol (TEG) drums, oil and other chemicals (corrosion inhibitor, corrosive cleaners, paint etc.) were stored on concrete platform without roof protection, on multiple sites. Some of the drums showed signs of weathering (rusted).</p>		

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<b>Soil and groundwater</b>			
No inventory of historical contaminated site is available. However, former practices during well drilling involved the storage of drilling waste and other types of waste into excavated pits located near the wells. These pits were compacted and covered with the excavated soil. No information was available regarding the location of these pits.			There is a risk due to the mentioned practice, however ERM cannot estimate any potential remediation costs at the current stage due to lack of detailed information and evidence of such pits.
Evidence of potential impact with mineral oil was observed in the area of the old compression hall on CS Delenii and on most of the CS Botorca site (compression hall, oil [new and waste] storage area, drainage wells etc.)			Stains of mineral oil were observed on concrete platforms which presented cracks and signs of deterioration. No information is available regarding the quality of the soil beneath these platforms. No cost estimations can be made without proper field investigations.
Former fuel station is still present at the area of the tubing facility in Delenii. However, the fuel station is currently not in use anymore and the related underground storage tank (UST) for diesel was emptied and cleaned. No information available on the tank's integrity, leakages into the soil, or soil quality around/ beneath the UST.	No material costs required	No material costs required	No information was provided regarding the historic integrity of the UST and any spills, leakages or overflow incidents with regard to the operation of the fuel station and the UST. ERM considers potential remediation costs with regard to the historic operation of the fuel station and the UST not to be material.
The well tubing in the Delenii facility is stored on metallic racks placed on concrete slabs or directly on the ground. Traces of waste resulted from cleaning of tubing were noticed beneath the racks and in the cleaning area.			
No evidence of impacted soil was noticed in the area of the production wells visited in the Agnita and Delenii Sections. Also, the abandoned well looked clean.			
Staining of petroleum products was observed in the area of the oil storage tanks in the old part of the CS Cristuru-Secuiesc.			
A former fuel station was operated in the Cristuru-Secuiesc section headquarters site, which is currently not in use any more and the UST for diesel was emptied and cleaned. No information was available on the tank's integrity, leakages into the soil, or soil quality around/ beneath the UST.	No material costs required	No material costs required	No information was provided regarding the historic integrity of the UST and any spills, leakages or overflow incidents with regard to the operation of the fuel station and the UST. ERM considers potential remediation costs with regard to the historic operation of the fuel station and the UST not to be material.
No evidence of impacted soil was noticed in the area of the production wells visited in the Cristuru-Secuiesc Section. Also, the abandoned wells looked clean.			
Due to a recent storm water run-off the separated water tank was tilted and spilled over at an area of approximately 80 m <sup>2</sup> -100 m <sup>2</sup> inside and outside the Sancel dewatering station (Medias production section).	No material costs required	No material costs required	
Evidence of formation water spills were observed at the injection station near 116 Filitelnic group of wells, and the concrete basin for the formation water showed			No information is available regarding the quality of the soil and the extent of the potential contamination. No cost estimations can be

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<p>damaged insulation. Spills were revealed at the well 339 Filitelnic under capital repairs, and inside the compression stations Filitelnic and Tigmandru.</p>			<p>made without proper field investigations.</p>
<p>Evidence of formation water spills at the injection well near 12 Prod group of wells were noticed. Drilling fluid and formation water was seen on the ground at the well drilling site (304 Nades). Oil spills were observed on a concrete surface in the Danes compression station.</p>			<p>No information is available regarding the quality of the soil and the extent of the potential contamination. No cost estimations can be made without proper field investigations.</p>
<p>There is no systematic monitoring of the over 30 years old formation water pipes regarding corrosion which may lead to accidental spillage. During the site visit ERM observed a pipe leaking (Injection Well 242 Roman) with an impacted area of about 100 m<sup>2</sup> where vegetation was burned and agricultural soil affected. Such subsurface impacts will result in compensation needed to be paid to the land owners.</p>	<p>No material costs required</p>	<p>No material costs required</p>	
<p>Potential for land contamination was observed in the immediate vicinity of the injection well due to improper scheduling of the injection processes (Roman Section). ERM have seen that most of the formation water storage tanks were full above 70% storage limits, at 242 Roman Injection Well.</p>	<p>No material costs required</p>	<p>No material costs required</p>	
<p><b>Historical liabilities</b></p>			
<p>The Roman Section comprises two one former drilling waste storage site (DS Frasin)s which was operated back in the 70's and nowadays was transformed into a stormwater pond (late 80's) used for firefighting purposes. Furthermore, a gas condensate storage facility comprised of two aboveground steel storage tanks of 30 m<sup>2</sup> each, fitted with concrete secondary containment used to be operated on the site of DS Harlești. As part of the station's modernization in 2005, the tanks were decommissioned and the concrete secondary containment restored to its initial condition, as required by the environmental authorities. According to the site contacts no land remediation works took place at the former waste storage area or the gas condensate storage facility and there are no remaining liabilities. There was no evidence of any soil and groundwater monitoring of the area. One of the sites covers about 3,500 m<sup>2</sup> (DS Frasin), and the other about 300 m<sup>2</sup> (DS Harlești).</p>			<p>No information is available regarding the quality of the soil and the extent of the potential contamination. No cost estimations can be made without proper field investigations in order to reasonably estimate remediation costs.</p>

