

**ROMGAZ**

Societatea Națională de Gaze Naturale Romgaz S.A. - Medias - România



To  
THE ORDINARY GENERAL MEETING OF SHAREHOLDERS  
S.N.G.N. ROMGAZ S.A.

Request for Approval

on the increase of credit facility limit to USD 100 million  
for the issuance of letters of bank guarantee

Considering:

- The changes in the gas market in terms of means of trading the market participants are facing with, namely the fact that in double competitive markets the transactions are made by concluding standardized contracts related to the trading procedure under which both seller and buyer are required to submit letters of bank guarantee;
- Romgaz required to access all trade channels, including and mostly the double competitive markets;
- Letter No. 11860 of March 27, 2020 issued by the Energy Trade Department requesting to increase the credit facility limit to RON 400 million to prevent bottleneck in the gas trading activity, which may impact Romgaz sales in this year;
- Such increase has also taken into account the imminent implementation of the Gas Release Program (GRP), as follows:
  - approx. USD 35 mil used to date;
  - approx. USD 15 mil in relation to GRP if implemented on June 1, 2020 on double competitive markets with the standard contract of the stock exchange;
  - approx. USD 40 mil for the fulfillment of the remaining trading obligations.

The total amount requested by the Trading Department amounts to RON 400 million, i.e. USD 90 mil.

The value has been established by applying a 30% average rate to guarantee the deliveries related to the total trading obligations estimated for this year to 8 TWh.

Capital social: 385.422.400 RON  
CIF: RO 14036826  
Nr. Ord.reg.com./An : J32/302/2004  
RO08 RNCG 0231 0195 2533 0001 - BCE Medias  
RO12 BRDE 3205 V024 6190 3300 - BRD Medias

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- The Credit Facility Contract No. 201812070225 concluded with Banca Comerciala Romana and extended by the Addendum No. 1 of December 19, 2019 to December 19, 2020 having a USD 50 million limit, approved in accordance with Resolution No. 46 of December 18, 2019 of S.N.G.N. ROMGAZ S.A. Board of Directors;
- The Facility Contract, in force until December 2020, has been concluded under favorable terms and conditions for the company, namely no issuance costs, the validity and non-use period have been extended without Romgaz lodging a security (mortgage, cash collateral deposit, etc.), and for the limit increased to USD 100 million such terms are also maintained by Banca Comerciala Romana;
- The limit used as of to date is approx. USD 35 mil (a value that may be modified depending on new issuance or validity expiry) out of the USD 50 mil as approved by Resolution No. 46 of December 18, 2019 of the Board of Directors of Societatea Nationala de Gaze Naturale ROMGAZ S.A. Medias. The limit has been used for the issuance of letters of guarantee related to contracts having as scope:
  - sale of natural gas on double competitive markets. Under the concluded contracts in accordance with the transaction procedure, both seller and buyer have to submit letters of bank guarantee (performance guarantee, and payment guarantee, respectively)
  - sale/purchase of electric power and natural gas on the Day-Ahead Market and Intraday Market (performance guarantee, and payment guarantee, respectively)
  - the transaction procedure for the Double Competitive Markets, Day-Ahead Market and Intraday Market require issuance of transaction participation guarantees (guarantees of participation) in favor of OPCOM and BRM
  - natural gas transmission services for which payment guarantees are issued in favor of S.N.T.G.N. Transgaz S.A.

The letters of bank guarantee issued under the above mentioned contracts bear a significant share of approx. 90% in the used amount of the facility limit.

Furthermore, the credit facility contract does not limit issuance of letters of bank guarantee for certain operations, hence Romgaz may take advantage of the facility and request the issuing Bank – BCR any type of letters of bank guarantees for any contract, including for the contracts concluded by the Branches of the Company.

Therefore, in addition to the letters of guarantee issued for natural gas and/or electric power contracts, other letters of bank guarantee have also been issued, including but not limited for:

- lease contracts for farmlands
- lease contracts for location
- concession of the natural gas distribution service
- suspension of enforcement

Bearing in mind that the facility limit is used almost entirely by letters of bank guarantee having validity terms between two months and one year from issuance date and taking into account that transaction markets still require issuance of letters of bank guarantee, especially if GRP is implemented, and to cover unforeseen situations, in accordance with Article 12 paragraph (4) item h) of the Memorandum of Association of S.N.G.N. Romgaz S.A. we hereby submit for approval to the Ordinary General Meeting of Shareholders the following:

- increase the limit under the credit facility contract No. 201812070225/2018 concluded with Banca Comerciala Romana for issuance of letters of bank guarantee from USD 50 million to USD 100 million;

The increase of the credit facility limit up to USD 100 million for issuance of letters of bank guarantee has been endorsed by Resolution No. 17 of May 13, 2020 of the Board of Directors of S.N.G.N. ROMGAZ S.A.

CEO  
Constantin *Volintin*  
  


Economic Director (for)  
Marius Leonte VEZA  


Endorsed  
Director of Legal Department  
Ene IGG  
