

ROMGAZ



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

No: 13203/13.05.2016

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

Subject: **The procedure for dissolving and initiation of winding – up of S.C. AMGAZ S.A.**

SC AMGAZ SA (AMGAZ) has been set up on September 12, 2003 and the participation in the share capital of this company has been approved by Romgaz General Meeting of Shareholders by Resolution no.6/2003 and in compliance with the Order of the Ministry of Economy and Commerce no.41/16.07.2003.

A. Shareholding, Share Capital

Shareholding and share capital of SC Amgaz SA:

Shareholder	No. of shares	Share value (RON)	% of the share capital
SNGN Romgaz SA	921,375	9,213,750	35
G.D.F. International	1,711,125	17,111,250	65
TOTAL	2,632,500	26,325,000	100

B. Scope of Activity

AMGAZ performed mainly underground gas storage activities in the underground gas storage Nades-Prod-Seleus (Sarmatian VII production unit).

Capital social: 385.422.400 lei

CIF: RO 14056826

Nr. Ord.reg.com/an : J32/392/2001

RO08 RNCB 0231 0195 2533 0001 - BCR Mediaș

RO12 BRDE 3305 V024 6190 3300 - BRD Mediaș

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C. Concession Agreement concluded with the National Agency for Mineral Resources (NAMR)

Amgaz was titleholder of the Concession Agreement (Petroleum Agreement) concluded with the NAMR for the underground gas storage Nades-Prod-Seleus (Sarmatian VIIa production unit), approved by the Romanian Government by Government Decision no.288/March 12, 2008.

Status of the underground gas storage NADES-PROD-SELEUS (events that lead to the termination of the concession agreement concluded with the NAMR)

Further to the accident occurred at well 7 Nades (the well was rented by Amgaz and used for storage), due to landslides, AMGAZ S.A. requested NAMR and received the approval no. 404134/01.09.2009 to temporary suspend the petroleum storage operations until the situation would be solved, having a validity term until 31.12.2010.

Because of the incident occurred at well 7 Nades, AMGAZ did not initiate the contracts for the three wells planned to be drilled in 2009.

Although the works related to the incident occurred at well 7 Nades have been finalised at the end of September 2009, the storage programs for the following storage cycles were affected.

According to the last approval received from the NAMR on the underground gas storage program in Nades-Prod-Seleus for 2012 (Approval no. S/4/466/19.03.2012) the company did not store natural gas, but had to provide a technical-economic study to determine the status of Nades storage.

This study (*Nades Storage – Romania, Main geological uncertainties and perspectives*) was finalised in March 2012; at NAMR request it was updated, namely it underwent an expertise performed by specialized companies, authorised by the NAMR (submitted at the NAMR in June 2012), both confirming the conclusions of the technical study, namely that due to the uncertainties related to intercommunications between production units it is not advisable to continue storing in this reservoir.

Further to the meeting with the NAMR representatives on April 16, 2013 it resulted that the only solution to terminate the concession agreement would be relinquishment, together with the obligation to abandon wells and their restitution in full ownership to the NAMR.

Amgaz Board of Directors has endorsed the relinquishment to the concession on May 23, 2013 and approved by the Extraordinary General Meeting of Shareholders on September 18, 2013.

The final abandonment approvals were obtained: Notification of approval no.45 – ab/10.02.2014 on the abandonment of well 6 injection-withdrawal Amgaz and Notification of approval no.46 – ab/10.02.2014 of well 10 injection-withdrawal Amgaz.

The abandonment works of wells 6 and 10 Amgaz were carried out during October-November 2013, being finalised on due time, without any industry related security event.

Decision no.10/30.07.2015 issued by the NAMR approved the termination of the Petroleum Concession Agreement of the underground gas storage in block Nades-Prod-Seleus-Sarmatian VII, Mures County concluded with the National Agency for Mineral Resources and Amgaz, that has been approved by Government Decision no.288/2008 and published in the Official Gazette no.205/17.03.2008 part I. The decision related to the termination was published in the Official Gazette, Part IV no.4494/24 August 2015.

Currently, on Nades-Prod-Seleus location there are only surface facilities, gathering pipelines and metering lines of wells 6 and 10, abandoned in 2013.

Materials resulting from the abandonment of the two wells are stored, based on a custody protocol, until the actions relating to their capitalization are finalized.

Capitalization of goods may be accomplished only after receiving the delivery-receipt protocol from ANRM which was not received up to this date.

Further, in order to wind up the company, the following activities will be carried out:

- ✓ Handing over to ANRM the area under concession and return of the goods under concession, in full ownership and free of any burden, including investments made on such goods directly related to petroleum operations.
- ✓ Turning the materials resulting from well abandoning into profit.
- ✓ Appointing an Official Receiver and winding up the company.

D. Conclusions and legal specifications

- Pursuant to ANRM decision no.10/July 30, 2015 the Petroleum Concession Agreement for Nades-Prod-Seleus Samatian VII UGS terminates and thus the company cannot perform its main scope of activity.
- **Art.22.1** letter h of Amgaz Articles of Association stipulates that the **advanced liquidation of the company is carried out pursuant to the Resolution of the Extraordinary General Meeting of Shareholders** taking also in consideration the provisions of **article 264 of Law 31/1990** which stipulates as follows:

(1) Appointment of an official receiver for a joint stock company and for a partnership limited by shares is made by the General Meeting of Shareholders which decides over the winding up if the Articles of Association does not provide

otherwise.

(2) The General Meeting of Shareholders decides with majority of votes to amend the Articles of Association.

(3) In the event a majority could not be obtained, the appointment is name by the court upon the request of either of the directors, namely the members of the management or of the partners providing the name of the company and of those requesting it. The decision is subject only to an appeal.