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<b>Asbestos Containing Materials</b>			
Small quantities of ACM corrugated plates were observed in a limited number of sites in Medial production Branch. Some of them were removed and improperly stored and others were still in use as roofing.	No material costs required	No material costs required	ERM considers the costs for the adequate abatement of remaining ACM not to be material.
<b>Environmental Noise</b>			
All compressors (especially the new ones in CS Delenii) are generating significant noise. The limit of the noise level at the site boundary is 65 dBA. However no noise measurement results are available and no such monitoring is required by the permits. No noise abatement measures are considered to be required taking into account that the compression stations are remote.	No material costs required	No material costs required	
<b>Natural hazards</b>			
Due to shifting of tectonic plates wells in Noul Sasesc (Agnita section) were severed and thus abandoned about 10 years ago. One well in Danes section was abandoned due to landslides about 5 years ago.			Taking into account that the natural hazards risk of landslides exists in some areas where Romgaz wells are operating, the unit costs for re-drilling a well can amount 2 mil EUR – 3 mil EUR.
Landslides were reported to have occurred in Delenii section a few years ago. Reportedly, the damages consisted in losing one production well caused by the cracking of the underground extraction column.			
Landslides were reported to have occurred in Cristuru-Secuiesc section a few years ago. Reportedly, the damages consisted in losing 5-6 production wells caused by the cracking of the underground extraction column.			
2 wells were abandoned in the last 5 years due to landslides in Nades and Prod areas.			
In Roman section area are at least 49 pipelines overcrossing the Siret River, with risk of being damaged by flooding. Romgaz intends to assess these overcrossings in order to determine the required pollution prevention measures. There are no records of any spills or environmental incidents caused by cracks of the transport pipelines. Considering the long and traditional operational activities, this could become a potential liability issue in case of accidental pollution of Siret River occurs.	<MT	>MT	Costs associated to the risk of pipelines affected by flooding can only be estimated based on the results of a detailed survey of the overcrossings.



Health and Safety Findings	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €
<b>PPE</b>		
During site visits it was noticed that complete PPE was not used at all working places.		
<b>Risk assessments</b>		
The risk assessment documentation is prepared for all production sections. ERM reviewed some of them and no issues were identified.		
<b>SEVESO and ATEX</b>		
Roman Section: There are two locations with condensate storage tanks (DS Frasin 8x60 m <sup>3</sup> and DS Glavanesti 1x50+1x20 m <sup>3</sup> ) that are not classified as facilities subject to the SEVESO Directive requirements by the authorities due to the fact that there is no condensate storage activity in the area (yet) although the sites are to be classified by the maximum storage capacity (according to the SEVESO III Directive). This may result in significant expenditure for compliance assurance, why/if the authority decides otherwise.		
Roman Section: There are sites where the ATEX warning labels were not adequately placed in visible areas. In addition, restricted access to these areas is not visually displayed. Some of the indoor ATEX areas such as condensate pump houses were found not properly ventilated (the ventilation not used) - i.e. DS Glavanesti & DS Harlești, resulting in an elevated risk of explosions.		
<b>Social and Site Security</b>		
Roman Section: There is one particular site in Group 214 Buhusi where there is a historical conflict between the site staff and a local Romanies community. Reportedly there were instances of violent clashes between the two parties and often the site staff got injured. Also, there are cases of forcing the premises for robbery.		

## **SIRCOSS BRANCH**

SIRCOSS Branch comprises three Sections located in Medias, Targu Mures and Ploiesti. ERM auditors visited the Craiova Workshop belonging to the Ploiesti Section and the SIRCOSS Head Quarter located in Medias.

The following table summarises ERM's findings of the site visit at the SIRCOSS Branch sections.

# 1. SIRCOSS Branch Head Quarter (Medias)

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	Recommendations/ Comments
<b>Operation activities</b>			
<p>SIRCOSS is providing services regarding special interventions for the wells which are not operating at normal parameters.</p> <p>Interventions at the wells performed by SIRCOSS include capital repairs, production testing and special operations. Re-drilling is not part of SIRCOSS activities; this is usually done by specialised contractors (e.g. Foraj Sonde Craiova S.A.). Construction of aces ways and levelling of areas around the wells is done by the other Romgaz maintenance company ATTM.</p> <p>During interventions, the following preventive actions are taken:</p> <ul style="list-style-type: none"> <li>- use of metallic sludge boxes for waste storage;</li> <li>- use of pans for collection of potential oil leaks from equipment and installations used for well interventions;</li> <li>- placement of protection membrane at the surface soil around the subject well.</li> </ul>			
<p>Generated waste during well interventions includes:</p> <ul style="list-style-type: none"> <li>- drilling mud: hazardous and non-hazardous mud which is disposed off-site by authorised contractors;</li> <li>- formation water: filtered with mobile installations and transported to the injection wells by STTM trucks.</li> </ul>			

<b>Finding</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>	<b>Recommendations/ Comments</b>
<p>All SIRCOSS workshops are fitted with oil/ water separators (collecting storm water and technological wastewater) except at the workshop in Craiova where it is intended that an oil/ water separator will be installed as safety measure. A micro station for treating sanitary wastewater and an oil/ water separator are fitted at the workshop in Medias.</p>			<p>Regarding the installation of an oil/ water separator at the Craiova workshop refer to section 2. SIRCOSS Section – Craiova Workshop</p>
<p>Former onsite fuelling stations were operated by SIRCOSS in Craiova, Ploiesti and Targu Mures workshops. The aboveground storage tanks (ASTs) of these stations for diesel fuel are still onsite, placed in secondary containment, but were emptied in the meantime.</p> <p>The fuelling station operated in Medias was decommissioned in 2011-2012 but no documents could be provided in relation to this action. The station was fitted with underground storage tanks (USTs).</p>	<p>No material costs required</p>	<p>No material costs required</p>	<p>No evidence of subsurface contaminations in the areas of the former diesel fuel stations with associated ASTs or USTs was observed during the assessment. Reportedly, all fuel stations were decommissioned in the past and relevant storage tanks were emptied and cleaned.</p>
<b>H&amp;S</b>			
<p>Eight labour accidents were recorded in the last 10 years; in 2003, a permanent invalidity event occurred, while the other accidents resulted in light injuries during the wells interventions.</p> <p>Risk assessment was prepared for the activities at SIRCOSS workshops and well intervention sites, and high risk areas were identified. The action plan is in place according to the risk assessment.</p>			

## 2. SIRCROSS Section – Craiova Workshop

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<p><b>Waste water</b></p> <p>The storm water collected from the Craiova Workshop yard is collected into an open ditch and discharged directly into the public sewage system, without prior treatment through an oil/water separator. However, no oil/lubricants or other hazardous materials are stored within the workshop premises, but cars were observed to be parked on the paved yard area. The installation of an oil/water separator was included as a requirement also in the protocol prepared by the Environmental Guard during an inspection conducted in February 2013.</p> <p>As a rough estimate the cost for the installation of an oil/water separator will not exceed 10,000 EUR. The authorities have not given a due date by when the separator should be in place. Site representatives informed that there are plans to install this separator but have not reported when its installation is scheduled to be completed.</p>	No material costs required	No material costs required	The scheduled installation of an oil/water separator at the workshop in Craiova is not considered by ERM to require material investment.

