

№: 17884/07.07.2016

TO: THE ORDINARY GENERAL MEETING of SHAREHOLDERS of S.N.G.N. ROMGAZ S.A.

Report on the approaches taken in order to recover the amounts owed by the following debtors:

I. S.C. INTERAGRO S.A. Bucuresti – insolvency.

Brief history of the guarantees held by creditor S.N.G.N.Romgaz S.A.:

1. Mortgage Contract (Court Enforcement File 12/ 2014) concluded between S.N.G.N. Romgaz S.A. Mediaș and Interaction SRL (mortgage guarantor) having as subject the irrevocable and non-opposable guarantee for payment of the amount due for natural gas, as well as the penalties and interests under the two gas sale-purchase contracts no. 105/2005 and no. 106/ 2005 concluded between S.N.G.N. Romgaz S.A. Mediaș and SC INTERAGRO SA, in amount of RON 59,000,000.

Under this mortgage contract, Interaction SRL entered a first degree mortgage guarantee in favour of S.N.G.N. Romgaz S.A. Mediaș and agreed on recording the interdiction to dispose of, burden and break-up the real estate located in Bucharest, Verii Street No. 1-3, the land in surface of 230 m² and the building on that land having a height regime S+P+7 (seven) E., the real estate being evaluated to EUR 16,940,000 in August 2005.

2. Security Interest over Movable Assets Agreement No. 14395/ 4/ 28 September 2006 (and Addendum No.1/2010) – following guarantees have been constituted under this agreement:

2.1 Shares held by Interagro in SC Viromet SA Victoria at the value of RON 2.5/ share, in number of 5,712,855 shares – total value: RON 14,282,137 (34.98% of SC Viromet SA share capital);

2.2 Shares held by Interaction SRL in SC Cerealcom SA Teleorman at the value of RON 0.1/share, in number of 107,100,000 shares - total value: RON 10,710,000 (20.68% of SC Cerealcom SA share capital). (Court Enforcement File 37/2014).

As regards item 2.1 of Paragraph 2 of this Report, we specify that Interagro SA is no longer a shareholder in SC Viromet SA. In accordance with letter J/E/ 139/ 24 April 2014, the creditor expressly requested Cristian Milos Enforcement Officer the forced execution of

5,712,855 shares with a nominal value of RON 2.50. According to the reply of Cristian Milos Enforcement Officer, as of the date of this report, such shares cannot be enforced anymore for there are no longer in the possession of Interagro SA, such being sold to WHITBREAD HOLDINGS LIMITED, having its headquarters in Cyprus, Nicosia, holding 97.65% of the shares, according to ONRC (The Romanian National Trade Register Office).

3. Decision No. 3279/ 23 March 2011 (Enforcement File No. 28/ 2014) given in the case file no. 12590/ 3/ 2010 at the Bucharest Court of Appeal according to which Interagro has been put under the obligation to perform following payments to S.N.G.N. Romgaz S.A. Medias:-

- RON 40,788,031.32 – equivalent value of natural gas;
- RON 1,498,106.52 – legal interest related to the amount of RON 130,728,786.54 calculated until the date of 31 October 2009;
- Legal interest related to the amount of RON 130,728,786.54 from 1 November 2009 until the payment date of this amount;
- RON 2,028,614.57 – delay penalties related to the amount of RON 56,234,147.04 calculated as of 31 October 2009;
- Delay penalties of 0.1% / day of delay related to the amount RON 56,234,147.04 from 1 November 2009 until the payment day of this amount;
- Court fees amounting to RON 447,258.52.

Interagro SA holds 233,598,700 shares of SC Cerealcon SA Teleorman – total value: RON 13,359,870 (45.79% of SC Cerealcon SA share capital);

4. Security Interest over Movable Assets Agreement No. 606.632/ 22 November 2006 for an amount of 50,000 t fertilizers – urea, property of Interagro, stored at Donauchem Tr. Magurele and Amurco Bacau at the minimum value of USD 250/ton, the total value of the secured quantity amounting to USD 12,500,000.

