

Translation from the Romanian language

SNGN ROMGAZ SA MEDIAS Registration No. 3554/ 29 January

To the Ordinary General Meeting of Shareholders of SNGN ROMGAZ SA

Information Report on Progress in Asset Transfer to DEPOGAZ S.R.L. Underground Storage Subsidiary

The General Meeting of SNGN ROMGAZ SA Shareholders approved on January 15, 2020 the following:

- the increase of share capital of SNGN ROMGAZ SA – Filiala de Înmagazinare Gaze Naturale Depogaz Ploiești SRL (hereinafter referred to as the DEPOGAZ Subsidiary) by contribution in kind to the Subsidiary's share capital of fixed assets owned by SNGN. ROMGAZ SA, serving the underground storage activity, in conformity with the law;
- authorization of the Board of Directors of SNGN ROMGAZ SA to coordinate the issuance process of new DEPOGAZ Subsidiary shares;
- authorization of the Board of Directors of SNGN ROMGAZ SA to undertake all measures and implement all necessary and legal procedures to successfully complete the operation of DEPOGAZ Subsidiary share capital increase.

Following the above mentioned Decision of the General Meeting of Shareholders, the Board of Directors of SNGN ROMGAZ SA has approved by Resolution No. 4 of February 13, 2020 to empower the CEO of SNGN ROMGAZ SA to adopt the Decision of the Subsidiary's sole shareholder on increasing the Subsidiary's share capital by RON 871,787,124; the amount of RON 871,787,120 represents the value of non-currents assets serving the underground storage activity, with the exception of certain buildings and the cushion gas, while the amount of RON 4 is a cash contribution. The value of non-current assets has been determined by an independent authorized expert, appointed in accordance with the provisions of Law.

The Board of Directors of SNGN ROMGAZ SA has decided not to transfer the cushion gas to the DEPOGAZ Subsidiary as contribution to the share capital of the DEPOGAZ Subsidiary, based on the ground that SNGN ROMGAZ SA is the titleholder of the Underground Storage Petroleum Agreements concluded with ANRM, and such Petroleum Agreements have not been transferred to the Subsidiary. We explicitly mention that the cushion gas, along with other assets, property of SNGN ROMGAZ SA, serving the underground storage activity, was the subject of the assessment report underlying the Board Resolution No. 4 of February 13, 2020.

The Decision of the DEPOGAZ Subsidiary's sole shareholder on increasing the DEPOGAZ Subsidiary's share capital, based on SNGN ROMGAZ SA Board Resolution No. 4 of February 13, 2020 was adopted on February 25, 2020.

By resolution of ONRC Prahova an expert was appointed to assess the fair value of the contribution to the share capital.

Subsequent to the adoption of the DEPOGAZ Subsidiary sole shareholder's Decision of February 25, 2020, bearing in mind that the original assessment report (underlying ROMGAZ Board Resolution of February 2020) also included the cushion gas, the Subsidiary has found that registration of the sole shareholder's Decision and the share capital increase operation required a

new assessment report of the fair value of the contribution to the share capital, cushion gas excluded, broken down by each asset of the contribution.

Following such founding, the expert assessor has prepared a new assessment report, excluding the cushion gas, and such report was received in June 2020 (such report will underlie the new Decision of the Board and the sole shareholder of the DEPOGAZ Subsidiary on actually increasing the share capital of the DEPOGAZ Subsidiary by contribution in kind to the Subsidiary's share capital of fixed assets owned by SNGN ROMGAZ SA, serving the underground storage activity).

We explicitly mention that by the date of this Information Report, the Decision of DEPOGAZ Subsidiary's sole shareholder on increasing DEPOGAZ Subsidiary's share capital, adopted on February 25, 2020 pursuant to the Resolution No. 4 of February 13, 2020 of the Board of Directors of SNGN ROMGAZ SA has not been registered with ONRC. In order to register such operation of share capital increase of the Subsidiary, a new Decision of the Subsidiary's sole shareholder has to be issued, based on the report excluding the cushion gas, broken down on each asset of contribution, as received by SNGN ROMGAZ SA in June 2020.

In order to apply a correct tax treatment to the transaction regarding the transfer of assets to the DEPOGAZ Subsidiary, SNGN ROMGAZ SA has submitted requests to ANAF to issue anticipated individual tax solution (AITS) as regards income tax and VAT.