## **SUCURSALA DE TRANSPORT TEHNOLOGIC SI MENTENANTA – STTM BRANCH**

Technological Transport and Maintenance, Mures Branch (Sucursala de Transport Tehnologic si Mentenanta – STTM Mures) has premises in Targu Mures (2 sites), Medias, Roman (2 sites) and Ploiesti. All sites include areas for maintenance of vehicles and equipment and comprise mechanical workshops and washing facilities.

The main activities performed by STTM are: transportation of people, equipment and materials (including hazardous substances) by road, maintenance and repair of motor vehicles, and vehicles washing. STTM services are provided exclusively to ROMGAZ.

STTM environmental department is subordinated to the environmental department of ROMGAZ, located at Medias. The STTM environmental coordinator (for all facilities) is based in Targu Mures. Responsibilities for day-to-day handling of environmental, health & safety (EHS) issues are allocated to appointed persons on each of the STTM sites.

The following table summarises ERM’s findings of the site visit at the STTM branch sections.



# 1. STTM Branch

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<b>Air emissions</b>			
Air emissions at the STTM sites are associated with small combustion sources for heating. Air emissions sources are subject to periodical monitoring and no associated issues with potentially material implications were observed at the sites visited by ERM (Targu Mures sites).			No material issues were identified during the assessment.
<b>Water and wastewater</b>			
At all premises sanitary wastewater, stormwater runoff and wastewater from vehicles washing is generated. Sanitary wastewater is discharged into the municipal sewer systems. Waste wash water passes oil-water separators and is subsequently discharged into the municipal sewer systems. Stormwater is either discharged into the municipal sewer or into natural water bodies. Periodic monitoring of discharged wastewater is performed at all STTM sites in line with the provisions of the environmental permits and the water management permits. No exceedances of the relevant threshold values were reportedly observed during the wastewater monitoring campaigns in the past. No material issues with regard to water supply and wastewater management at the STTM sites were observed during the assessment.			No material issues were identified during the assessment.
<b>Environmental noise</b>			
Noise sources at STTM premises are associated with the operation of various equipment for maintenance and auxiliary operations within the workshops. However, no continuous elevated noise levels are present at the sites. No complaints regarding environmental noise were provided to the STTM sites. No material issues with regard to environmental noise were observed during the assessment.			No material issues were identified during the assessment.

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<b>Soil and groundwater</b>			
<p>At the STTM premises small amounts of oils, lubricants and chlorinated solvents (used for parts cleaning) are used at the sites.</p> <p>Significant oil staining on concrete-made floors of Targu Mures maintenance workshop observed. No obvious damages of the concrete floors have been observed and oil absorbent (stored at easy accessible locations within the workshop) is used to collect spillages.</p> <p>No material issues have been reported and no evidence of significant subsurface impact by oils and hazardous substances at the STTM sites was observed during the site visit.</p>			No material issues were identified during the assessment.

## TARGU MURES PRODUCTION SECTION

The Targu Mures Production Section comprises Grebenis Production Section, Sarmasel Production Section, Sangeorgiu Production Section, Gas Compression Section of Romgaz Mures Branch, Oltenia production section, and Muntenia production section.

The Grebenis Production Section which consists of 12 gas structures with 342 active wells (in 43 groups of wells), 4 injection stations (consisting of tanks for collection and storage of gas well brine and associated pumping equipment to pump brine from the tanks to the injection well) and 7 dewatering stations (5 using triethylene glycol and 2 with deliquescent salts). In addition, the Targu Mures Production Section comprises the Ogra landfill, which was developed on a former clay quarry on a land concessioned for 25 years. Ogra landfill occupies a total area of 2 ha and is used for the processing and disposal of drilling wastes from Romgaz operations (detritus and spent drilling fluids). The landfill has a total capacity of 90,000 m<sup>3</sup>.

The production section Sarmasel consists of 10 gas structures comprising 349 active wells (in 48 groups of wells), 3 injection stations, 2 dewatering stations and 5 compressor units.

The production section Sangeorgiu de Padure consists of 10 gas structures comprising 267 active wells (in 35 groups of wells), one well in capital repairs, 2 dewatering stations, and 3 injection wells.

The production section Sangeorgiu de Mures consists of 11 gas structures with 378 active wells (in 31 groups of wells), 10 injection wells, and 3 dewatering stations. The following locations were visited by ERM: production section Sangeorgiu de Padure, production section Sangeorgiu de Mures with 18 Eremieni well in capital repairs, the Curteni village area and well groups.

The Gas Compression Section of Romgaz Mures Branch consists of 7 Compression Stations, 10 Field Compression Units and also operates 2 Mobile Well Compression Units. Additionally the operation of one Compression Station (Corunca) ceased in 2011 and the facility has been partially decommissioned. Four of the seven Compression Stations including the stations at Band, Balda (visited by ERM team), Sanmanrtin and Grebenis have been modernized in the past few years. The other three Compression Stations at Mures, Taga (visited by ERM team) and Fantanele are working with equipment and infrastructure dating from '70-'80. The equipment from the former Compression Station Corunca (visited by ERM team) has been removed, the former compressors hall and the cooling tower will be demolished and the site will be converted to a tubing storage facility in the near future.

The Oltenia production section comprises 33 groups of wells, 10 dewatering stations and 4 compressors and 2 injection stations grouped in 13 gas structures: Bibesti, Stramba, Hurezani, Piscu Stejari, Tamasesti, Alunu (located in Gorj county), Sapunari (Arges county), Gradiste, Zatreani, Tetoiu, Romanesti, Mecea (located in Valcea county) and Doba located in Olt county. One dewatering station and 3 compression stations belong to Amromco Energy.

The Muntenia production section comprises 26 well groups, 9 dewatering stations and 4 compressors and 2 injection stations located in 14 gas structures: Caragele, Florica, Boldu, Rosioru, Padina, Jugureanu, Girbovi, Greci, Bratesti, Finta, Bilciuresti, Vladeni, Fierbinti and Urziceni. Some structures (gas well production, dewatering stations, injection and compression stations) belong or are operated by Amromco Energy.