As regards such guarantee, we specify that creditor S.N.G.N. Romgaz S.A. Medias initiated the application requests for forced execution, sent to be enforced by the Cristian Milos Enforcement Officer. Since the beginning of the forced execution procedure of debtor SC Interagro SA and of the mortgage guarantor SC Interaction SRL, the creditor has periodically informed S.N.G.N. Romgaz S.A. Medias Board of Directors on the measures ordered in the case of the debtor.

On 01.02.2016 Bucharest Court allowed in file no. 36095/3/2015 the applications filed by PIRAEUS BANK ROMANIA SA, AXIA NOVA PROPERTY HOLDINGS SRL, SOCEP SA Constanta, E.ON ENERGIE ROMANIA SA, T.M.U.C.B. SA and SC WATCH&CATCH SECURITY SRL and, in compliance with art. 72 paragraph 6 of Law 85/2014 on the procedures for preventing insolvency and on insolvency, started the general procedure against debtor SC Interagro SA. The designated official receiver is ZRP Insolvency SRPL Bucuresti.

The solution pronounced by Bucharest Court was final, suspended any other forced execution procedure of the assets owned by SC Interagro SA. Therefore the entire forced execution procedure initiated by creditor S.N.G.N. Romgaz S.A. Mediaş against debtor SC Interagro SA was suspended.

On 18.03.2016 S.N.G.N. Romgaz S.A. Medias filed at Bucharesti Court the application for the allowance of the receivable in amount of RON 284,208,986.85; such receivable has a guarantee

withheld in the writ of execution that remained unpaid on the date the insolvency procedure was initiated against the debtor.

According to the Insolvency Proceedings Bulletin no.9031/10.05.2016 S.N.G.N. Romgaz S.A. Medias receivable was recorded in the preliminary table, being fully recorded in the statement of affairs, weighing 23.58% of the value of the statement of affairs. S.N.G.N. Romgaz S.A. Medias receivable benefits from a cause of preference, but its statute is temporary recorded until the guarantees are evaluated, according to art. 103 of Law no. 85/2014 providing that “the receivables benefiting from a cause of preference are recorded in the final table until the market value of the guarantee, set further to an evaluation, ordered by the trustee in bankruptcy or by the official receiver, performed by an evaluator appointed in compliance with article 61. In case the assets with the cause of preference are capitalized for a higher price than the amount recorded in the final table or in the final consolidated table, the additional difference shall belong to the secured creditor, even if a part of the debt was recorded as an unsecured debt, until the main debt is covered and the accessories that will be calculated according to the documents attesting the receivable, until the date the goods shall be capitalized. This provision also applies in case the reorganization plan fails and the goods are sold during the bankruptcy procedure”.

The syndic judge set the first convening of the creditors on 16.05.2016. According to the notification prepared by ZRP INSOLVENCY, the expert states that it does not wish to be an official receiver, therefore it does not request confirmation, and proposes the appointment of another expert.

Further to the meeting on 16.05.2016 and of the vote casted, S.N.G.N. Romgaz S.A. Medias has been elected as member in the creditor’s committee together with Piraeus Bank, EON Energie Romania, Intercereal SA, Banca Transilvania. S.N.G.N. Romgaz S.A. Medias wished to hold the position as Chairman of the Creditor’s Committee, but did not meet sufficient votes; Piraeus Bank has been elected chairman.

Among the important items discussed during the meeting on 16.05.2016 we mention the fact that CITR Filiala Ilfov SPRL has been elected as official receiver of SC Interagro SA, with 70% of the votes casted, setting its fee being adjourned for the following meeting.

On the date hereof, SC Interagro SA has challenged all receivables recorded in the preliminary table, including S.N.G.N. Romgaz S.A. Medias receivable, therefore file no. 36095/3/2015/a6 has been registered with the Bucharest Court having the trial date on 19.09.2016.

The next term given by Bucharest Court to continue the general insolvency procedure is 17.10.2016.

II. SC TERMOELECTRICA SA Bucuresti.

By Civil Decision No. 181/C/2005 of 21 February, 2005, of Sibiu Court related to file No. 4230/2004, the respondent S.C. TERMOELECTRICA S.A Bucuresti was obliged to pay the claimant S.N.G.N. Romgaz S.A. Medias the amount of RON 52,621,256.4292 representing the equivalent value of supplied natural gas, RON 94,728,344.8398 as late payment penalties and RON 1,476,763.7885 as legal costs.