After reviewing SNGN ROMGAZ SA requests, ANAF sent to the company, in October 2020, anticipated individual tax solution drafts on tax treatment as regards income tax and VAT in connection with the operation of fixed asset transfer from SNGN ROMGAZ SA, as contribution in kind to the DEPOGAZ Subsidiary's share capital in exchange of DEPOGAZ issuing shares, for SNGN ROMGAZ SA to express its point of view on such solution drafts.

According to the ANAF AITS drafts issued on the basis on the information sent by SNGN ROMGAZ SA, the operation of asset transfer is non-taxable as regards income tax and VAT, respectively. Such tax treatment is valid if the provisions of the Fiscal Code and the Fiscal Procedure Code mentioned in the drafts are met. In order to comply with such provisions it is necessary to transfer the whole branch of activity in exchange of the transfer of shares representing the capital of the beneficiary company.

SNGN ROMGAZ SA submitted to ANAF its view on the anticipated individual tax solution drafts on fiscal treatment as regards VAT and income tax in connection with the operation of fixed asset transfer by Romgaz as contribution in kind to the DEPOGAZ share capital in exchange of DEPOGAZ issuing shares.

In its reply, SNGN ROMGAZ SA has mentioned that the company's understanding of the tax treatment as regards VAT and income tax is that the transfer operation of the mentioned fixed assets is non-taxable under the conditions specified in the request submitted to ANAF (transfer without cushion gas). In the submitted letters, SNGN ROMGAZ SA has also mentioned that "in case our understanding is to be confirmed, we hereby inform you that we have no objections on the above mentioned anticipated individual tax solution draft".

After ANAF will analyze SNGN ROMGAZ SA point of view on the AITS drafts (if such will be consistent with the provisions of the AITS drafts), the Anticipated Individual Tax Solution is going to be issued and communicated as Annex to the Order of the President of the National Agency of Fiscal Administration.

The Anticipated Individual Tax Solution shall only be enforceable and binding towards the fiscal bodies, if its terms and conditions are complied with by the taxpayer. The request and documentation submitted by SNGN ROMGAZ SA shall be attached to the Order of the President of ANAF.

Furthermore, as a result of the deregulation of the storage activity, DEPOGAZ Subsidiary is currently analyzing the impact of share capital increase by contribution in kind to the Subsidiary's share capital of fixed assets owned by SNGN ROMGAZ SA serving the underground storage activity on the tariffs to be applied by the Subsidiary on the free market for the provision of storage service.

Following the publication of AITS as Annex to the Order of the President of the National Agency of Fiscal Administration, ROMGAZ Board of Directors will be in a position to adopt the final decision on the transfer of assets to DEPOGAZ Subsidiary (by ROMGAZ Board approval on issuing the Decision of DEPOGAZ Subsidiary's sole shareholder on share capital increase, based on the assessment report of the fair value of the contribution to the share capital, as received in June 2020).

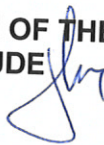
The final decision on share capital increase of DEPOGAZ Subsidiary by contribution in kind to the Subsidiary's share capital of fixed assets owned by SNGN ROMGAZ SA serving the underground storage activity will be adopted by also taking into account the following:

- the obligation of SNGN ROMGAZ SA to ensure the necessary conditions so as DEPOGAZ Subsidiary will have enough decision making powers, independently from the parent-company, as regards elements of necessary assets for the operation, maintenance or development of the underground storage equipment;
- the impact of increasing the share capital of DEPOGAZ Subsidiary by contribution in kind to the Subsidiary's share capital of fixed assets owned by SNGN ROMGAZ SA, serving the underground storage activity on the tariffs to be applied by the Subsidiary on the free market for the provision of storage activity;
- identification of the best solution as regards the cushion gas related to the underground storages (intake from use against rental of such to the Subsidiary), so that the operation of DEPOGAZ Subsidiary share capital increase by contribution in kind to the Subsidiary's share capital of fixed assets owned by SNGN ROMGAZ SA, serving the underground storage activity, is treated, without any risk, as non-taxable as regards income tax and VAT, respectively (bearing in mind that the non-taxable treatment of such operation is only ensured by transferring the whole branch of activity in exchange of the transfer of the shares representing the beneficiary company's capital).

We will keep the General Meeting of Shareholders informed of the actual stage of completion of DEPOGAZ Subsidiary share capital increase by contribution in kind to the Subsidiary's share capital of fixed assets owned by SNGN ROMGAZ SA serving the underground storage activity.

CHAIRMAN OF THE BOARD OF DIRECTORS

Aristotel JUDE



Economic Director
Razvan POPESCU



Legal Department
Endre IOO



on behalf of CEO
Daniel PENA