The following table summarises ERM's findings of the site visit at the Underground Gas Storage Section.

# 1. Ogra Landfill

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<b>Landfill</b>			
<p>Ogra landfill occupies a total area of 2 ha and was developed on a former clay quarry on a land concessioned for 25 years and is a facility for processing and disposal of drilling wastes from Romgaz operations (detritrus and spent drilling fluids). The landfill has a total capacity of 90,000 m<sup>3</sup>. The site consists of a waste conditioning facility and the landfill comprising two cells.</p> <p>The waste conditioning facility is composed of three concrete made tanks: one for detritus temporary storage, one for drilling fluid and the third one for processing/treatment of the former ones with cement. The waste conditioned as per above are then stored within the main (active) cell of the landfill with a capacity of 83,000 m<sup>3</sup>. The active cell has a clay layer sealing. The second cell, with a capacity of 7,000 m<sup>3</sup> of the landfill (originally designed for domestic wastes disposal) has geomembrane sealing layer and is not in use (no wastes landfilled). No domestic wastes have been disposed of at the site and no such wastes are going to be received at the facility in the future.</p> <p>The leachate (from both cell 1 and the conditioning facility) is drained and collected/pumped to an oil-water separator from where is periodically emptied and shipped to an injection facility of Romgaz.</p> <p>Groundwater is monitored quarterly (regarding e.g. pH-value, chemical oxygen demand (COD), chlorides, fixed residue, extractible substances with organic solvents, petroleum products, and total chromium) from one monitoring well located down-gradient to the landfill. No exceedances of the threshold limits have been recorded according to the sampling reports reviewed.</p> <p>The site has an IPPC permit in place. Limited quantities of drilling wastes are disposed at the site to date given the very small number of wells drilled within a radius that would make wastes shipment to this site economically</p>			<p>Based on the information provided, payments are regularly made by the Company, in the range of approximately RON 84,000 annually, which resulted in a total deposit of approximately 566,000 RON (EUR 126,000) as of September 2013. The payment made to the bank account is therefore ahead needed and has exceeded the expected to date level of approximately RON 420,000 for a period of five years (calculated assuming equal payments are made over the period of 20 years). Regular payment rate has to be sustained in order to achieve the requested provision of RON 1,677,700 by first quarter of 2027.</p>

<b>Finding</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>	
<p>feasible. A Romgaz employee is permanently present at the site. The site is a non-hazardous wastes landfill. After conditioning (facilities for pH neutralization and wastes conditioning with cement addition in place at the site) drilling wastes are considered non-hazardous.</p> <p>A provision of 1,677,700 RON (EUR 373,000 at current exchange rate) for landfill closure and post monitoring is to be built over a period of 20 years (2007 – 2027) through annual equal deposits within a bank account. Payments in amount of 84,000 RON are regularly made by Romgaz, part of the proofs of payments have been made available via the data room. The provision available as of September 2013 amounts 566,000 RON (EUR 126,000).</p>			



## 2. Grebenis Production Section

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €
<b>Air emissions</b>		
Air emissions consist of combustion gases from gas burners used at the dewatering stations for triethylene glycol regeneration purposes and heating units for office/production spaces. Air emissions are subject to periodic monitoring. No exceedances of the regulatory threshold values have been reported.  In general the equipment is of new generation (installation occurred approximately 2-5 years ago) and in good condition.		No material issues were identified.
<b>Soil and groundwater</b>		
No known soil and groundwater contamination issues have been reported and none have been identified during the site visit.		
<b>Water and wastewater</b>		
Water is supplied from the Romgaz water treatment plant located in Targu Mures and from groundwater wells and it is used mainly for sanitary purposes.  Wastewater generated at the sites solely comprises sanitary wastewater and storm water run-off. Sanitary wastewater is treated in the local wastewater treatment unit (at Grebenis Production Section site) or it is collected in septic tanks.  Stormwater from Grebenis Production Section site is discharged via an oil		No material issues were identified.

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<p>/water separator into a river or infiltrates into the soil. The oil-water separator is maintained and cleaned regularly by a contractor.</p> <p>The wastewater discharges are subject to periodic monitoring. No exceedances of the regulatory threshold values have been reported.</p>			
<b>Environmental Noise</b>			
<p>Noise sources are associated with operation of compressor units and other equipment.</p>			<p>No material issues were identified.</p>
<b>Natural hazards</b>			
<p>A production well in Iernut area is located in an area exposed in the past to flooding. Since 2012 the river nearby has been dammed to control flooding. In addition, three production wells at another of the 12 gas structures are located in areas exposed to land sliding. The respective areas are continuously monitored by Romgaz in order to immediately identify any need for intervention measures. No interventions have been required so far at the production wells.</p>			<p>No material issues were identified.</p>
<b>Community health, safety and other issues</b>			
<p>Gas emissions have been detected close to a private residence in Grebenis village. Reportedly gas emissions occur in Mures area from surface gas reserves that lost tightness. Gas presence has been determined by use of gas detectors although no Romgaz gas facilities are located in vicinity.</p> <p>The landowner has complained that approximately 300 m<sup>2</sup> of corn crop is affected. Gas detectors have been provided by Romgaz and installed in the house to prevent accidents due to potential gas accumulation. The cause of the issue is unknown to date and is further analysed by Romgaz.</p> <p>Gas emissions collection through drainage and controlled evacuation is envisaged to be implemented by Romgaz. Reportedly the design of the installation is available and will be implemented in the course of 2013.</p>			

### 3. Sarmasel Production Section

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €
<b>Air emissions</b>		
Air emissions consist of combustion gases from gas burners used at the dewatering stations for triethylene glycol regeneration purposes and heating units for office production spaces. Air emissions are subject to periodic monitoring. No exceedances of the regulatory threshold values have been reported.		No material issues were identified.
In general the equipment is of new generation and in good condition.		
<b>Soil and groundwater</b>		
No known soil and groundwater contamination issues have been reported and none have been identified during the site visit.		
<b>Water and wastewater</b>		
Water is supplied from the Romgaz water treatment plant and groundwater well and it is used mainly for sanitary purposes.		
Sanitary wastewater is collected in septic tanks.		
Stormwater is discharged into the ditches along the road or infiltrates into the soil.		
No material issues were identified.		
<b>Environmental Noise</b>		
Noise sources are associated with operation of compressor units and other equipment.		