As the debtor did not pay voluntarily the amounts under Sibiu Court decision, enforced the above mentioned civil decision and afterwards we filed to Cristian Milos Enforcement Officer

in Bucharest, the application for enforcement requesting the recovery of the amount of RON 148,826,365.05 updated by the inflation rate, application made under the Enforcement file No. 564/2005.

The amount resulting from the update of the amount due by the inflation rate was, on 31.07.2012, RON 78,534,201.95.

Following the enforcement application, the debtor paid out of the due amounts between 2006 and 2012, the amount of RON 3,097,276.20.

The Agreement for Assignment of Debt concluded on 16 July 2012 between S.N.G.N. Romgaz S.A. Medias as Assignor Creditor, S.C ELECTROCENTRALE BUCURESTI S.A. as Assignee and S.C. TERMOELECTRICA S.A Bucuresti as Assigned Debtor, assigned, by onerous title, from the assignor to the assignee the receivable of the Assignor on the Assigned Debtor, in amount of RON 115,311,484.

The Assignee accepts to take over the receivable of the Assignor over the Assigned Debtor and to pay the Assignment Agreement price in amount of RON 115,311,484.

The payment of the debt was made by Datum in Solutum of CTE Iernut under the Datum in Solutum Act concluded on 31.01.2013 between: S.N.G.N. ROMGAZ S.A. Medias as Creditor and S.C. ELECTROCENTRALE BUCURESTI S.A as Debtor.

For the payment of the debt in amount of RON 66.286.810,53, pursuant to the Civil Decision No.181/C/2005 of Sibiu Court, a Datum in Solutum Act was concluded on 29.11.2012 between: S.N.G.N. Romgaz S.A. Medias as Creditor and S.C TERMOELECTRICA S.A Bucuresti as Debtor, transferring the property rights over 1,830,931 registered shares owned by the debtor SC TERMOELECTRICA S.A Bucuresti at ELECTROCENTRALE BUCURESTI S.A.

Considering the payment of the above mentioned amounts, we would like to mention that currently S.N.G.N. Romgaz S.A. Medias as Creditor, has to recover from the Debtor TERMOELECTRICA S.A Bucuresti a receivable in amount of RON 42,665,005.29 representing the amount updated by the inflation rate of the amount due under the writ of execution of the Civil Decision No 181/C/21.02.2005 of Sibiu Court.

We filed an Application for enforcement for recovery of this amount to the Cristian Milos Enforcement Officer under the enforcement file no. 564/2005.

The enforcement proceedings were arrested following the start of voluntary winding-up and liquidation of S.C TERMOELECTRICA S.A Bucuresti under the Decision of GMS No. 2/12.03.2013, under art.34, par.1 of the Law 137/2002 on certain measures to accelerate privatization.

S.N.G.N. Romgaz S.A. Mediaş as Creditor, filed a Statement of receivables to recover the amount of RON 42,665,005.29.

Bucharest Court allowed on 22.03.2016 the application of debtor SC TERMOELECTRICA S.A Bucuresti on the procedures to prevent insolvency and the insolvency proceedings, as filed under Law no. 85/2014 and decides upon entering into simplified bankruptcy proceedings of the debtor SC TERMOELECTRICA SA Bucuresti, under file No. 9562/3/2016.

In order to recover the amount due, the creditor S.N.G.N. Romgaz S.A. Medias filed an Application to allow the receivable, under the above mentioned file. The court set the date for continuing the procedure on 21.06.2016.

It should be noted that S.N.G.N. Romgaz S.A. Medias holds a receivable of 13.1921% of the statement of affairs. Romgaz is not part to the Creditor's Committee. The Creditors Meeting of 10.06.2016 had the following agenda:

1. Appointing the trustee in bankruptcy of SC TERMOELECTRICA SA and setting its fee;
2. Approve the fee in amount of EURO 9,000 /month, excluding VAT, for the period when the provisional trustee in bankruptcy MUSAT&ASOCIATII- Restructuring/Insolvency S.P.R.L. carries out its activity.

Related to the first point on the agenda, S.N.G.N. Romgaz S.A. Medias appoints Euro Insol SPRL as trustee in bankruptcy, in consortium with A&A Consultants SPRL. It abstains related to the fee.