We deem it necessary for Romgaz to approve within AMGAZ Extraordinary General Meeting of Shareholders the dissolving and initiation of the winding up procedure of S.C. AMGAZ S.A.

Art.27 of the Articles of Association of S.C. AMGAZ S.A. regarding the above mentioned, provides as follows:

27.1. "For the validity of the deliberations of the Extraordinary Meeting of Shareholders at the first convocation it is necessary to have a number of shareholders who own at least half plus one of the total voting rights and at the following convocations to have a number of shareholders representing at least 1/3 (one third) of the total voting rights."

27.2. "The resolutions of the Extraordinary General Meeting of Shareholders are reached with a majority of the voting rights held by present or represented shareholders."

27.3. The decisions to amend the main scope of activity of the Company, to decrease or increase the share capital, to change the legal form, to merge, divide or dissolve the Company is taken with the majority stipulated by the applicable law" – art.115 paragraph 2 of Law no. 31/1990 the majority provided by the applicable law is at least 2/3 of the present or represented shareholders.

Taking in consideration all the above mentioned and the Convening Notice draft of AMGAZ SA EGMS, we hereby request S.N.G.N Romgaz S.A. Extraordinary General Meeting of Shareholders to approve the

method for casting the voting right of SNGN Romgaz SA in the Extraordinary General Meeting of Shareholders of SC Amgaz SA that will be convened to approve the dissolving and initiation of winding up of SC Amgaz SA as follows:

1. **Vote "For" to approve the procedure for dissolving and the initiation of winding-up of the Company (S.C. AMGAZ S.A.)**
 - 1.1. **Vote "For" to approve the procedure for dissolving and initiating the winding-up of the Company in accordance with the provisions of Art. 227 paragraph (1) letter d) of Company Law;**
 - 1.2. **Vote "For" to approve the dissolving date as the date which expires 30 days after the publication in the Official Gazette of Romania, Part IV of the decision made in this respect by EGMS.**

2. **Vote "For" to approve the appointment of Business Recovery BD&A SPRL, registered under no. RFO II – 832 with the Romanian National Association of Practitioners in Insolvency, having its registered office in Bucharest, 84 General Berthelot St., ground floor, Space B, District 1, taxpayer identification number 35611597, account RON ING Bank, RO68 INGB 0000 9999 0568 4178, by Mr. Daniel Barbu, acting as official receiver appointed by the Company to implement the winding-up proceedings (hereinafter referred to as "Official Receiver").**
 - 2.1. **Vote "For" to approve the Official Receiver mandate to perform all proceedings, operations and formalities required by any public authority, including, without limitation, the Trade Register Office and the fiscal authorities, related to winding-up (including transferring to the Shareholders the Company the assets deriving from winding-up) and deregister of the Company. The proposal, in this respect, is for the Official Receiver to carry out all the assignments and to undertake all liabilities provided under the Romanian law, including:**
 - a) **To ensure allocation of assets and liabilities of the Company, following the approval by such of the inventory report issued by the Board of Directors;**
 - b) **To ensure payment of all Company liabilities, including tax liabilities and recovery of all receivables during the winding-up proceeding;**
 - c) **To perform and to complete all commercial operations related to winding-up and to perform in this respect all necessary transactions;**
 - d) **To ensure realization of Company assets by selling them out, under public tender, according to Art. 255, Par. 1, letter c) under Law 31/1990;**
 - e) **To have the right to act for the Company according to the law, including filing on behalf of the Company of any fiscal declaration or any other kind of declaration, as well as to make any registration with the public registers;**
 - f) **To represent the Company in court;**
 - g) **To fulfil any other assignments and responsibilities provided under the law.**
 - 2.2. **The Official Receiver's mandate shall be granted for the full period of winding-up procedure, starting with the date of taking the job, provided that EGMS may take, at any time, the decision to revoke the Official Receiver's mandate, and in such case its mandate terminates upon the date of notification of the decision to revoke.**
 - 2.3. **Vote "For" to approve the following decision: the Directors and managers of the Company shall continue performing their assignments, except for those prohibited by law or by the Articles of Association, until the Official Receiver takes his position.**
 - 2.4. **Vote "For" to approve the following decision: the Official Receiver shall perform all necessary formal procedures to register with the Trade Register his mandate as well as all bankruptcy proceedings that have to be registered with the Trade Register under the law (including filing the reports on the status of bankruptcy proceedings and the deregistration form).**

- 2.5. **Vote "For"** to approve the following decision: upon the date the Official Receiver takes over the assignments provided under his mandate, the mandates of the members of the Board of Directors will terminate, and their rights of signature for the bank accounts shall be revoked.
3. **Vote "For"** to approve the distribution to the Shareholders of the possible amounts that result from the bankruptcy proceedings, proportionally to their share in the share capital.
4. **Vote "For"** to approve the contracting an archiving company to provide archiving services to transfer the Company documents to the National Archives.
5. **Vote "For"** to approve the mandate of Mr. Răzvan Mihail Georgescu, as Director General of the Company, to act with full powers to represent the Company for fulfilling any activities and/or formalities to implement the decisions to be made in EGMS, to file the Company dissolving and initiation of the winding-up proceedings, up to the moment the Official Receiver takes over his position, and which relate to the acts and operations to be performed prior to the start of the winding-up proceedings.
6. **Other aspects subject to EGMS approval.**
 - 6.1. **Vote "For"** to approve the decision according to which all acts issued by the Company during the winding-up period will expressly provide that the Company is under winding-up proceedings.

Chairperson of S.N.G.N. Romgaz S.A. Board of Directors
Negrut Aurora