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
No material issues were identified.			
<b>Natural hazards</b>			
Two production wells from Siliyasi village are located in an area affected by landslides and have been put into conservation. A project for landslide stabilization was performed on behalf of Romgaz and the construction works will start after nomination of the contractor.			A wall to stabilize the slide is scheduled to be constructed. No detailed cost estimated was provided by site contacts, but based on the information available it can be considered relevant costs will not be material.

# 4. Sangeorgiu Production Section

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €
<b>Air emissions</b>		
In general the equipment is of new generation and in good condition. No material issues were identified.		
<b>Soil and groundwater</b>		
No material issues were identified.		
<b>Water and wastewater</b>		
No material issues were identified.		
<b>Environmental Noise</b>		
No material issues were identified.		
<b>Natural hazards</b>		
In the Ghinesti-Trei Sate village area a gas collector pipe has been broken approximately five years ago by a landslide. The damaged pipe section has been isolated and the pipe failure remediated. No other incidents caused by natural hazards were reported.		
<b>H&amp;S</b>		
Approximately six years ago an incident occurred at an unguarded facility where approximately 2 litres of methanol was stored in a locked cabinet. Three intruders entered into the facility to steal and drank methanol. As result two of the thieves died and the third one although survived, became blind.		
Upon the investigation by authorities, no Romgaz employee has been found		

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<p>responsible for the incident and no penalty was applied.</p> <p>Following the incident, methanol handling and storage regulations at Romgaz have been modified to allow methanol storage only at warehouses at production sections headquarters and to enforce strict methanol handling and recipients labelling.</p>			
<b>Community health, safety and other issues</b>			
<p>Reportedly gas emissions occur in Mures area from surface gas reserves that lost tightness.</p> <p>During '80 an explosion occurred at Adventist church from Curteni village due to gas accumulation within the building. Following this incident two underground horizontal drainage pipes in length of approximately 300m (one every side of the main road) and provided with venting pipes at intervals of 10 meters were installed to collect and evacuate ascending gas and avoid gas accumulations in the buildings. In 2006 - 2007, in addition to the gas collection system installed during the '80, vertical drain pipes have been installed on several private properties along the main road. The drain pipes installed have a length of approximately 10 m, and have been installed to collect gas emissions from a depth of approximately 5 m below ground level and vent the collected gas to a release point 5 m above ground level.</p> <p>No other similar incidents have occurred.</p>			



# 5. Mures Branch Compression Section

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<b>Soil and groundwater</b>			
<p>Mures Compression Station.</p> <p>Heavy oil staining has been observed on the concrete-covered areas within and around the secondary containment of the oil storage area (4 ASTs, 2x10 m<sup>2</sup> and 2x20 m<sup>2</sup>). Similarly, heavy oil staining was present within and around the secondary containment of an in-ground tank (10 m<sup>3</sup>) used for storage of oil recovered from the gas-oil separators.</p> <p>No soil and groundwater investigations have been performed at the site and the subsurface contamination status at the site is unknown. The environmental permit of the site dated January 2012 is valid until January 2022.</p>			
<p>Former Compression Station Corunca</p> <p>Heavy oil staining has been observed within and around the secondary containment of the oil storage area. The concrete floor and foundations of the former gas compressors where observed to be heavily contaminated with oil.</p> <p>On behalf of Romgaz soil sampling has been performed at several locations at the former compression station site by the environmental authority. Soil sampling during this investigation was limited to the shallow soil (5 cm and 30 cm bgl.). The sampling revealed exceedances of the total petroleum hydrocarbon (TPH) threshold levels (threshold exceeded 2 to 13 times) in the area of the oil storage tanks (5 ASTs, 2x10 m<sup>3</sup> and 3x20 m<sup>2</sup>) and next to the in-round tank (10 m<sup>3</sup>) formerly used for storage of the oil recovered from the gas-oil separators. As result the environmental authority requested Romgaz to perform a study to delineate the contamination by 1<sup>st</sup> October 2013. Given that the company has not started to perform the requested investigation of contamination delineation, the deadline imposed by authorities cannot be met. Romgaz informed ERM that an extension of the deadline will be</p>	No material costs required	No material costs required	In the MLC and RWC scenarios no material costs will occur with regard to potential excavation of impacted soil material at relevant areas. It is estimated that approximately 3,000 tons of impacted soil requires disposal as hazardous waste.

<b>Finding</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>	
<p>requested.</p> <p>The site is going to be converted into a tubing storage facility. For this purpose the former compressors hall and the two cooling towers will be demolished and replaced by concrete platforms. The design of the site conversion (although not yet approved by Romgaz) has been already performed without the consideration of site decontamination and disposal of contaminated soil and of the demolition materials as hazardous wastes.</p> <p>However a request for quotation for the contamination delineation has been issued by Romgaz considering as a basis for quotation an area of 1,000 m<sup>2</sup> of contaminated soil.</p>			
<b>Water and wastewater</b>			
<p>Former Compression Station Corunca</p> <p>Reportedly, the stormwater sewer piping of the site (with discharge to the Targu Mures sewer system via oil-water separators) is contaminated with oil and has to be decontaminated. No material costs associated.</p>			