Considering the casted votes and the provisions of Art. 57, par. 2 of Insolvency Law, the provisional trustee in bankruptcy records that the legal terms and conditions for appointment of an trustee in bankruptcy of Termoelectrica and for establishing its fee are not met.

Related to the second point on the agenda, S.N.G.N. Romgaz S.A. Medias does not approve the fee of EURO 9,000 /month, excluding VAT, for the period when the provisional trustee in bankruptcy MUSAT \$ ASOCIATII- Restructuring/Insolvency S.P.R.L. carries out its activity and proposes the fee of EURO 3,500 /month, including VAT.

Therefore, considering the provisions of article 49, par. (1) and (2) of Law 85/2014, the provisional trustee in bankruptcy records that legal conditions for approval of this point on the agenda are not met.

III. SC Electrocentrale SA Bucuresti.

Brief history of the commercial relationship and determinant circumstances of obtaining the Civil Decision No.2514/13 May 2015 whereby ELCEN is obliged to pay in S.N.G.N. Romgaz S.A. Medias favor the amount of RON 240 280 906,05.

On the first of April 2013, the parts S.N.G.N. ROMGAZ S.A. and S.C. ELECTROCENTRALE BUCURESTI S.A. have signed the Gas Sale-Purchase Contract No.38. During the development of trade relations between the two parties, S.C. ELECTROCENTRALE BUCURESTI S.A. has not fulfilled or fulfilled late its payment obligations arising from the mentioned contract, totaling an overdue debt in the amount of RON 405.075.296,63 on 10 May 2009 – unpaid gas price.

Subsequently, because the two parties have reached an agreement this debt was scheduled, being completed the Payment Schedule Convention No.4045/14.05.2009. By the Payment Schedule Convention No.4045/14.05.2009, the parties have stipulated interest rates and penalties to the payment schedule, which were included in payment schedule during the running of this Convention by signing the Addendum No.1/ 31.10.2010, thus resulting the unpaid amount of RON 466 327 778 , 09 lei.

Since the debtor S.C. ELECTROCENTRALE BUCURESTI S.A. has not fulfilled its obligation to pay the scheduled instalments, the creditor S.N.G.N. Romgaz S.A. Mediaş proceeded to the cancellation of the Payment Schedule Convention, starting with 12 July 2011 by the notification address No.10022/10.06.2011.

On 31 January 2013 was signed a Datio in Solutum document between S.N.G.N. Romgaz S.A. Mediaş and S.C. ELECTROCENTRALE BUCURESTI S.A. whereby the main debt was discharged, namely the amount of RON 466 327 778, 09 and its related accessories, meaning penalties and interest calculated from the termination date of Payment Schedule Convention until the ending date of Datio in Solutum Document to be treated separately.

As in the interval between the termination date of the Payment Schedule Convention, respectively 12.07.2011 and the ending date of Datio in Solutum Document, 01.31.2013, flowed penalties and interest rates relating to the main scheduled debt in amount of RON 466 327 778, 09, money that debtor ELCEN refused to pay, S.N.G.N. Romgaz S.A. Mediaş as creditor filed an Application for SUMMONS for debtor with the Bucharest Court on 19 August 2014 for RON 240 280 906.05 representing legal penalties and interest rates relating to the paid debt whereby the Datio in Solutum Document (for the period 12.07.2011-31.03.2013).

On 13 May 2015 the Bucharest Court ruled on the request made by S.N.G.N. Romgaz S.A. Mediaş fully admitting the amount claimed by it. The decision given by the Court must be communicated to parties in motivated form and it can be subject to appeal or second appeal by the interested party. Only after this decision becomes final and enforceable guarantee the creditor may try the recovery of claims.

Since of the date of pronouncement until now S.N.G.N. Romgaz S.A. Mediaş has filed court pleadings relating to expedite motivated decision and the court failed to communicate it until today, under the provisions of art.952-959 from the Civil Procedure Code was filed an application of precautionary attachment up to the amount of RON 240 280 906, 05. The application of precautionary attachment has been submitted to the Bucharest Court, registered in 30 March 2016. The judging of this application will be done in faster procedure in the council chamber, aiming to ensure the claim incurred by S.N.G.N. Romgaz S.A. Mediaş and which is the subject of No.28323/3/2014 work file. (deadline 13.04.2016)

Measures implemented in 2015

On grounds provided in the Civil Procedure Code at article 1014-1025, S.N.G.N. Romgaz S.A. Mediaş has drafted and filed on April 5, 2016 with Sibiu County Court of Law a petition for issuance of a Payment Ordinance of RON 222.311.404,28, a debt which is uncontested, liquid and enforceable. These preconditions are required for filing a payment ordinance petition, which is a faster procedure and the relating fee is of only RON 200, as provided under Government Emergency Ordinance no. 80/2013, at article 6 paragraph 2. We specify that at that time an existing debt of the debtor SC ELECTROCENTRALE SA was registered, representing the equivalent value of natural gas taken and unpaid and related accessories in amount of RON 334,943,701.43 resulting Gas Sale-Purchase Contracts No. 15/2009 and no.34 / 2015.

We specify that the petition was filed with Sibiu County Court of Law only on April 5th 2016 because S.N.G.N. Romgaz S.A. Mediaş complied with the requirements for a formal notice for payment, a mandatory proceeding prior to petitioning a payment ordinance, as specified by articles 1014 and 1015 Civil Procedure Code. The filed Payment Ordinance Petition was

partially allowed by the Court: the debtor was obliged to pay RON 211,895,257.88 within 30 days from the date the resolution was communicated. Such resolution has a provisional authority of a final resolution; therefore, after the fulfilment of the 30-day period when the debtor is obliged to pay, S.N.G.N. Romgaz S.A. Mediaş, the creditor, is entitled to resort to the enforcement of the court resolution prior to the judgment of the creditor's action for annulment consisting of a request for annulment which the debtor may file within 5 days from the date of the court of first instance passes its resolution.

Regarding the remaining difference of the specified debt, S.N.G.N. Romgaz S.A. Mediaş prepares for filing a summons governed by the general law, a procedure applicable to debts which are contested by the debtor. Such proceeding is not an emergency proceeding and the judicial stamp duty is applied against the claimed value.

With respect to this debit, the parties attempted reconciliation for the recognition of the remaining part of the debt following that after this stage, S.N.G.N. Romgaz S.A. Mediaş, the creditor, is entitled to petition the court with another request for issuing a payment ordinance with the scope of compelling the debtor to pay the recognized debit. Such reconciliation is attempted because the creditor would be exempted from paying a judicial stamp duty applied against the value. The legal proceeding to be followed in this case would be to petition the court to issue a payment ordinance for which a legal stamp duty of RON 200 is to be paid.

We bring to your attention that after the date the competent courts were filed with writs of summons, the Legal Office will draft a petition to establish a levy on the company's assets for securing such debt provided that conditions specified at Article 952-959 Civil Procedure Code regarding this procedure are fulfilled.

Attached hereto are:

- The Minutes No.107/09.06.2016 of SC Interagro SA Creditor's Committee on the result of the voting dated 09.06.2016.
- Insolvency Proceedings Bulletin no. 11689/June 14, 2016 with respect to the result of the voting on Termoelectrica SA and the Minutes of Meeting.

IV. SC ELECTROCENTRALE GALATI SA

The application for starting the general insolvency procedure against the debtor SC ELECTROCENTRALE GALATI SA was allowed in connection with file no. 3843/121/20 of Galati Court by Decision No. 603/2014.

S.N.G.N. Romgaz S.A., as Creditor, filed an application for acceptance of the receivable in amount of RON 162,281,861.83, in order to recover the amount of RON 208,781,273.24 representing the amount due by this debtor out of which RON 164,618,689.95 is the equivalent value of supplied gas and RON 44,162,583.29 are the penalties for delay.

We would like to mention that the difference of RON 46,499,411.41 up to RON 208,781,273.24 due by this debtor is the receivable recorded after the insolvency procedure was initiated.

The security covering the payment obligation of the debtor is RON 114,149,249. In this respect two first ranking immovable property mortgage contracts have been concluded and authenticated by the notary public.

The court set the date of 26.06.2016 to continue the proceedings.