# 6. Oltenia Production Section

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<b>Air emissions</b>			
<p>During the site visits, ERM observed emission sources (stacks) associated to:</p> <ul style="list-style-type: none"> <li>- equipment used to heat the gas coming from the well in order to prevent freezing;</li> <li>- heating unit for the operator building;</li> <li>- dewatering stations.</li> </ul> <p>Not all these emission sources are monitored by Romgaz.</p> <p>Environmental operational permits issued for the structures located in Valcea county require a series of pollutants to be monitored in air emissions. Analysis reports reviewed by ERM did not include measurements of all pollutants required by the permit. No explanation was provided by the site representatives with regard to the reason for which not all pollutants are monitored. Additionally, no feedback from the authorities on this issue was communicated to ERM.</p>	No material costs required	No material costs required	
<p>The salt water resulting from the separation of the liquid impurities contained in the gas extracted is pumped in approximately 10 temporary open metal basins having a capacity of 30 m<sup>3</sup> each. From here, it is transported via tank trucks to the Bibesti injection station. The environmental authorities have accepted this disposal solution and included it into the environmental permits. Not all environmental permits require Romgaz to report on the amounts of salt water reinjected into the natural reservoir. Additionally, a 200 m<sup>3</sup> open concrete basin storing salt water was observed to be operated at the injection station Hurezani.</p> <p>During the site visit, ERM auditors perceived a specific odour in close proximity of these basins, which could be relevant for volatile organic compounds (VOC) release into air. No VOCs were measured in air emissions</p>	No material costs required	No material costs required	The odour issue applies to almost all locations where such open basins for collection and intermediate storage of salt water are operated (not necessarily only at the injection stations). The odour issue is not of relevance if salt water is stored in closed half-buried tanks (e.g. at the Bibesti injection station). Currently, there are no requirements for improvement measures in order to reduce the odour emissions.

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €
<p>or in ambient air concentrations. The environmental permits issued for the structures located in Gorj county (Hurezani, Piscu Stejari, Bibesti, Stramba, Tamasesi, Alunu) do not require any VOC measurements nor improvement measures.</p>		
<b>Permitting</b>		
<p>Environmental operational permits issued mostly by Environmental Protection Agency Gorj for some of the structures located in this county (Bibesti, Stramba, Hurezani, Piscu Stejari, Tamasesi, Alunu) do not include detailed information on the number of emission sources and do not require any pollutants to be monitored in air emissions.</p>	No material costs required	No material costs required
<b>Soil and groundwater</b>		
<p>The 30 m<sup>3</sup> open metal basins store salt water which is then transported via tank trucks to the injection stations. They were observed to be corroded and some of them were not equipped with secondary containment and lay directly on the soil.</p> <p>Additionally, the 200 m<sup>3</sup> open concrete basin at Hurezani injection station was observed to have cracks and is located directly on the soil.</p> <p>The current conditions of these basins may lead to an impact to soil and groundwater quality especially during heavy rainfall, because of the fact they are open.</p>	50k	150k
<p>The environmental operational permits issued for Gradistea and Tetoiu structures located in Valcea county require annual monitoring of the soil and groundwater quality (in the nearest residential well). No analysis reports were made available for ERM review. It is not known why these requirements were formulated by the environmental authority only for these two structures.</p>	No material costs required	No material costs required
<b>Noise</b>		
<p>These compressors located in Stramba and Bibesti structures, that are owned and operated by Amromco Energy, are not covered by the environmental operational permits issued for Romgaz operations. Consequently, no noise measurements have been conducted by Romgaz at these locations.</p>	No material costs required	No material costs required

<b>Finding</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>
High noise levels were experienced by ERM auditors during the site visits at Stramba and Bibesti compressors, which may also affect Romgaz personnel. Additionally, some of the environmental operational permits issued for the structures located in Valcea county require annual noise measurement. No measurement reports for those structures were made available for ERM review.		
<b>Natural hazards</b>		
Landslides were reported to have occurred in Stramba and Alunu formations in Gorj in 2010. Reportedly, the damages only consisted in lost production caused by the cracking of a main collecting pipe located on the side of the road, in the forest.		

<b>Health and Safety Findings</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>
<b>General safety</b>		
There is no formal safety management system implemented by Romgaz at the Targu Mures production branch.	No material costs required	No material costs required
No visible warning signs were observed during site visits to mark the dangerous places within a structure (warning dangers of falling from height, drowning, electrocution, explosion risk).		
<b>PPE</b>		
According to the Romanian legislation, personal protective equipment (PPE) is provided to employees, comprising hardhat, overalls, protective boots, and ear plugs. However, employees were observed to be wearing only company overalls.	No material costs required	No material costs required
<b>Hazardous materials</b>		
No material safety data sheets (MSDS) for chemicals used at the production section (e.g. during gas separation or gas dewatering processes) were available at the relevant stations.		

<b>Health and Safety Findings</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>
<b>Incidents and accidents</b>		
<p>Near-misses and hazards are not recognised and reported by company personnel.</p> <p>During the period 2009-2013, only 29 work accidents were reported at level of the company, out of which:</p> <ul style="list-style-type: none"> <li>- work accidents while travelling: 10;</li> <li>- accidents resulting in lost work days: 16;</li> <li>- fatalities: 2 – both in Medias branch (one while travelling and the other occurred as a result of being hit in the head by the breather valve of a tank; the latter had financial implications for the company in amount of 60,001 RON);</li> <li>- collective accidents: 1 car accidents resulting in the total damage of the company car and 2,168 lost work hours.</li> </ul> <p>According to company statements, there have been no claims from the employees for financial damages.</p>		



# 7. Muntenia Production Section

Environmental Findings	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<b>Air emissions</b>			
<p>Environmental operational permit issued for Finta dewatering station (using TEG) does not identify the stacks which release the emissions into the atmosphere. Consequently no monitoring requirements are formulated in the permit and no emission measurements are performed. Dewatering stations using TEG, as opposed to those using deliquescent salts, have stacks. Two of these stations (Bratesti &amp; Urziceni) use such salts. Two of these stations are regulated by environmental permits issued for Amromco Energy. For the remaining stations the emission sources are identified in the environmental permits. However, not all permits require pollutant monitoring in air emissions.</p>	No material costs required	No material costs required	
<p>The salt water resulting from the separation of the liquid impurities contained in the gas extracted is pumped in approximately 7 temporary open metal basins having a capacity of 30 m<sup>3</sup> each.</p> <p>Additionally, 11 open metal basins having a capacity of approximately 300 m<sup>3</sup> were observed to be operated in the injection stations located in Gheboia and Girbovi.</p> <p>During the site visit, ERM auditors perceived a specific odour in close proximity of these basins, which could be relevant for hydrocarbons release into air. No VOCs were measured in air emissions or in ambient air concentrations. No VOC measurements are required by the regulatory authority.</p>	No material costs required	No material costs required	Currently, there are no requirements for improvement measures in order to reduce the odour emissions.
<b>Permitting</b>			
<p>During the site visit, ERM auditors observed a dewatering station located in Vladeni, owned and operated by Amromco Energy, which is not covered by environmental permit issued for Romgaz activities. This station processes also the gas produced by Romgaz well 59. Reportedly, Amromco Energy</p>	No material costs required	No material costs required	