V. SC GHCL UPSOM ROMANIA SA

S.N.G.N. Romgaz S.A. Medias filed on 29.11.2010 an application for starting the insolvency procedure against the debtor SC GHCL UPSOM ROMANIA SA under file no. 10917107/2010 with Alba Court for recovery of RON 60,371,741.43, out of which RON 37,694,380.68 is the equivalent value of supplied gas and RON 22,677,360.75 are the penalties for delay.

The application was allowed and it was ruled the starting of the general insolvency procedure by Court Order No. 351/F/18.05.2011.

The receivable was allowed in the statement of affairs and included in the table of receivables.

The court set the date of 30.06.2016 to continue the proceedings. On 30.06.2016 the Court set the date of 24.10.2016 to continue the bankruptcy procedure for recovery of the debtor SC GHCL UPSOM ROMANIA SA receivable.

VI. S.C CET IASI S.A

Iasi Court ruled under Civil Court Order No 697/17.04.2012, the starting of general insolvency procedure against this debtor.

S.N.G.N. Romgaz S.A. as Creditor filed an application under this file to declare the receivable in order to recover the amount of RON 46,270,627.91 out of which RON 35,388,774.90 is the value supplied gas and RON 10,881,853.01 are penalties for delay. The application was allowed and the amount was recorded in the table of receivables.

The court set the date of .15.11.2016 to continue the proceedings.

VII. SC G-ON EUROGAZ SRL

In order to recover the RON 14,848,326 amount owed by this debtor, of which 9,748,419.47 is the equivalent value of supplied gas while RON 5,099,906.63 are penalties for delay, Creditor S.N.G.N. Romgaz S.A. Medias filed an Application for a summons with Bucharest Court under file no. 19495/3/2013.

Through court decision no. 5868/26.09.2013 the court allowed the application and enforced the payment of this amount by the debtor.

As the debtor did not pay the owed amount, the decision was rendered enforceable followed by an application with Cristian Milos Enforcement Officer for a forced execution.

VIII. SC TERMASERV SRL Alexandria

S.N.G.N. Romgaz S.A. Medias as Creditor filed an Application to Teleorman Court to start insolvency proceedings under file no. 513/87/2012 in order to recover RON 9,071,293, of which RON 3,988,127.22 is the equivalent value of supplied gas while RON 5,083,166.50 are penalties for delay. On 13 March 2013 Teleorman Court allowed the application and ruled the starting of general insolvency proceedings against debtor SC TERMASERV SRL Alexandria.

The court set September 29, 2016 as the date to continue the procedure.

IX. SC SOFERT SA Bacau

Debtor SC SOFERT SA Bacau filed a voluntary application to start insolvency proceedings following which the court ruled the opening of general insolvency proceedings.

Creditor S.N.G.N. Romgaz S.A. Medias filed an Application to allow the receivable amounting RON 3,684,685 representing penalties for; the application was allowed and recorded in the table of receivables.

Through court decision no. 13072/11.02.2013 pronounced in file no. 1635/121/2008 by Bucharest Court the bankruptcy procedure was closed and debtor SC SOFERT SA Bacau was deregistered from Bucharest Trade Register Office.

Based on the above mentioned decision said amount will be recorded as costs.

X. SC TERMACONFORT SRL

S.N.G.N. Romgaz S.A. Medias as Creditor filed an Application to Teleorman Court to start insolvency proceedings under file no. 1318/87/2013 in order to recover RON 1,836,980.14, of which RON 855,987.17 is the equivalent value of supplied gas while RON 980,992.97 are penalties for delay. The Application to open the bankruptcy procedure was allowed pursuant to Decision no. 359/26.06.2013.

The receivable was allowed in the statement of affairs and recorded in the table of receivables.

The court set September 26, 2016 as the date to continue the procedure.

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We point out that provisions were set up for the amounts owed by the above mentioned debtors hence they do not have an impact on the results of the company in the following period if they are not received.

Besides these, SNGN ROMGAZ SA has receivables in total amount of RON 1,688 thousands from 84 outstanding debtors which are in the process of being received.

The shareholders were informed on the status of Romgaz disputes through the Board of Directors' Report from 2015 (Annex no.3).

AURORA NEGRUT
CHAIRMAN OF THE BOARD OF DIRECTORS