Environmental Findings	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €
<p>obtained the environmental permit for this station. Romgaz has no copy of this environmental permit. Additionally, Romgaz has very limited control on the operation of the station. Any failure or environmental liabilities caused by Amromco Energy operations could impact the company activities and reputation. ERM was provided only with the content of Article XVIII of the contract of association between Romgaz and Amromco Energy. This includes a very general clause according to which Amromco Energy shall carry out production operations in compliance with the Romanian legal requirements on environmental protection.</p>	No material costs required	No material costs required
<p>At the time of the site visit, the environmental operation permit for Campul Bratesti Structure does not cover the dewatering station and one 10m<sup>3</sup> open metal basin used to store salt water. Romgaz representative mentioned that the company is in process to revise the environmental permit in order to include the modification.</p>	No material costs required	No material costs required
<p>The underground temporary tank constructed at the end of 2011 in Biliuresti well Group 14 and used to store salt water is not covered by the current environmental permit.</p>	No material costs required	No material costs required
<p>The injection wells as well as open basins storing salt water covered by the environmental operational permits issued for Romgaz have been concessioned to Amromco Energy, who is managing also the salt water generated by the wells operated by Romgaz.</p> <p>However, according to the environmental operational permits, all the environmental obligations lie with Romgaz. This could lead to potential liabilities for Romgaz because of those operations over which the Company has no control.</p>	No material costs required	No material costs required
<p>The contract of association between Romgaz and Amromco Energy does not contain clear clauses related to the management of the environmental liabilities which may be associated to either of the parties' operations.</p> <p>Additionally, the environmental operational permits issued on the name of Romgaz for the structures located in Dambovita and Ialominta Countries will expire in 2014. According to documents reviewed by ERM, Romgaz shall apply for environmental permits for the gas extraction operations performed in the name of Romgaz and in the name of the association between Romgaz and Amromco Energy. For those cases when Amromco Energy has applied</p>		

<b>Environmental Findings</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>
for environmental agreements to the environmental authorities, prior the construction of dewatering or compression stations, they shall be responsible to permit these installations prior to their operation.		
<b>Soil and groundwater</b>		
Five open metal basins (which temporarily store salt water) located in Vladeni well group 32 and Girbovi injection station were observed to be highly corroded. Additionally, the 10 m <sup>3</sup> open concrete basin which stores salt water in Bratesti Well Group 201 was observed to be located directly on the soil. The current conditions of these basins may lead to an impact to soil and groundwater quality especially during heavy rainfall, because of the fact they are open and they were observed to be almost full during the site visit.	No material costs required	No material costs required
The 4 open metal basins which store salt water in Girbovi injection station are located in a concrete secondary container which was observed to be deteriorated. Currently, the capacity of the salt water basins is exceeded and overflows were observed in the concrete secondary containment because of the malfunction of the injection pump. The salt water is injected using mobile equipment available one day per week to pump direct the salt water into the injection well. This traditional practice causes spills and observed poor management of salt water discharge and consequently bears the risk of an impact to soil and groundwater.		
No soil and groundwater quality investigations were conducted by Romgaz, nor were required by the relevant environmental authorities (especially for the places where open metal basins are corroded or located directly on the soil). There are no records of any spills or environmental incidents caused by cracks of the underground salt water and gas transport pipelines. Considering the long operational activities and traditional drilling practices, this could become a potential liability issue in case sites which may have been polluted in the past, are identified in the future.	350k	500k
<b>Surface water</b>		
The storm water from the yard is collected in an open ditch and directed to the nearest surface water (Balta Irimescu) located at a distance of	No material costs required	No material costs required

<b>Environmental Findings</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>
approximately 10 meters to site. No oil/water separator was observed to be operated on-site in order to treat storm water runoff prior to the discharge into the receiving water.		
<b>Environmental Noise</b>		
The compressors located in Gheboia Well Group 17 and Fierbinti Well Group 212 that are owned and operated by Amromco Energy, are not covered by the environmental operational permits issued for Romgaz operations. Consequently, no noise measurements have been conducted by Romgaz at these locations, although the Company has staff working in close vicinity of the compressors.  High noise level was experienced by ERM auditors during the site visit at these locations. This level is also experienced by Romgaz staff working closely to these facilities.	No material costs required	No material costs required
<b>Energy Efficiency</b>		
10 gas heaters associated to the gas production wells were observed to be highly corroded, without proper isolations materials. These could lead to increase energy consumption during the winter period. The deputy manager of the Muntenia section reported that the 2014 budget includes a provision to replace 10 gas heaters. The estimated cost of a new gas heater is 30,000 EUR.	200k	350k  No material costs will occur regarding replacement of gas heaters. The replacement of 10 gas heaters with costs of 30,000 EUR each is already scheduled for 2014.

<b>Health and Safety Findings</b>	<b>Most Likely Case (MLC) €</b>	<b>Reasonable Worst Case (RWC) €</b>
<b>Incidents and accidents</b>		
At Group 14 Bilciuresti, the malfunction of the safety pressure valve at the cap of the condensate storage tank lead to an accumulation of gas. The cap blew off in 2012 and the tank is no longer properly sealed. This event happened one year ago and the damaged cap had not been replaced at the time of the site visit.  No safety measures had been adopted after this event, although a strong odour of hydrocarbons was perceived by ERM auditors during the site visit.	No material costs required	No material costs required

Health and Safety Findings	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<b>Risk Assessment</b>			
<p>There are working places operated by both companies Romgaz and Amromco Energy: Fierbinti Well Group 212 and dewatering station, Gheboata Well Group 17 and injection station. The cumulative impact of the operated equipment on the health of Romgaz operators was not assessed and consequently the associated risk and measures were not identified.</p>	<p>No material costs required</p>	<p>No material costs required</p>	

## **UNDERGROUND STORAGE SECTION**

The Underground Gas Storage Section comprises 6 underground gas storages (UGS) and associated injection well groups located in: Cetatea de Balta, Ghercesti, Bilciuresti, Sarmasel, Urziceni and Balaceanca. ERM auditors visited the UGS located in Ghercesti on 29 August 2013 and the UGS Head Quarter located in Ploiesti on 2 September 2013.

The following table summarises ERM's findings of the site visit at the Underground Gas Storage Section.



# 1. Ghercesti Underground Gas Storage

Finding		Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<p><b>Permitting</b></p> <p>The gas is supplied by Transgaz (the national gas transport company) by underground pipelines, and injected into the natural reservoir via Romgaz injection wells. At the end of the storage period agreed with Transgaz, Romgaz extracts the gas from the natural reservoir, directs it through a first separating stage and then through a dewatering station and supplies it back to Transgaz supply grid. Ghercesti Underground Gas Storage comprises 6 groups of injection wells (83 wells in total) and one dewatering station. No compressors are needed in the Ghercesti area.</p> <p>The Ghercesti Underground Gas Storage was classified as Seveso Tier 2 by the relevant authorities (because of the amount of gas communicated to be re-injected in the natural reservoir: 700,000 – 1,530,000 m<sup>3</sup>/ 24h). The amount of gas regulated by the environmental permit, to be received from Transgaz and stored, is 105,000 tons. Considering that the gas is stored in the natural reservoir, its capacity cannot be quantified.</p> <p>This classification triggers the requirement to comply with the safety requirements of the Seveso regulations. Currently, the site has not implemented all of the required safety measures in case of a power outage (e.g. back-up power generator and associated equipment which would be necessary to trigger the valves and other components to start the generators when there is a power outage and shut them down when it comes back). This non-conformity was highlighted in the inspection protocols concluded by Emergency Situation Inspectorate since 2011. The authority has also formulated the requirement to implement the necessary safety measures but has not formulated a due date for the implementation of this requirement.</p> <p>The environmental permit for Ghercesti Underground Gas Storage which</p>		350k	500k	The cost estimate for the MLC scenario and the RWC scenario were provided after discussions with technical people from ROMGAZ and comprises the purchase of such installations and equipment needed, which is considered by ERM to be reliable. However, this cost has not been budgeted for 2013.

Finding	Most Likely Case (MLC) €	Reasonable Worst Case (RWC) €	
<p>was granted in December 2010 expired in June 2013. Reportedly Romgaz already applied for a new permit which had not been issued by the time of the site visit.</p>			
<p>The environmental permit issued by the former Regional Environmental Protection Agency Craiova in December 2010 for Ghercesti Underground Gas Storage does not cover the dewatering station because this was installed after the permit was issued. However, the permit expired in June 2013 and reportedly Romgaz applied for a new permit which will also regulate this installation. The new permit had not been issued by the time of the site visit.</p>	No material costs required	No material costs required	
<p><b>Fire and Explosion</b></p>			
<p>Out of the total 83 wells belonging to the Ghercesti Underground Gas Storage, 7 wells located in Plelesti and Ghercesti communes are not easily accessible to the intervention trucks in case of fire or explosion during the winter or raining seasons (either the roads are agricultural service trucks made of dirt, or the consolidation was ruing in time). This is a recurrent issue reported in the inspection protocols of the Emergency Situations Inspectorate since 2012, however the authority has not given a due date by when the roads should be accessible. According to the legal requirements, intervention vehicles in case of fire should have access to all wells regardless of the season and of the weather conditions.</p>	No material costs required	No material costs required	

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Korea	United States
Malaysia	Vietnam
Mexico	

**ERM's Bucharest Office**

145 Calea Victoriei Blvd.,  
Victoria Center, 8<sup>th</sup> floor,  
Sector 1, 010072, Bucharest  
Romania

T: +40 31 405 1680  
F: +40 31 405 1681

[www.erm.com](http://www.erm.com)

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**THE COMPANY**

**Societatea Națională de Gaze Naturale "ROMGAZ" S.A.**  
4 Piata Constantin Motas  
Medias, Sibiu County 551130  
Romania

**SELLING SHAREHOLDER**

**Ministerul Economiei**  
acting through  
Romanian Department for Energy  
202E Splaiul Independentei, 6<sup>th</sup> District  
Bucharest, 060021  
Romania

**JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS**

**Erste Group Bank AG**  
Graben 21,  
A-1010, Vienna  
Austria

**Goldman Sachs International**  
Peterborough Court, 133 Fleet Street  
London EC4A 2BB  
United Kingdom

**DOMESTIC LEAD MANAGERS**

**Banca Comerciala Romana S.A.**  
5 Regina Elisabeta Blvd., 3<sup>rd</sup> District  
Bucharest 030016  
Romania

**SSIF Raiffeisen Capital & Investment S.A.**  
1<sup>st</sup> District  
246D Calea Floreasca  
Bucharest 014476  
Romania

**LEGAL ADVISERS TO THE COMPANY**

*As to US and English Law*  
**Hogan Lovells US LLP**  
875 Third Avenue  
New York, New York 10022  
United States of America

*As to Romanian Law*  
**Bulboaca & Asociatii SCA**  
31 Vasile Lascăr Street  
UTI Business Center, 9<sup>th</sup> floor  
Bucharest 020492  
Romania

**LEGAL ADVISERS TO THE MANAGERS**

*As to US and English Law*  
**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

*As to Romanian Law*  
**Clifford Chance Badea SCA**  
28-30 Academiei Street 1<sup>st</sup> District  
Bucharest 010016  
Romania

**LEGAL ADVISERS TO THE DEPOSITARY**

*As to English Law*  
**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

*As to Romanian Law*  
**Clifford Chance Badea SCA**  
28-30 Academiei Street 1<sup>st</sup> District  
Bucharest 010016  
Romania

**INDEPENDENT AUDITORS**

**Deloitte Audit SRL**  
4-8 Sos. Nicolae Titulescu, East Entrance, 3<sup>rd</sup> Floor  
Bucharest 011141  
Romania

**DEPOSITARY**

The Bank of New York Mellon  
101 Barclay Street  
New York, New York 10286  
United States of America

**CUSTODIAN**

Raiffeisen Bank S.A.  
Bucharest Operational Center, 1<sup>st</sup> District  
246D Calea Floreasca  
Bucharest 014476  
Romania

